

TOWN OF LIVERMORE FALLS, MAINE

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JUNE 30, 2017

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*Proven Expertise and Integrity*

## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Livermore Falls  
Livermore Falls, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Livermore Falls, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Livermore Falls, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Livermore Falls, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 4 through 10 and 53 through 56 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Livermore Falls, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018, on our consideration of the Town of Livermore Falls, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* in considering the Town of Livermore Falls, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
April 6, 2018

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Livermore Falls, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Livermore Falls' basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and pension schedules, and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

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

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Livermore Falls are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, transfer station, education, library, recreation and other.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Livermore Falls include the sewer fund.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Livermore Falls, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Livermore Falls can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds:* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this



comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Livermore Falls presents only two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

*Proprietary Funds:* The Town of Livermore Falls maintains one proprietary fund, the sewer fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$64,397 from \$3.28 million to \$3.34 million. The business-type activities decreased by \$82,068 from \$3.20 million to \$3.11 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$1.99 million at the end of this year for the governmental activities. The business-type activities unrestricted net position decreased to a balance of \$274,064.

**Table 1**  
**Town of Livermore Falls, Maine**  
**Net Position**  
**June 30,**

	Governmental Activities		Business-type Activities	
	2017	2016 (Restated)	2017	2016 (Restated)
<b>Assets:</b>				
Current Assets	\$ 2,411,664	\$ 2,666,180	\$ 369,986	\$ 398,665
Capital Assets & Other Assets	1,395,871	1,149,345	4,125,544	4,339,043
<b>Total Assets</b>	<b>3,807,535</b>	<b>3,815,525</b>	<b>4,495,530</b>	<b>4,737,708</b>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	254,165	154,485	-	-
<b>Total Deferred Outflows of Resources</b>	<b>254,165</b>	<b>154,485</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>				
Current Liabilities	144,766	197,877	260,868	256,141
Long-term Debt Outstanding	481,830	375,100	1,120,675	1,285,512
<b>Total Liabilities</b>	<b>626,596</b>	<b>572,977</b>	<b>1,381,543</b>	<b>1,541,653</b>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	8,717	12,348	-	-
Deferred Inflows Related to Pensions	83,733	106,428	-	-
<b>Total Deferred Inflows of Resources</b>	<b>92,450</b>	<b>118,776</b>	<b>-</b>	<b>-</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	847,563	933,965	2,839,923	2,888,585
Restricted	507,149	455,091	-	-
Unrestricted	1,987,942	1,889,201	274,064	307,470
<b>Total Net Position</b>	<b>\$ 3,342,654</b>	<b>\$ 3,278,257</b>	<b>\$ 3,113,987</b>	<b>\$ 3,196,055</b>

## Revenues and Expenses

Revenues for the Town's governmental activities decreased by 5.01%, while total expenses decreased by 2.77%. The largest decrease in revenues was in miscellaneous revenues. The biggest decrease in expenses was in other expenses.

For the business-type activities revenues decreased by 4.03%, while total expenses increased by 5.60%.

**Table 2**  
**Town of Livermore Falls, Maine**  
**Change in Net Position**  
**For The Years Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 109,369	\$ 63,976	\$ 507,147	\$ 525,458
Operating grants and contributions	-	38,612	-	-
<i>General Revenues:</i>				
Taxes	3,807,746	3,751,445	-	-
Grants and contributions not restricted to specific programs	365,819	482,541	-	-
Investment income	61,138	23,962	233	158
Miscellaneous	70,089	286,520	12,054	15,654
<b>Total revenues</b>	<u>4,414,161</u>	<u>4,647,056</u>	<u>519,434</u>	<u>541,270</u>
<b>Expenses</b>				
General government	303,223	274,900	-	-
Public safety	857,660	816,786	-	-
Public works	545,331	527,617	-	-
Transfer station	96,196	115,084	-	-
Building	78,239	71,459	-	-
Library	62,784	62,193	-	-
Grounds care	4,500	4,995	-	-
Recreation	55,794	47,920	-	-
General assistance	15,016	9,420	-	-
Education	1,634,175	1,626,144	-	-
County tax	177,786	163,989	-	-
Insurance	347,141	379,035	-	-
Other	28,284	228,138	-	-
Interest on long-term debt	5,124	-	-	-
Capital outlay	-	99,990	-	-
Program expenses	138,511	46,173	601,502	569,617
<b>Total expenses</b>	<u>4,349,764</u>	<u>4,473,843</u>	<u>601,502</u>	<u>569,617</u>
<b>Change in Net Position</b>	64,397	173,213	(82,068)	(28,347)
<b>Net Position - July 1, Restated</b>	<u>3,278,257</u>	<u>3,105,044</u>	<u>3,196,055</u>	<u>3,224,402</u>
<b>Net Position - June 30</b>	<u>\$ 3,342,654</u>	<u>\$ 3,278,257</u>	<u>\$ 3,113,987</u>	<u>\$ 3,196,055</u>

