Town of Fairfax

Fairfax, California

Basic Financial Statements and Independent Auditors' Report

For the year ended June 30, 2010

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Town of Fairfax

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Town of Fairfax

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
of the Town of Fairfax
Fairfax, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fairfax (Town), California, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town at June 30, 2010, in conformity with generally accepted accounting principles in the United States of America.

As described in Note 8, the Town implemented the provision of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Management's Discussion and Analysis and the Required Supplemental Information are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maze & Associates

April 8, 2011

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Town of Fairfax
Management's Discussion and Analysis

This discussion and analysis of the Town's financial activities and performance provides an overview for the fiscal year ended June 30, 2010. Please read this in conjunction with the Town's financial statements, which follow this discussion and analysis.

GOVERNMENT-WIDE HIGHLIGHTS

- The Government-Wide Statement of Net Assets appears as the first statement of the Basic Financial Statements and is summarized in this Management's Discussion and Analysis section. The statement shows the Town's assets to be $11,282,016, liabilities of $8,381,204 and net assets of $2,900,812 at June 30, 2010. This compares with assets of $11,480,566, liabilities of $8,281,429 and net assets of $3,199,137 at June 30, 2009.

- The Government-Wide Statement of Activities and Changes in Net Assets appears as the second statement of the Basic Financial Statements and is summarized in this Management's Discussion and Analysis section. This statement shows a decrease in net assets of $298,325 for the fiscal year ended June 30, 2010 as compared to a decrease of $956,032 for the fiscal year ended June 30, 2009. Revenues for fiscal 2010 decreased by $469,494 from the prior year primarily due to reduced flood related disaster funding reimbursements, and reduced Measure K contribution. Expenses for the same period decreased by $1,041,721, mainly as a result of reduced cost of public works, and general government. The Town experienced two vacancies in public works.

- The Town's long-term debt (including current portion) totaled $6,881,561 as of June 30, 2010, which includes the outstanding balance on the Measure K bonds. Additionally, the Town has accrued $196,267 of non-current claims payable.

FUND HIGHLIGHTS

At the close of fiscal year 2010, the Town's governmental funds reported a combined ending fund balance of $2,515,266, as compared to $2,761,657 at June 30, 2009. The detailed components of Revenues and Expenditures can be found in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances.

TOWN'S HIGHLIGHTS

During 2009-2010, the Town accomplished the following:

- Due to the experience of a flood disaster at mid-year on December 31, 2005, the Town was required to respond and provide immediate emergency clean-up and assessment of damage to Town properties. For the last four years, the Town was involved with repairing the damaged infrastructure and getting reimbursement from the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (OES). The Town continued to be active in the regional efforts to respond to the disaster through FEMA and OES.

- The Town remained active in a regional flood control and watershed protection effort, the Ross Valley Flood Protection and Watershed Program. This program has emerged through the leadership of the County of Marin, and an election was held to assess property owners a flood mitigation fee that would leverage local funding to secure state and federal funding for improvements to the Ross Valley watershed to mitigate future flooding. The measure passed but was held up in the courts due to a law suit that sought to overturn the election process. The case was resolved in favor of the County. The Court held the election was valid and legal and all flood tax monies collected remain in the flood district. A watershed analysis was completed by Stetson Engineering this year and major capital flood protection projects will begin next year.

- The Town received the fifth year of taxes under a new five-year special municipal services tax. Measure F provides approximately $465,000 per year for police and fire services, public works safety improvements and grant matching funds, and the after-school youth program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or declining.

The Statement of Activities and Changes in Net Assets presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some of the revenues and expenses reported in this statement may result in cash flows only in future fiscal periods, such as revenues related to uncollected taxes and interest expense incurred but not paid.

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, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of governmental entities are divided into two categories: governmental funds and business-type funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on (1) short-term inflows and outflows of spendable resources and (2) the remaining year-end balances available for spending. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund financial statements is narrower than that of the 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 funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

The Town maintains 18 individual governmental funds. In the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances, information is presented as Major Fund and Non-major Governmental Funds. The Major Fund includes the following funds of the General Fund:

- General Fund
- Dry Period Financing Fund
- Equipment Replacement Fund
- Building and Planning Fund
- Communication Equipment Replacement Fund
- Retirement Fund
- Office Equipment Replacement Fund

The balance of the funds is represented in the Non-major Governmental Funds, and is further broken down into three categories here: Special Revenue, Capital Projects, and Debt Service.

Special Revenue funds generally account for revenues derived from specific sources. These funds are required by statute or ordinance to finance particular functions or activities of government. They include the following funds:

- Gas Tax Fund
- Special Police Fund
- Open Space Fund
- Recreation Fund
- Measure F Municipal Services Fund
- Capital Projects Measure K Fund

Capital Projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities, infrastructure, and equipment other than those financed by proprietary funds. They include the following funds:

- Grants Fund
- Town Fund

Non-major Governmental Funds: Debt Service. The Measure K Debt Service funds are used to account for principal and interest payments on the Town's Measure K bond debts:

- Measure K Debt Service Series 2002 Fund
- Measure K Debt Service Series 2006 Fund
- Measure K Debt Service Series 2008 Fund

Agency Funds

Agency funds are used to account for assets held by the Town in a fiduciary capacity or as an agent for individuals, governmental entities, and others. The Pavilion Renovation Fund accounts for assets held by the Town to be used for renovation of the Pavilion.

Business-type Funds

The Town maintains no business-type funds.

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 fund financial statements. The notes to the financial statements follow the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information other than this discussion and analysis concerning the Town's budgetary comparison schedules and PERS schedule of funding progress.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town has presented its financial statements in accordance with GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments.* Please note that the Town does not conduct any business-type activities and therefore, all financial analysis schedules only show governmental activities.

Net Assets

Net assets for the Town are summarized below and an analysis follows:

	Governmental Activities		Percentage
	2010	2009	Change
Cash and investments	$ 3,005,149	$ 2,795,184	7.5%
Capital assets, net	7,862,973	7,949,645	-1.1%
Other assets	413,894	735,737	-43.7%
Total assets	**11,282,016**	**11,480,566**	**-1.7%**
Current liabilities	1,093,451	903,878	21.0%
Non-current liabilities	7,287,753	7,377,551	-1.2%
Total liabilities	**8,381,204**	**8,281,429**	**1.2%**
Invested in capital assets, net	727,721	555,736	30.9%
Restricted	961,215	1,245,010	-22.8%
Unrestricted	1,211,876	1,398,391	-13.3%
Net assets	**$ 2,900,812**	**$ 3,199,137**	**-9.3%**

Net assets invested in capital assets (e.g. land, buildings, equipment, and infrastructure) of $727,721 at the end of fiscal year 2010 represents the cost of these assets less any outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided from other sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of $961,215 at the end of fiscal 2010 represent resources that are subject to external restrictions on how they may be used. The remaining unrestricted net assets balance of $1,211,876 may be used to finance day-to-day operations without constraints.