### Financial Analysis of the Town's Fund Statements

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

**Table 3**  
**Town of Livermore Falls, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2017</u>	<u>2016</u>
General Fund:		
Assigned	\$ 76,745	\$ 67,390
Unassigned	1,661,592	1,506,660
Total General Fund	<u>\$ 1,738,337</u>	<u>\$ 1,574,050</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 490,207	\$ 444,817
Unassigned	(36,672)	-
Capital Projects Funds:		
Assigned	306,000	267,225
Permanent Funds:		
Restricted	16,942	10,274
Total Nonmajor Funds	<u>\$ 776,477</u>	<u>\$ 722,316</u>

The general fund total fund balance increased by \$164,287 from the prior fiscal year. The nonmajor fund balances increased by \$54,161 from the prior fiscal year.

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

The sewer fund had an operating loss for the year of \$15,177.

### Budgetary Highlights

The significant differences between the original and final budget for the general fund was the use of assigned and unassigned fund balances as well as the use of applied revenues.

The general fund actual revenues exceeded budget by \$161,245. This was a result of all revenue categories being over-received.

General fund actual expenditures were under budget by \$244,423. All expenditure categories were under budget with the exception of general assistance.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town decreased by \$334,065 from the prior fiscal year. This decrease was a result of current year depreciation.

**Table 4**  
**Town of Livermore Falls, Maine**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2017</u>	<u>2016</u>
Land	\$ 387,517	\$ 387,517
Buildings	445,222	515,367
Building improvements	26,351	28,078
Machinery & equipment	257,679	322,114
Vehicles	390,292	516,950
Infrastructure	714,298	785,398
Total	<u>\$ 2,221,359</u>	<u>\$ 2,555,424</u>

### Debt

At June 30, 2017, the Town had \$1.43 million bonds and notes outstanding versus \$1.66 million last year. Other obligations include capital leases payable, accrued vacation and sick time and net pension liability. Refer to Note 6 of Notes to Financial Statements for more detailed information.

### Currently Known Facts, Decisions, or Conditions

#### Economic Factors and Next Year's Budgets and Rates

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

### Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 2 Main Street, Livermore Falls, Maine 04254.

## STATEMENT A

## TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,806,060	\$ 224,913	\$ 2,030,973
Investments	258,192	-	258,192
Accounts receivable (net of allowance for uncollectibles):			
Taxes	213,674	89,880	303,554
Liens	102,112	40,260	142,372
Other	31,626	14,933	46,559
Total current assets	<u>2,411,664</u>	<u>369,986</u>	<u>2,781,650</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	387,517	-	387,517
Depreciable assets, net of accumulated depreciation	608,354	1,225,488	1,833,842
Other assets:			
Note receivable	400,000	-	400,000
Investment in joint venture	-	2,900,056	2,900,056
Total noncurrent assets	<u>1,395,871</u>	<u>4,125,544</u>	<u>5,521,415</u>
<b>TOTAL ASSETS</b>	<u>3,807,535</u>	<u>4,495,530</u>	<u>8,303,065</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	254,165	-	254,165
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>254,165</u>	<u>-</u>	<u>254,165</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,061,700</u>	<u>\$ 4,495,530</u>	<u>\$ 8,557,230</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 31,079	\$ 46,275	\$ 77,354
Accrued payroll	24,893	-	24,893
Due to other governments	6,637	-	6,637
Other liabilities	5,768	49,647	55,415
Current portion of long-term obligations	76,389	164,946	241,335
Total current liabilities	<u>144,766</u>	<u>260,868</u>	<u>405,634</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	-	1,120,675	1,120,675
Note payable	73,501	-	73,501
Accrued compensated absences	26,052	-	26,052
Net pension liability	382,277	-	382,277
Total noncurrent liabilities	<u>481,830</u>	<u>1,120,675</u>	<u>1,602,505</u>
<b>TOTAL LIABILITIES</b>	<u>626,596</u>	<u>1,381,543</u>	<u>2,008,139</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	8,717	-	8,717
Deferred inflows related to pensions	83,733	-	83,733
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>92,450</u>	<u>-</u>	<u>92,450</u>
<b>NET POSITION</b>			
Net investment in capital assets	847,563	2,839,923	3,687,486
Restricted: Special revenue funds	490,207	-	490,207
Permanent funds	16,942	-	16,942
Unrestricted	1,987,942	274,064	2,262,006
<b>TOTAL NET POSITION</b>	<u>3,342,654</u>	<u>3,113,987</u>	<u>6,456,641</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 4,061,700</u>	<u>\$ 4,495,530</u>	<u>\$ 8,557,230</u>

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

STATEMENT B

TOWN OF LIVERMORE FALLS, MAINE  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Position	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Government	
					Governmental Activities	Business-type Activities
<b>Governmental activities:</b>						
General government	\$ 303,223	\$ 17,008	\$ -	\$ -	\$ (286,215)	\$ (286,215)
Public safety	857,660	34,090	-	-	(823,570)	(823,570)
Public works	545,331	2,168	-	-	(543,163)	(543,163)
Transfer station	96,196	16,442	-	-	(79,754)	(79,754)
Building	78,239	-	-	-	(78,239)	(78,239)
Library	62,784	-	-	-	(62,784)	(62,784)
Grounds care	4,500	-	-	-	(4,500)	(4,500)
Recreation	55,794	21,767	-	-	(34,027)	(34,027)
General assistance	15,016	-	-	-	(15,016)	(15,016)
Education	1,634,175	-	-	-	(1,634,175)	(1,634,175)
County tax	177,786	-	-	-	(177,786)	(177,786)
Insurance	347,141	-	-	-	(347,141)	(347,141)
Other	28,284	-	-	-	(28,284)	(28,284)
Interest on long-term debt	5,124	-	-	-	(5,124)	(5,124)
Program expenditures	138,511	17,894	-	-	(120,617)	(120,617)
Total governmental activities	4,349,764	109,369	-	-	(4,240,395)	(4,240,395)
<b>Business-type activities:</b>						
Sewer department	601,502	507,147	-	-	-	(94,355)
Total business-type activities	601,502	507,147	-	-	-	(94,355)
Total government	\$ 4,951,266	\$ 616,516	\$ -	\$ -	(4,240,395)	(94,355)
						(4,334,750)

STATEMENT B (CONTINUED)  
TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(4,240,395)</u>	<u>(94,355)</u>	<u>(4,334,750)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,421,282	-	3,421,282
Excise taxes	386,464	-	386,464
Grants and contributions not restricted to specific programs	365,819	-	365,819
Interest income	61,138	233	61,371
Miscellaneous	70,089	12,054	82,143
Total general revenues	<u>4,304,792</u>	<u>12,287</u>	<u>4,317,079</u>
Change in net position	64,397	(82,068)	(17,671)
NET POSITION - JULY 1, RESTATED	<u>3,278,257</u>	<u>3,196,055</u>	<u>6,474,312</u>
NET POSITION - JUNE 30	<u>\$ 3,342,654</u>	<u>\$ 3,113,987</u>	<u>\$ 6,456,641</u>

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



## STATEMENT C

## TOWN OF LIVERMORE FALLS, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,480,390	\$ 325,670	\$ 1,806,060
Investments	258,192	-	258,192
Accounts receivable (net of allowance for uncollectibles):			
Taxes	213,674	-	213,674
Liens	102,112	-	102,112
Other	31,626	-	31,626
Note receivable	-	400,000	400,000
Due from other funds	46,178	96,985	143,163
<b>TOTAL ASSETS</b>	<b>\$ 2,132,172</b>	<b>\$ 822,655</b>	<b>\$ 2,954,827</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 31,079	\$ -	\$ 31,079
Accrued payroll	24,893	-	24,893
Due to other governments	6,637	-	6,637
Other liabilities	5,768	-	5,768
Due to other funds	96,985	46,178	143,163
<b>TOTAL LIABILITIES</b>	<b>165,362</b>	<b>46,178</b>	<b>211,540</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	8,717	-	8,717
Deferred tax revenues	219,756	-	219,756
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>228,473</b>	<b>-</b>	<b>228,473</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	507,149	507,149
Committed	-	-	-
Assigned	76,745	306,000	382,745
Unassigned	1,661,592	(36,672)	1,624,920
<b>TOTAL FUND BALANCES</b>	<b>1,738,337</b>	<b>776,477</b>	<b>2,514,814</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,132,172</b>	<b>\$ 822,655</b>	<b>\$ 2,954,827</b>