Changes in Net Assets

Changes in net assets for the Town are summarized below and an analysis follows:

	Governmental Activities		Percentage
	2010	2009	Change
Revenues:			
Program revenues:			
Charges for services	$ 819,990	$ 699,251	17.3%
Operating grants & contributions	645,461	680,720	-5.2%
General revenues:			
Taxes	6,384,034	6,697,132	-4.7%
Contributions	-	5,470	-100.0%
Investment earnings	12,214	30,624	-60.1%
Miscellaneous	74,172	206,688	-64.1%
Transfers	-	-	
Total revenues	7,935,871	8,319,885	-4.6%
Expenses:			
General government	1,225,336	1,085,739	12.9%
Public safety	4,519,544	4,870,470	-7.2%
Public works	1,234,837	1,958,296	-36.9%
Planning & Building	529,655	575,610	-8.0%
Parks and recreation	302,923	316,193	-4.2%
Interest on long-term debt	421,901	469,609	-10.2%
Total expenses	8,234,196	9,275,917	-11.2%
Change in net assets	(298,325)	(956,032)	-68.8%
Net assets - beginning of year	3,199,137	4,155,169	-23.0%
Net assets - end of year	$ 2,900,812	$ 3,199,137	-9.3%

Net assets decreased $298,325 during the fiscal year ended June 30, 2010. Total revenues for fiscal year 2010 were $7,935,871 as compared to $8,319,885 for fiscal year 2009. The approximately $384,014 decrease in revenues is mainly attributed to lower revenue from charges for services;, reduced Measure K contribution as the funds have been predominately expended, reduced flood disaster related reimbursements as the FEMA projects are winding down, property taxes associated with reduced or stagnant assessed property values, and reduced revenues from investment earning due to falling interest rates with LAIF.

Total expenses for the year ended June 30, 2010 were $8,234,196 compared with $9,275,917 for the same period in 2009. The approximate $1,041,721 decrease in expenses primarily reflects reduced costs in public safety, and public works, and funds expended in interest on long-term debt. There were two vacancies in public works.

ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

General Fund

The general fund is the chief operating fund of the Town of Fairfax. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was $2,950,941.

General Fund revenue during the FY 09-10 year totaled 6,126,075, which was more than the final budgeted amount by $479,071, or 8.5%. This revenue increase primarily relates to the Town's participation in the Prop 1A Securitization program to enable the Town to recoup the 8% Property Tax Grab by the State of California. The additional .5% was a combination of revenue increases in sales tax, other agencies, and permits and fees, which helped offset the reduction in In-Lieu of taxes, fines, and fees.

General Fund expenditures for FY 09-10 totaled $6,758,910, and were lower than the final budgeted amount by $151,962 or 2.2%. This is related to a decrease in public safety, and planning and building, which helped offset the increase in public works, general government, and claims.

Measure K Debt Service Series Funds

Fund Balances at June 30, 2010:

Measure K Debt Service Series 2002 Fund Balance	$ 365,342
Measure K Debt Service Series 2006 Fund Balance	$ 180,635
Measure K Debt Service Series 2008 Fund Balance	$ 275,088

Principal and interest payments on the Series 2000 Measure K bonds for fiscal year 2009-10:

Measure K Debt Service Series 2002 Principal and Interest,	$ 50,000 and $ 139,565
Measure K Debt Service Series 2006 Principal and Interest,	$ 60,000 and $ 88,250
Measure K Debt Service Series 2008 Principal and Interest,	$ 67,000 and $ 89,193

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

At the end of Fiscal Year 2010-11, the Town Council will need to negotiate memoranda of understanding with all its employee groups, providing for fair salary and benefit increases to enhance recruitment and retention of staff. Generally the Town prefers to negotiate multi-year agreements which allow the Town to budget predictably over a multiple year period, and provided staff with incentives for retention. Due to the current economic condition, the last agreements adopted were one two-year, and two one-year, as the Town and the employees weather the volatile economic climate. In Fiscal Year 2009-10 the Town still experienced the continued necessity to stem the growth of expenditures, and thus one Police Officer position and one Administrative Assistant position remain frozen and unfilled. The Town is currently pursuing various means of minimizing employee benefit cost growth.

The Town ended the Fiscal Year 2009-10 in a positive fiscal situation, despite the devastating effect the 05-06 flood disaster had on the Town's physical and financial assets. The Town completed Fiscal Year 2009-10 with some FEMA projects still incomplete and/or awaiting the results of state and federal funding applications for reimbursement.

As a result of the flood disaster, class action flood lawsuits were filed, naming the Town of Fairfax as one of several government agency defendants who were, according to the claims, allegedly negligent in flood control and thus responsible for the financial impact of the flood disaster. The total of the flood lawsuits is approximately $800 million. The Town is a member of the Bay Cities Joint Powers Insurance Authority, which has several layers of coverage. A specialist attorney is representing the Town and other entities in this legal challenge. At this time, the flood lawsuits are pending and their potential outcome and financial impact on the Town is not known.

Reimbursement for the Town's remaining few flood disaster projects is still being determined, and the completed FEMA projects are being submitted to audit. With the projections of a slowing economy and a State budget facing significant structural deficits, the Town needs to proceed over the near future with caution and mindfulness of the threats to its financial stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors and government regulators with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Below is the contact address for questions about this report or requests for additional financial information.

Finance Director
Town of Fairfax
142 Bolinas Road
Fairfax, CA 94930
415-458-2350

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TOWN OF FAIRFAX
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS	Governmental-Type Activities
Cash and investments (Note 2)	$3,005,149
Accounts receivable	208,851
Interest receivable	2,355
Taxes receivable	9,506
Deferred charges	193,182
Net OPEB asset (Note 8)	18,455
Land and construction in progress (Note 4)	255,988
Capital assets, net of accumulated depreciation (Note 4)	7,606,985
Total Assets	11,300,471
LIABILITIES	
Accounts payable	103,552
Accrued payroll	487,516
Deposits	119,527
Interest payable	130,544
Compensated absences payable (Note 5)	
Due within one year	27,079
Due in more than one year	311,411
Unamortized bond premium (Note 5)	123,147
Long-term claims payable (Note 9)	196,267
Long-Term Debt (Note 5):	
Due within one year	221,013
Due in more than one year	6,660,548
Total Liabilities	8,380,604
NET ASSETS (Note 1K)	
Invested in capital assets, net of related debt	727,721
Restricted for:	
Special projects	40,987
Capital projects	99,163
Debt service	821,065
Total Restricted Net Assets	961,215
Unrestricted	1,230,931
Total Net Assets	$2,919,867