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

## STATEMENT D

## TOWN OF LIVERMORE FALLS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2017

	Total Governmental Funds
	<u>                    </u>
Total Fund Balances	\$ 2,514,814
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	1,395,871
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	219,756
Note receivable	(400,000)
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	254,165
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Capital leases payable	(1,305)
Note payable	(147,003)
Accrued compensated absences	(27,634)
Net pension liability	(382,277)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(83,733)</u>
Net position of governmental activities	<u><u>\$ 3,342,654</u></u>

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

## STATEMENT E

## TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property	\$ 3,447,256	\$ -	\$ 3,447,256
Excise	386,464	-	386,464
Intergovernmental revenues	354,208	11,611	365,819
Charges for services	91,475	17,894	109,369
Investment income	59,922	1,216	61,138
Miscellaneous revenues	70,089	-	70,089
<b>TOTAL REVENUES</b>	<b>4,409,414</b>	<b>30,721</b>	<b>4,440,135</b>
<b>EXPENDITURES</b>			
Current:			
General government	254,376	-	254,376
Public safety	802,511	-	802,511
Public works	456,003	-	456,003
Transfer station	95,712	-	95,712
Building	78,239	-	78,239
Library	62,784	-	62,784
Grounds care	4,500	-	4,500
Recreation	55,794	-	55,794
General assistance	15,016	-	15,016
Education	1,634,175	-	1,634,175
County tax	177,786	-	177,786
Insurance	347,141	-	347,141
Other	28,284	-	28,284
Program expenditures	-	138,511	138,511
Debt service:			
Principal	65,731	-	65,731
Interest	5,124	-	5,124
<b>TOTAL EXPENDITURES</b>	<b>4,083,176</b>	<b>138,511</b>	<b>4,221,687</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>326,238</b>	<b>(107,790)</b>	<b>218,448</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	161,951	161,951
Transfers (out)	(161,951)	-	(161,951)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(161,951)</b>	<b>161,951</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>164,287</b>	<b>54,161</b>	<b>218,448</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,574,050</b>	<b>722,316</b>	<b>2,296,366</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,738,337</b>	<b>\$ 776,477</b>	<b>\$ 2,514,814</b>

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

## STATEMENT F

## TOWN OF LIVERMORE FALLS, MAINE

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 218,448</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Depreciation expense	<u>(153,474)</u>
Deferred outflows of resources are consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>99,680</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>67,072</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>22,695</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(25,974)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	10,610
Net pension liability	<u>(174,660)</u>
	<u>(164,050)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 64,397</u>

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

## STATEMENT G

## TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2017

	Enterprise Fund <u>Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 224,913
Accounts receivable (net of allowance for uncollectibles):	
Taxes	89,880
Liens	40,260
Other	14,933
Total current assets	<u>369,986</u>
Noncurrent assets:	
Capital assets:	
Property and equipment	4,105,022
Less: accumulated depreciation	<u>(2,879,534)</u>
Subtotal capital assets	<u>1,225,488</u>
Other assets:	
Investment in joint venture	2,900,056
Subtotal other assets	<u>2,900,056</u>
Total noncurrent assets	<u>4,125,544</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,495,530</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 46,275
Due to other governments	49,647
Current portion of long-term obligations	164,946
Total current liabilities	<u>260,868</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,120,675
Total noncurrent liabilities	<u>1,120,675</u>
<b>TOTAL LIABILITIES</b>	<u>1,381,543</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,839,923
Unrestricted	274,064
<b>TOTAL NET POSITION</b>	<u>3,113,987</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 4,495,530</u></u>

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

## TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund <u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services - sewer	\$ 507,147
Other income	12,054
TOTAL OPERATING REVENUES	<u>519,201</u>
OPERATING EXPENSES	
Treatment plant costs	323,211
Professional services	10,703
Payroll	17,159
Depreciation	180,591
Other expense	2,714
TOTAL OPERATING EXPENSES	<u>534,378</u>
OPERATING INCOME (LOSS)	<u>(15,177)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	233
Interest expense	(34,216)
Increase/(decrease) in fund balance of joint venture	(32,908)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(66,891)</u>
CHANGE IN NET POSITION	(82,068)
NET POSITION - JULY 1 , RESTATED	<u>3,196,055</u>
NET POSITION - JUNE 30	<u>\$ 3,113,987</u>