See accompanying notes to financial statements

TOWN OF FAIRFAX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
General government	$1,206,281	$433,353		($772,928)
Public safety	4,519,544	53,132	$100,000	(4,366,412)
Public works	1,234,837	1,782	545,461	(687,594)
Planning and building	529,655	285,029		(244,626)
Parks and recreation	302,923	46,694		(256,229)
Interest and fiscal charges	421,901			(421,901)
Total Governmental Activities	$8,215,141	$819,990	$645,461	(6,749,690)
General revenues:				
Property taxes				4,646,917
Special assessments				634,991
Sales taxes				544,810
Other taxes				557,316
Investment earnings				12,214
Miscellaneous				74,172
Total General revenues				6,470,420
Change in Net Assets				(279,270)
Net Assets-Beginning				3,199,137
Net Assets-Ending				$2,919,867

See accompanying notes to financial statements

TOWN OF FAIRFAX
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

	Major Funds			
	General Fund	Measure K Special Revenue	Grants Capital Projects	Fairfax Creek Restoration
ASSETS				
Cash and investments (Note 2)	$1,828,584	$198,759		
Receivables (net of allowances):				
Accounts	150,602			
Taxes	9,506			
Interest	1,951	404		
Due from other funds (Note 3A)	1,685,563			
Total assets	$3,676,206	$199,163		
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$103,552			
Accrued payroll	487,516			
Deposits payable	119,527			
Due to other funds (Note 3A)	14,670	$100,000	$826,231	$475,889
Total Liabilities	725,265	100,000	826,231	475,889
Fund Balances (Deficits):				
Unreserved, undesignated reported in:				
General Fund	2,950,941			
Special projects		99,163	(826,231)	
Capital projects				(475,889)
Debt services				
Total fund balances (deficits)	2,950,941	99,163	(826,231)	(475,889)
Total liabilities and fund balances	$3,676,206	$199,163		

See accompanying notes to financial statements

Town Capital Projects	Non-Major Governmental Funds	Total
	$977,806	$3,005,149
	58,249	208,851
		9,506
		2,355
$114,670		1,800,233
$114,670	$1,036,055	$5,026,094

		$103,552
		487,516
		119,527
$299,904	$83,539	1,800,233
299,904	83,539	2,510,828

		2,950,941
	59,761	(667,307)
(185,234)	71,690	(589,433)
	821,065	821,065
(185,234)	952,516	2,515,266
$114,670	$1,036,055	$5,026,094

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TOWN OF FAIRFAX
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances reported on the governmental funds balance sheet	$2,515,266
Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	7,862,973
LONG-TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-term debt	(6,881,561)
Unamortized bond premium	(123,147)
Interest payable	(130,544)
Deferred charges	193,182
Claims payable	(196,267)
Net OPEB asset	18,455
Compensated absences	(338,490)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$2,919,867

See accompanying notes to financial statements

TOWN OF FAIRFAX
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	Major Funds			
	General Fund	Measure K Special Revenue	Grants Capital Projects	Fairfax Creek Restoration
REVENUES				
Property taxes	$3,521,750			
Special assessments	634,991			
Sales taxes	477,439			
Permits licenses and fees	359,596			
Fines, forfeitures and penalties	50,866			
From other agencies	594,810		$16,868	
Motor vehicle in-lieu fees	23,074			
Franchise fees	321,565			
Services charges	41,269			
Use of money and property	45,234	$3,678		
Other revenue	55,481			
Total Revenues	6,126,075	3,678	16,868	
EXPENDITURES				
Current:				
General government	1,193,176			
Public safety	4,098,333			
Public works	568,376	127,524		
Planning and building	529,655			
Parks and recreation	263,240			
Capital outlay	8,009		473,028	$38
Debt service:				
Principal	71,643			
Interest and fiscal charges	26,478			
Total Expenditures	6,758,910	127,524	473,028	38
REVENUES OVER (UNDER) EXPENDITURES	(632,835)	(123,846)	(456,160)	(38)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 3B)	2,586,109		67,900	
Transfers out (Note 3B)	(511,008)	(900,000)		
Total Other Financing Sources (Uses)	2,075,101	(900,000)	67,900	
Net change in fund balance	1,442,266	(1,023,846)	(388,260)	(38)
FUND BALANCE (DEFICIT)				
Beginning of the year	1,508,675	1,123,009	(437,971)	(475,851)
End of the year	$2,950,941	$99,163	($826,231)	($475,889)

See accompanying notes to financial statements

Town Capital Projects	Non-major Governmental Funds	Total
		$3,521,750
	$527,113	1,162,104
		477,439
		359,596
		50,866
$64,159	1,243,607	1,919,444
		23,074
		321,565
	31,485	72,754
		48,912
40,479		95,960
104,638	1,802,205	8,053,464
		1,193,176
		4,098,333
		695,900
		529,655
	39,683	302,923
185,029	220,165	886,269
	177,000	248,643
	318,478	344,956
185,029	755,326	8,299,855
(80,391)	1,046,879	(246,391)
	748,466	3,402,475
	(1,991,467)	(3,402,475)
	(1,243,001)	
(80,391)	(196,122)	(246,391)
(104,843)	1,148,638	2,761,657
($185,234)	$952,516	$2,515,266

TOWN OF FAIRFAX
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	($246,391)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to fund balance	409,367
(Capitalized expenditures is the net of total capital outlay of $886,269 and non-capitalized capital outlay expenditures of $476,902)	
Depreciation expense is deducted from the fund balance	(496,039)
LONG-TERM DEBT PROCEEDS AND PAYMENTS	
Repayment of debt principal is added back to fund balance	248,643
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Accounts receivable	(117,593)
Deferred charges	(86,959)
Compensated absences	(38,362)
Net OPEB asset	18,455
Claims payable	19,595
Interest payable	3,173
Unamortized bond premium	6,841
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	($279,270)

See accompanying notes to financial statements

TOWN OF FAIRFAX
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	Agency Funds
ASSETS	
Cash and investments (Note 2)	$145,557
Total Assets	$145,557
LIABILITIES	
Special Deposits	$145,557
Total Liabilities	$145,557

See accompanying notes to financial statements

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1. SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Fairfax (Town), California, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

The Town was incorporated in 1931 and is situated near the cities of San Anselmo and San Rafael in the North Bay of the San Francisco Bay Area. The Town operates under the Council-Manager form of government, incorporated under general law in 1931 and provides the following services: public safety (police), planning and building, public works and streets, park services, and general administration services.

The Town is governed by a five-member council elected by Town residents. The Town is legally separate and fiscally independent, which means it can issue debt, set and modify budgets and fees and sue or be sued. The accompanying basic financial statements include the financial activities of the Town, and the primary government.

B. Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government–Wide Financial Statements

The Town's government–wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of the governmental activities for the Town, the primary government, accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets and related current year infrastructure asset additions and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

1. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis Accounting and Measurement Focus, (Continued)

Government–Wide Financial Statements, (Continued)

Certain types of transactions are reported as program revenues for the Town and are presented in the following two categories:

- Charges for services
- Operating grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. The following inter fund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

The Town applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) and Statements Interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The Town has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus. Accordingly, only current assets and current liabilities generally are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property taxes, charges for services, federal and state grants, sales tax, and interest. Expenditures are recognized in the accounting period in which the related fund liability is incurred.

1. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis Accounting and Measurement Focus, (Continued)

Governmental Fund Financial Statements, (Continued)

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements normally include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The Town's fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. As a result, a statement of Changes in Fiduciary Net Assets is not presented in this report.

C. Recognition of Interest Liability

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities.

In the fund financial statements, interest payable on long-term debt is recognized as the liability is incurred.

D. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Town's policy is to apply restricted net assets first.

E. Cash, Cash Equivalents and Investments

The Town pools cash and investments from all sources, for the purpose of increasing income through investment activities. Interest income on investments is allocated on the basis of average month-end cash and investment balances in each fund. Cash and cash equivalents represent cash and investments and restricted cash and investments with an original maturity term of three months or less.

1. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Town policy has set the capitalization threshold for reporting capital assets at $5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	40 years
Improvements other than buildings	20 years
Machinery and equipment	5-20 years
Infrastructure	20-50 years

Assets are grouped by asset type into one of the following accounts – land, land improvements, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), buildings (and improvements), machinery and equipment, lease improvements, software, and construction in progress.

The Town defines infrastructure as the basic physical assets that allow the Town to function. The assets include streets and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

G. Compensated Absences

Government-Wide Financial Statements

For governmental activities, compensated absences are recorded as incurred and the related expenses and liabilities are recorded in the Government-Wide Financial Statements.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the Town's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources.

H. Property Tax Levy Collection and Maximum Rates

The State of California (State) Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIIIA and may be adjusted by no more than two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the counties, cities, school districts, and other districts.

1. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

H. Property Tax Levy Collection and Maximum Rates, (Continued)

Marin County assesses, bills for, and collects property taxes as follows:

	Secured	Unsecured
Lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	50% on November 1 and 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue when received in the fiscal year of levy because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the Town and the County of Marin. The Teeter Plan authorizes the auditor-controller of the County of Marin to allocate 100% of the secured property taxes billed, but not yet paid. The County of Marin remits tax monies to the Town in four installments, as follows:

55% remitted on December 15
40% remitted on April 15
4.5% remitted on June 30
.5% remitted on July 30

I. Post Employment Benefits Other than Pensions

The Town provides post-retirement health care benefits to management and miscellaneous employees starting at 10 years of service and increasing the contribution with years of service as required by current association and management agreements. The Town records premium payments on a "pay-as-you-go" basis.

1. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Town management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

K. Net Assets

Government-Wide Financial Statements

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

2. CASH AND INVESTMENTS

The Town maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the Town invests to enhance interest earnings. The pooled interest earned is allocated to the funds monthly, based on average daily cash and investment balances in these funds.

A. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2010:

	Governmental Activities	Fiduciary Funds Statement of Net Assets	Total
Cash and investments	$3,005,149	$145,557	$3,150,706

Deposits and investments were categorized as follows at June 30, 2010:

	Credit Quality Ratings	Fair Value	Days to Maturity
Town Treasury Deposits:			
Deposits	Not Rated	$1,278,380	N/A
Certificate of Deposit	Not Rated	164,935	January 14, 2011
Petty cash	Not Rated	300	N/A
Total City treasury deposits		1,443,615	
Town Treasury Investments:			
Local Agency Investment Funds	Not Rated	1,699,017	N/A
Investments Held by Fiscal Agents			
Money Market Mutual Fund	Not Rated	8,074	N/A
Total cash and investments		$3,150,706	

B. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the Town's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Town's name.

2. CASH AND INVESTMENTS, (Continued)

B. Cash Deposits, (Continued)

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the Town's cash deposits. California law also allows institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the Town's total cash deposits. The Town may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The Town, however, has not waived the collateralization requirements.

The Town follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a monthly basis to the various funds based on average daily cash and investment balances.

C. Investments

The Town is authorized by State statutes and in accordance with the Town's Investment Policy (Policy) to invest in the following:

- State Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments.

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held for more than one fiscal year that matured or were called/sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year.

D. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy has 100% of the Town's investment portfolio mature in less than one year.

E. Investments in Local Agency Investment Funds

The Town is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Town reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are U.S. Treasuries, Federal Agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. The average life on investment funds invested in LAIF is 203 days.

3. INTERFUND TRANSACTIONS

A. Due To/From Other Funds

At June 30, 2010, the Town had the following short-term receivables and payables:

Due from other funds	Due to other funds	Amount
General Fund	Grants Capital Projects Fund	$826,231
	Fairfax Creek Restoration Fund	475,889
	Town Capital Projects Fund	299,904
	Non-Major Governmental Funds	83,539
Town Capital Projects Fund	General Fund	14,670
	Measure K Special Revenue Fund	100,000
		$1,800,233

The Town has recorded due to/due from for all funds requiring cash at June 30, 2010. The short-term loans will be repaid during fiscal year 2011 as cash receipts are collected for those specific funds.

B. Interfund Transfers

Transfers during the fiscal year ended June 30, 2010, were comprised of the following:

Fund Receiving Transfers	Fund Making Transfers	Amount
General Fund	Measure K Special Revenue Fund	$900,000
	Non-Major Governmental Funds	1,686,109
Grants Capital Projects Fund	Non-Major Governmental Funds	67,900
Non-Major Governmental Funds	General Fund	511,008
	Non-Major Governmental Funds	237,458
Total Interfund Transfers		$3,402,475

Transfers to the General Fund were for administrative costs, claims liabilities and fire engine debt service. Transfers to all other funds were for administrative costs, capital projects and special projects.

4. CAPITAL ASSETS

The Town has reported all capital assets including infrastructure in the Government-Wide Statement of Net Assets. The Town has elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded.

Infrastructure includes roads, bridges, curbs, sidewalks, drainage systems, street and traffic lights, park improvements and other improvements.