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

## STATEMENT I

## TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund <u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 522,317
Other income	12,054
Payments to employees and suppliers	(348,472)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>185,899</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	233
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>233</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital debt	(164,837)
Interest expense	(34,216)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(199,053)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(12,921)
<b>CASH AND CASH EQUIVALENTS - JULY 1</b>	<u>237,834</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<u>\$ 224,913</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (15,177)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	180,591
Changes in operating assets and liabilities:	
(Increase) decrease in taxes receivable	5,355
(Increase) decrease in liens receivable	1,579
(Increase) decrease in other receivables	8,236
Increase (decrease) in accounts payable	3,625
Increase (decrease) in due to other governments	1,102
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 185,899</u>
Loss on joint venture	<u>\$ (32,908)</u>

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Livermore Falls was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, public works, transfer station, education, library, recreation and other.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

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

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

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

**Major funds:**

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

**Nonmajor funds:**

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

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

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

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

**Basis of Accounting**

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

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

**Deposits and Investments**

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Livermore Falls has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$46,559 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary fund is the same in the fund statements as it is in the government-wide statements.

**Compensated Absences**

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Town's liability for compensated absences is \$27,634.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of assigned funds, and then unassigned funds, as needed.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 18, 2015 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on in two installments on October 19, 2016 and March 15, 2017. Interest on unpaid taxes commenced on October 20, 2016 and March 16, 2017, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$99,237 for the year ended June 30, 2017.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2017, the Town's deposits amounting to \$2,030,973 were comprised of bank deposits of \$2,053,263. The entire amount was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 76,851
Savings accounts	48,453
ICS savings accounts	166,881
Sweep accounts	1,757,037
Cash equivalents	4,041
	<u>\$ 2,053,263</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investments of \$258,192 were covered by the Securities Investor Protection Corporation (SIPC) and therefore not exposed to custodial credit risk.

At June 30, 2017, the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>	<u>&gt; 5 Years</u>
Mutual funds - equities	<u>\$ 258,192</u>	<u>\$ 258,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2017:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2017 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - domestic and foreign	\$ 258,192	\$ 258,192	\$ -	\$ -
Total equity securities	<u>258,192</u>	<u>258,192</u>	<u>-</u>	<u>-</u>
 Total investments by fair value level	 258,192	 <u>\$ 258,192</u>	 <u>\$ -</u>	 <u>\$ -</u>
 <u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	4,041			
Total cash equivalents measured at the NAV	<u>4,041</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 262,233</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 2 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2017 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General fund	\$ 46,178	\$ 96,985
Nonmajor special revenue funds	85,482	37,040
Nonmajor capital projects funds	529	9,128
Nonmajor permanent funds	10,974	10
	<u>\$ 143,163</u>	<u>\$ 143,163</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	<u>Balance,</u> <u>7/1/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>6/30/17</u>
<b>Governmental activities</b>				
Non-depreciated assets:				
Land	\$ 387,517	\$ -	\$ -	\$ 387,517
	<u>387,517</u>	<u>-</u>	<u>-</u>	<u>387,517</u>
Depreciated assets:				
Buildings	866,200	-	-	866,200
Building improvements	39,531	-	-	39,531
Machinery & equipment	703,398	-	-	703,398
Vehicles	1,848,656	-	-	1,848,656
Infrastructure	513,750	-	-	513,750
	<u>3,971,535</u>	<u>-</u>	<u>-</u>	<u>3,971,535</u>
Less: accumulated depreciation	<u>(3,209,707)</u>	<u>(153,474)</u>	<u>-</u>	<u>(3,363,181)</u>
	<u>761,828</u>	<u>(153,474)</u>	<u>-</u>	<u>608,354</u>
Net capital assets	<u>\$ 1,149,345</u>	<u>\$ (153,474)</u>	<u>\$ -</u>	<u>\$ 995,871</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/16	Additions	Disposals	Balance, 6/30/17
<u>Business-type activities</u>				
Depreciated assets:				
Buildings	\$ 1,398,500	\$ -	\$ -	\$ 1,398,500
Machinery & equipment	1,775,043	-	-	1,775,043
Vehicles	12,500	-	-	12,500
Infrastructure	918,979	-	-	918,979
	<u>4,105,022</u>	<u>-</u>	<u>-</u>	<u>4,105,022</u>
Less: accumulated depreciation	(2,698,943)	(180,591)	-	(2,879,534)
	<u>1,406,079</u>	<u>(180,591)</u>	<u>-</u>	<u>1,225,488</u>
Net capital assets	<u>\$ 1,406,079</u>	<u>\$ (180,591)</u>	<u>\$ -</u>	<u>\$ 1,225,488</u>
 <u>Current year depreciation</u>				
Administration				\$ 7,513
Dispatch				976
Public Safety				54,173
Public Works				89,328
Transfer Station				484
Town-wide				1,000
Subtotal governmental activities depreciation expense				<u>153,474</u>
Sewer				180,591
Total depreciation expense				<u>\$ 334,065</u>