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

	Balance June 30, 2009	Additions	Transfers	Balance June 30, 2010
Capital assets not being depreciated:				
Land	$249,888	$6,100		$255,988
Construction in progress	643,180	403,267	($1,046,447)	
Total capital assets not being depreciated	893,068	409,367	(1,046,447)	255,988
Capital assets being depreciated:				
Buildings	341,183			341,183
Other improvements	1,075,301			1,075,301
Vehicles	502,707			502,707
Machinery and equipment	718,318			718,318
Infrastructure	9,921,965		1,046,447	10,968,412
Total capital assets being depreciated	12,559,474		1,046,447	13,605,921
Less accumulated depreciation for:				
Buildings	(260,691)	(5,433)		(266,124)
Other improvements	(197,634)	(51,098)		(248,732)
Vehicles	(370,917)	(35,254)		(406,171)
Machinery and equipment	(425,431)	(45,645)		(471,076)
Infrastructure	(4,248,224)	(358,609)		(4,606,833)
Total accumulated depreciation	(5,502,897)	(496,039)		(5,998,936)
Net capital assets being depreciated	7,056,577	(496,039)	1,046,447	7,606,985
Governmental activity capital assets, net	$7,949,645	($86,672)		$7,862,973

4. CAPITAL ASSETS, (Continued)

Depreciation expense for governmental activities depreciation expenses on capital assets for the year ended June 30, 2010, were as follows:

	Depreciation Expense
General Government	$38,368
Public Works	62,035
Public Safety	395,636
Total Governmental Activities	$496,039

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions during the fiscal year ended June 30, 2010:

Governmental Activity Debt:	Original Issue Amount	Balance June 30, 2009	Retirements	Balance June 30, 2010	Amount Due within One Year	Due in More than One Year
2002 General Obligation Bonds						
3.70-5.50%%, due 8/1/2027	$3,000,000	$2,840,000	($50,000)	$2,790,000	$55,000	$2,735,000
2006 General Obligation Bonds						
4.00-6.00%, due 8/1/2027	4,955,000	1,710,000	(60,000)	1,650,000	60,000	1,590,000
2008 General Obligation Bonds						
1.50-4.70% due 8/1/2025	2,231,000	2,231,000	(67,000)	2,164,000	70,000	2,094,000
Capital Leases:						
Ford Motors (master lease - vehicles)	161,934	27,345	(27,345)			
Ford Motors (supplemental lease - vehicles)	30,018	9,417	(9,417)			
Panasonic Laptops	71,942	53,350	(12,050)	41,300	12,871	28,429
Compellent Credit (accounting software lease)	32,634	26,692	(6,231)	20,461	6,542	13,919
Solar Panel Lease	249,000	232,400	(16,600)	215,800	16,600	199,200
Total Government Activity Debt - Gross		7,130,204	(248,643)	6,881,561	221,013	6,660,548
Unamortized Premium		129,988	(6,841)	123,147	6,841	116,306
Total Government Activity Debt - Net		$7,260,192	($255,484)	$7,004,708	$227,854	$6,776,854

2002 General Obligation Bonds

2002 General Obligation Bonds in the principal amount of $3,000,000 were issued on June 1, 2002, by the Town. These bonds were used to fund capital improvements to the community facilities, streets and storm drains within the Town. Principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. Bonds maturing after August 1, 2009, are subject to call on any interest payment date at par, plus a premium of 1% to 2% of the principal amount. Bonds maturing on August 1, 2022, are subject to early redemption without premium on or after August 1, 2021, from the mandatory sinking fund redemptions. Term bonds maturing August 1, 2027, are also subject to mandatory early redemptions from the sinking fund payments commencing August 1, 2024. The bonds are general obligations of the Town. Annual principal and interest payments on the bonds are expected to require less than 10 percent of property tax revenues.

5. LONG-TERM OBLIGATIONS, (Continued)

2006 General Obligation Bonds

2006 General Obligation Bonds in the principal amount of $1,765,000 were issued on February 1, 2007, by the Town. These bonds were used to fund capital improvements to the community facilities, streets and storm drains within the Town. Principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. Bonds maturing on or after August 1, 2017, are subject to call on any interest payment date at par, plus a premium of 1% to 2% of the principal amount. Bonds maturing on August 1, 2026, are subject to early redemption without premium on or after August 1, 2025, from the mandatory sinking fund redemptions. Term bonds maturing August 1, 2031, are also subject to mandatory early redemptions from the sinking fund payments commencing August 1, 2028. The bonds are general obligations of the Town. Annual principal and interest payments on the bonds are expected to require less than 10 percent of property tax revenues.

2008 General Obligation Bonds

2008 General Obligation Bonds in the principal amount of $2,231,000 were issued on August 21, 2008, by the Fairfax Financing Authority. These Bonds were used to repay the 2000 General Obligations Bonds as well as to fund certain capital projects within the Town. Principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. Bonds maturing on or after August 1, 2017, are subject to call on any interest payment date at par, plus a premium of 1% to 2% of the principal amount. Bonds maturing on August 1, 2026, are subject to early redemption without premium on or after August 1, 2025, from the mandatory sinking fund redemptions. Term bonds maturing August 1, 2031, are also subject to mandatory early redemptions from the sinking fund payments commencing August 1, 2028. The bonds are general obligations of the Town. Annual principal and interest payments on the bonds are expected to require less than 10 percent of property tax revenues.

Capital Lease

The Town had entered into several capital leases as of June 30, 2010. Under these lease agreements, ownerships of the assets are passed to the Town at the end of the leases. Since these leases are in essence financing arrangements, the costs of the acquiring the assets and the amounts of the leases have been included in the Town's financial statements.

Debt Service Requirements

The Town's annual debt service requirements through maturity are as follows:

For The Year Ending June 30	Principal	Interest	Total
2011	$221,013	$314,141	$535,154
2012	236,216	306,512	542,728
2013	251,332	298,201	549,533
2014	248,600	288,626	537,226
2015	272,600	279,318	551,918
2016 - 2020	1,727,000	1,203,187	2,930,187
2021 - 2025	2,477,800	713,894	3,191,694
2026 - 2030	1,447,000	109,003	1,556,003
	6,881,561	3,512,882	10,394,443
Unamortized Premium	123,147		123,147
	$7,004,708	$3,512,882	$10,517,590

5. LONG-TERM OBLIGATIONS, (Continued)

Compensated Absences

Compensated absences include vacation and sick leave. It is the policy of the Town to pay 100% of the accumulated vacation leave when an employee retires or terminates. The Town recognizes the liability for its compensated absences in the governmental activities. The following is a summary of compensated absences transactions during the fiscal year ended June 30, 2010:

	Governmental Activities
Beginning Balance	$300,128
Additions	44,447
Payments	(6,085)
Ending Balance	$338,490
Current Portion	$27,079

6. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations, but had adequate resources to cover the excess:

	Expenditures in Excess of Budget
Special Revenue Funds:	
Open Space	$7,100

6. OTHER FUND DISCLOSURES, (Continued)

Deficit Fund Balances

At June 30, 2010, the funds below had the following deficit fund balance or net assets:

	Deficit
Major Funds:	
Grants Capital Projects Fund	$826,231
Fairfax Creek Restoration Capital Projects Fund	475,889
Town Capital Projects Fund	185,234
Non-Major Funds:	
Emergency Watershed Protection Capital Projects Fund	83,206

The deficits in the Capital Project funds are expected to be recovered from grant reimbursements.

7. EMPLOYEE RETIREMENT PLANS

Substantially all Town employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Town's employees participate in the separate Safety (police) and Miscellaneous (all other). Benefit provisions under the Plans are established by State statute and Town ordinance. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the Town must contribute these amounts. The Town's labor contracts require it to pay employee contributions as well as its own. The Plans' provisions and benefits in effect at June 30, 2010, are summarized as follows:

	Safety Tier 1	Safety Tier 2	Miscellaneous
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for Life	Monthly for life
Retirement age	50	55	50-55
Monthly benefits, as a % of annual salary	3%	2.4% - 3%	2.0% - 2.5%
Required employee contribution rates	9%	9%	8%
Required employer contribution rates	42.451%	24.512%	13.414%

*Rates include amortization of side fund

7. EMPLOYEE RETIREMENT PLANS, (Continued)

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Town's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The Town uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligatior
June 30, 2008	$666,462	100%	$0
June 30, 2009	765,596	100%	0
June 30, 2010	721,399	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law, effective July 1, 2005, the Town's Safety and Miscellaneous Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the Town true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The Town satisfied its Safety and Miscellaneous Plans' unfunded liabilities by agreeing to contribute to the Side Funds through an addition to its normal contribution rates. As of the latest actuarial the balance of the Side Fund for Safety was $1,985,571 which will be repaid over the next 10 years. The balance of the Side Fund for Miscellaneous was $286,968 which will be repaid over the next 9 years.

7. EMPLOYEE RETIREMENT PLANS, (Continued)

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CALPERS' latest actuarial value (which differs from market value) and funding progress for the State-wide pools are shown below:

Safety Plan Tier 1:

	Actuarial					
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	$7,986,055,176	$6,826,599,459	$1,159,455,717	85.5%	$831,607,658	139.4%
2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%
2009	9,721,675,347	8,027,158,724	1,694,516,623	82.6%	973,814,168	174.0%

Safety Plan Tier 2:

	Actuarial					
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	$1,648,159,522	$1,422,143,105	$226,016,417	86.3%	$200,537,256	112.7%
2008	1,755,559,311	1,517,609,609	237,949,702	86.5%	210,590,567	113.0%
2009	1,802,882,330	1,520,081,328	282,801,002	84.3%	221,600,192	127.6%

Miscellaneous Plan:

	Actuarial					
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	$1,315,454,361	$1,149,247,298	$166,207,063	87.4%	$289,090,187	57.5%
2008	1,537,909,933	1,337,707,835	200,202,098	87.0%	333,307,600	60.1%
2009	1,834,424,640	1,493,430,831	340,993,809	81.4%	355,150,151	96.0%

8. OTHER PENSION EMPLOYMENT BENEFIT

During fiscal year 2010, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior year's financial statements. The City has elected to use the alternative measurement method as prescribed by GASB 45. Required disclosures are presented below.

Plan Description and Funding Policy

The Town provides full health insurance benefits to employees who retire with at least 25 years of service (20 years in Management). The Town will pay the one-party Kaiser Basic premium for such retirees. For those with 10 or more years of service, there are partial benefits. For retirees not eligible for the premium-based benefit, the Town will pay the CalPers minimum employer contribution towards premiums, which is $105 for fiscal year 2010. The cost of the benefits provided by the Plan is currently being paid along with the annual required contribution. The long-term strategy for funding the benefits provided under the Plan is currently being evaluated.

As of June 30, 2010, 7 participants were eligible to receive retirement health care benefits.

Concurrent with implementing Statement No. 45, the City Council passed a resolution to participate the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CALPERS, and is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Actuarial Assumptions

The City's Policy is to prefund these benefits by accumulating assets with CERBT discussed above pursuant to Council Resolution 09-48.

The annual required contribution (ARC) was determined as part of a June 30, 2010 actuarial valuation using the projected unit credit actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment return; (b) 3.25% projected annual salary increase, (c) 3% annual general inflation rate and (d) 5% health care cost trend rate increases, starting 2012.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least once every three years as results are compared to past expectations and new estimates are made about the future. The Town's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a closed thirty year amortization period.

8. OTHER PENSION EMPLOYMENT BENEFIT, (Continued)

Funding Progress and Funded Status

The City's Net OPEB Obligation (NOO) is recorded in the Statement of Net Assets and is calculated as follows:

Annual required contribution (ARC)	$120,600
Annual OPEB cost	120,600
Contributions made	(139,055)
(Decrease) increase in net OPEB obligation	(18,455)
Net OPEB Obligation (Asset) at June 30, 2009	
Net OPEB obligation (Asset) at June 30, 2010	($18,455)

The Plan's annual required contributions and actual contributions for the year ended June 30, 2010 are set forth below:

Fiscal Year	Annual Pension Cost	Actual Contribution	Percentage of Pension Cost Contributed	Net OPEB Obligation (Asset)
6/30/2010	$120,600	$139,055	115%	($18,455)

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Projected Unit Credit Cost Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2010	$0	$958,500	$958,500	0.00%	$2,543,900	37.68%

9. RISK MANAGEMENT

A. Risk Pool

The Town is a participant in the Bay Cities Joint Powers Insurance Authority (BCJPIA), which covers general liability claims in an amount up to $1,000,000. The Town has a deductible or uninsured liability of up to $50,000 per claim. Once the Town's deductible is met, BCJPIA becomes responsible for payment of all claims up to the limit. Other coverage includes excess insurance for claims over $1,000,000.

The Town also participates in the BCJPIA for worker's compensation insurance. BCJPIA participates in the Local Agency Worker's Compensation Excess Insurance Joint Powers Authority's (LAWCX) risk pool which in turn purchases coverage above $1,000,000. The Town has a deductible or uninsured liability of up to $150,000 per claim. BCJPIA pool covers claims from $150,000 to $1,000,000. Claims from $1,000,000 to $4,000,000 are covered by LAWCX. Once the Town's deductible is met, then BCJPIA Plan becomes responsible for payment of all claims up to the limit.

Each risk pool is governed by a board consisting of representatives from member municipalities. The board controls the operations of each risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. The Town's contributions to each risk pool equal the ratio of the Town's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

B. Liability for Uninsured Claims

Municipalities are required to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the Town has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims. The Town's liability for uninsured claims based on claims experience was computed as follows:

	June 30	
	2010	2009
Balance at beginning of year	$215,862	$383,492
Change in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	305,867	(43,133)
Claims paid	(325,462)	(124,497)
Balance at end of year	$196,267	$215,862

10. JOINT VENTURES

The Town participates in several active joint ventures through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements (JPA), including selection of management and approval of operating budgets, independent of any influence by each member beyond representation on each Board. Obligations and liabilities of these joint ventures are not the Town's responsibility, and the Town does not have an equity interest in the assets of each joint venture except upon dissolution.

A. Ross Valley Fire Service

The Ross Valley Fire Service (Fire Service) was established under a 1982 Joint Exercise of Powers Agreement between the Town of Fairfax and the Town of San Anselmo for the purpose of providing fire protection, emergency medical, and related services within the Fairfax and San Anselmo area. Members of the Fire Service pay their pro rata share of the total annual contributions. Financial statements for the Fire Service may be obtained by mailing a request to the Ross Valley Fire Service, 777 San Anselmo Avenue, San Anselmo, California 94960.

B. Ross Valley Paramedic Authority (Authority)

The Authority is a joint powers agreement formed on December 14, 1982, by the Town of Fairfax, Town of Corte Madera, Kentfield Fire Protection District, City of Larkspur, County of Marin, Town of Ross, Town of San Anselmo, and Sleepy Hollow Fire Protection District for the purpose of providing paramedic services. The Authority is controlled by an eight member board consisting of a member from each entity. Services are provided by the County of Marin Fire District to the Authority. The Authority's operations are financed by its members, through property taxes on each residential unit and commercial property. The books and records are maintained by the City of Larkspur. Financial statements for the Ross Valley Paramedic Authority may be obtained by mailing a request to the Ross Valley Paramedic Authority, 4000 Magnolia Avenue, Larkspur, California 94939.

C. Marin County Cable Rate Regulation Authority (Cable Authority)

The Cable Authority was established as a Joint Powers Authority between the towns of Fairfax, Ross, San Anselmo, Tiburon and Corte Madera, and the cities of Larkspur, Mill Valley, Sausalito, San Rafael, and Belvedere, and the County of Marin. The Agreement provides for the regulation of rates for certain cable television services and equipment pursuant to the Cable Television Consumer Protection and Competition Act of 1992. The financial responsibility of each member is based on the number of cable television subscribers. Audited financial statements may be obtained by mailing a request to the Marin Telecommunications Agency at Marin County Auditor-Controller, County of Marin, 3501 Civic Center Drive, Room 225, San Rafael, CA 94903.

D. Marin General Services Authority (MGSA)

The MGSA was established on April 26, 2005, to replace the Marin Street Light Acquisition Authority. All the original members of the Marin Street Light Acquisition Authority are eligible for membership. The Authority is established to finance, implement, and manage various municipal services with the member agencies including taxicab regulation and information management services. All assets and funds of the Marin Street Light Acquisition Authority were transferred to the MGSA. The financial responsibility of each member is based on a relative population and assessed value formula. Audited financial statements may be obtained by a request to the Marin General Services Authority at Marin County Auditor-Controller, County of Marin, 3501 Civic Center Drive, Room 225, San Rafael, CA 94903.

10. JOINT VENTURES, (Continued)

E. Marin Emergency Radio Authority (MERA)

The Town is a member of MERA, along with the County of Marin and twenty-four local government agencies. The purpose of MERA is to plan, finance, implement, own, and operate a multi-jurisdictional and countywide public safety and emergency radio system. To finance this system, in 1999 MERA issued approximately $27 million in revenue bonds. Audited financial statements may be obtained by a request to the Marin Emergency Radio Authority at Marin County Auditor-Controller, County of Marin, 3501 Civic Drive, Room 225, San Rafael, CA 94903.

11. COMMITMENTS AND CONTINGENCIES

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town.

12. PROPOSITION 1A SECURITIZATION

Proposition 1A Borrowing by the State of California and Securitization

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the $215,426 it borrowed from the City, plus interest, by June 30, 2013.

Authorized with the 2009-10 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating cities receive cash equal to their share of State borrowings and forgo interest they otherwise would have received from the State on the unpaid borrowings. The City is a participant in the Program.

California Communities simultaneously purchased the Proposition 1A receivables from the City and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010 and May 3, 2010. All costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the City received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City equal the book value of State borrowings no gain or loss was incurred.

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REQUIRED SUPPLEMENTARY INFORMATION

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1. BUDGETARY PRINCIPLES

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the Town Manager submits to the Town Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Continuing appropriations are rebudgeted by the Town Council as part of the adoption of subsequent year's budgets.

- Public hearings are conducted to obtain taxpayer comments.

- The budget is legally enacted through passage of a resolution during a Town Council meeting in the month of September.

- The Town Manager is authorized to transfer budgeted amounts within an activity, within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

- Formal budgeting is employed as a management control device during the year for the general, certain special revenue and debt service funds.

- Budgets for the general, special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except Special Police and Emergency Watershed Protection Special Revenue Funds.

- Budgets for capital projects funds are adopted on a project-life basis.

Budgeted amounts are as originally adopted or as amended by the Town Council. Budget amendments were not material in relation to the original appropriations.

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as reservations of fund balances.

TOWN OF FAIRFAX
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$1,954,465	$3,216,656	$3,521,750	$305,094
Special assessments	571,441	621,520	634,991	13,471
Sales tax	338,292	415,360	477,439	62,079
Permits licenses and fees	106,359	323,250	359,596	36,346
Fines, forfeitures and penalties	45,727	54,500	50,866	(3,634)
From other agencies	285,942	518,118	594,810	76,692
Motor vehicle in-lieu fees	17,893	49,000	23,074	(25,926)
Franchise fees	254,177	288,000	321,565	33,565
Services charges	160,963	50,500	41,269	(9,231)
Use of money and property	28,923	74,000	45,234	(28,766)
Other revenue	13,270	36,100	55,481	19,381
Total Revenues	3,777,452	5,647,004	6,126,075	479,071
EXPENDITURES				
Current:				
General government	1,076,684	1,147,032	1,193,176	(46,144)
Public safety	3,749,463	4,306,010	4,098,333	207,677
Public works and facilities	503,996	548,811	568,376	(19,565)
Planning and building	448,057	558,570	529,655	28,915
Parks and recreation	189,605	265,449	263,240	2,209
Capital outlay		8,000	8,009	(9)
Debt service:				
Principal		67,000	71,643	(4,643)
Interest and fiscal charges		10,000	26,478	(16,478)
Total Expenditures	5,967,805	6,910,872	6,758,910	151,962
REVENUES OVER (UNDER) EXPENDITURES	(2,190,353)	(1,263,868)	(632,835)	631,033
OTHER FINANCING SOURCES (USES)				
Transfers in	1,744,683		2,586,109	2,586,109
Transfers (out)		(1,592,939)	(511,008)	1,081,931
Total other financing sources (uses)	1,744,683	(1,592,939)	2,075,101	3,668,040
Net change in fund balance	($445,670)	($2,856,807)	1,442,266	$4,299,073
FUND BALANCE				
Beginning of year			1,508,675	
End of year			$2,950,941	

TOWN OF FAIRFAX
MEASURE K SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From other Agencies		$319,000		($319,000)
Use of money and property		155,000	$3,678	(151,322)
Total Revenues		474,000	3,678	(470,322)
EXPENDITURES:				
Current:				
Public works and facilities		474,700	127,524	347,176
Capital outlay	$117,786			
Total Expenditures	117,786	474,700	127,524	347,176
REVENUES OVER (UNDER) EXPENDITURES	(117,786)	(700)	(123,846)	(123,146)
OTHER FINANCING SOURCES (USES)				
Transfers in			(900,000)	(900,000)
Total other financing sources (uses)			(900,000)	(900,000)
Net change in fund balance	($117,786)	($700)	(1,023,846)	($1,023,146)
FUND BALANCE				
Beginning of the year			1,123,009	
End of year			$99,163	

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SUPPLEMENTARY INFORMATION

TOWN OF FAIRFAX
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	SPECIAL REVENUE FUNDS				
	Special Police	Youth Recreation	Measure F	Gas Tax	Open Space
ASSETS					
Cash and investments					$4,373
Accounts receivable	$10,854	$19,107	$6,998	$18,762	
Total Assets	$10,854	$19,107	$6,998	$18,762	$4,373
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds		$333			
Total Liabilities		333			
Fund balances:					
Unreserved, reported in					
Special projects	$10,854	18,774	$6,998	$18,762	$4,373
Debt services					
Capital projects					
Total Fund Balances	10,854	18,774	6,998	18,762	4,373
Total Liabilities and Fund Balances	$10,854	$19,107	$6,998	$18,762	$4,373

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS				
Emergency Watershed Protection	Storm Capital Projects Fund	Measure K 2000 Series	2002 Series	2006 Series	2008 Series	Total
	$154,896		$362,814	$180,635	$275,088	$977,806
			2,528			58,249
	$154,896		$365,342	$180,635	$275,088	$1,036,055
$83,206						$83,539
83,206						83,539
						59,761
			$365,342	$180,635	$275,088	821,065
(83,206)	$154,896					71,690
(83,206)	154,896		365,342	180,635	275,088	952,516
	$154,896		$365,342	$180,635	$275,088	$1,036,055

TOWN OF FAIRFAX
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS				
	Special Police	Youth Recreation	Measure F	Gas Tax	Open Space
REVENUES					
Property taxes:					
Special assessments					
From other agencies	$104,112		$463,013	$197,147	$25
Service charges		$31,485			
Total Revenues	104,112	31,485	463,013	197,147	25
EXPENDITURES					
Current:					
Parks and recreation		38,683			1,000
Capital outlay					6,100
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures		38,683			7,100
REVENUES OVER (UNDER) EXPENDITURES	104,112	(7,198)	463,013	197,147	(7,075)
OTHER FINANCING SOURCES (USES)					
Transfers in		18,000			
Transfers (out)	(158,877)		(456,015)	(193,366)	
Total Other Financing Sources (Uses)	(158,877)	18,000	(456,015)	(193,366)	
NET CHANGE IN FUND BALANCES	(54,765)	10,802	6,998	3,781	(7,075)
BEGINNING FUND BALANCES (DEFICITS)	65,619	7,972		14,981	11,448
ENDING FUND BALANCES (DEFICITS)	$10,854	$18,774	$6,998	$18,762	$4,373

CAPITAL PROJECT FUNDS		DEBT SERVICE FUNDS				
Emergency Watershed Protection	Storm Capital Projects Fund	Measure K 2000 Series	2002 Series	2006 Series	2008 Series	Total Nonmajor Governmental Funds
			$184,312	$109,575	$233,226	$527,113
	$474,119		1,761	1,374	2,056	1,243,607
						31,485
	474,119		186,073	110,949	235,282	1,802,205
						39,683
	214,065					220,165
			50,000	60,000	67,000	177,000
			139,565	89,500	89,413	318,478
	214,065		189,565	149,500	156,413	755,326
	260,054		(3,492)	(38,551)	78,869	1,046,879
		$118,765	189,565	191,550	230,586	748,466
		(444,355)	(370,930)	(293,800)	(74,124)	(1,991,467)
		(325,590)	(181,365)	(102,250)	156,462	(1,243,001)
	260,054	(325,590)	(184,857)	(140,801)	235,331	(196,122)
($83,206)	(105,158)	325,590	550,199	321,436	39,757	1,148,638
($83,206)	$154,896		$365,342	$180,635	$275,088	$952,516

TOWN OF FAIRFAX
BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	YOUTH RECREATION			MEASURE F		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
From other agencies				$465,000	$463,013	($1,987)
Service charges	$30,000	$31,485	$1,485			
Total Revenues	30,000	31,485	1,485	465,000	463,013	(1,987)
EXPENDITURES						
Current:						
Parks and Recreation	44,000	38,683	5,317			
Capital outlay						
Total Expenditures	44,000	38,683	5,317			
REVENUES OVER (UNDER) EXPENDITURES	(14,000)	(7,198)	6,802	465,000	463,013	(1,987)
OTHER FINANCING SOURCES (USES)						
Transfers (in)	18,000	18,000				
Transfers (out)				(465,000)	(456,015)	8,985
Total other financing sources (uses)	18,000	18,000		(465,000)	(456,015)	8,985
NET CHANGE IN FUND BALANCES	$4,000	10,802	$6,802		6,998	$6,998
BEGINNING FUND BALANCES (DEFICITS)		7,972				
ENDING FUND BALANCES		$18,774			$6,998	

GAS TAX			OPEN SPACE			STORM CAPITAL PROJECTS FUND		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$212,400	$197,147	($15,253)	$3,000	$25	($2,975)	$623,977	$474,119	($149,858)
212,400	197,147	(15,253)	3,000	25	(2,975)	623,977	474,119	(149,858)
				1,000	(1,000)			
				6,100	(6,100)	623,978	214,065	409,913
				7,100	(7,100)	623,978	214,065	409,913
212,400	197,147	(15,253)	3,000	(7,075)	(10,075)	(1)	260,054	260,055
(212,400)	(193,366)	19,034						
(212,400)	(193,366)	19,034						
	3,781	$3,781	$3,000	(7,075)	($10,075)	($1)	260,054	$260,055
	14,981			11,448			(105,158)	
	$18,762			$4,373			$154,896	

TOWN OF FAIRFAX
AGENCY FUNDS
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
PAVILION RENOVATION				
ASSETS				
Cash and investments	$143,692	$1,865		$145,557
Total Assets	$143,692	$1,865		$145,557
LIABILITIES				
Special deposits	$143,692	$1,865		$145,557
Total Liabilities	$143,692	$1,865		$145,557