NOTE 5 - LONG-TERM RECEIVABLE

On January 8, 2014, the Town issued a promissory note to Lamb Block Associates, LLC in the amount of \$400,000 for the redevelopment of Lamb Block. The note was issued at a 0% interest rate with a maturity date of January 8, 2042.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance, 7/1/16 (Restated)	Additions	Deletions	Balance, 6/30/17	Current Portion
<u>Governmental activities</u>					
Capital lease payable	\$ 2,646	\$ -	\$ (1,341)	\$ 1,305	\$ 1,305
Note payable	212,734	-	(65,731)	147,003	73,502
Accrued compensated absences	38,244	-	(10,610)	27,634	1,582
Net pension liability	207,617	174,660	-	382,277	-
Totals	<u>\$ 461,071</u>	<u>\$ 174,660</u>	<u>\$ (77,682)</u>	<u>\$ 558,219</u>	<u>\$ 76,389</u>
<u>Business-type activities</u>					
Bonds payable	<u>\$ 1,450,458</u>	<u>\$ -</u>	<u>\$ (164,837)</u>	<u>\$ 1,285,621</u>	<u>\$ 164,946</u>

The following is a summary of the note and bonds outstanding as of June 30, 2017:

Governmental activities:

\$212,564, 2016 note payable to Franklin Savings Bank, due in annual payments of \$74,686 through September of 2018. Interest is charged at a rate of 2.64% per annum.

\$ 147,003

Business-type activities:

\$1,253,199, 2003 Taxable Sewer Bond due in varying annual payments of \$78,851 to \$81,569 through October of 2019. Interest is charged at a rate of 1.68% per annum.

\$ 237,986

\$250,000, 2007 Sewer Bond due in annual principal payments of \$16,667 through November of 2022. Interest varies from 2.0% to 5.95% per annum.

100,002

\$924,564, 2015A General Obligation Bond due in varying annual principal payments of \$8,525 to \$67,811 through November of 2040. Interest varies from .35% to 3.97% per annum.

856,752

\$103,000, 2011 General Obligation Bond due in annual principal and interest payments of \$5,369 through 2040. Interest is charged at a rate of 3.00% per annum.

90,881

Total business-type activities bonds payable

\$ 1,285,621



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 73,502	\$ 3,974	\$ 77,476
2019	73,501	1,967	75,468
	<u>\$ 147,003</u>	<u>\$ 5,941</u>	<u>\$ 152,944</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 166,055	\$ 32,173	\$ 198,228
2019	167,209	29,284	196,493
2020	166,322	26,148	192,470
2021	87,365	22,181	109,546
2022	87,452	19,863	107,315
2023-2027	371,984	67,046	439,030
2028-2032	120,763	27,886	148,649
2033-2037	64,480	15,925	80,405
2038-2042	53,991	4,221	58,212
	<u>\$ 1,285,621</u>	<u>\$ 244,727</u>	<u>\$ 1,530,348</u>

The following is a summary of the capital lease outstanding as of June 30, 2017:

\$6,532, 2014 capital lease payable to Androscoggin Bank for copier due in annual installments through March of 2018. Annual principal and interest payments are \$1,378. Interest is charged at a rate of 2.73% per annum.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

Year Ending <u>June 30:</u>	
2018	\$ 1,378
Total minimum lease payment	<u>1,378</u>
Less amount representing interest	(73)
Present value of future minimum lease payments	<u>\$ 1,305</u>

All bonds, notes and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2017, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 490,207
Nonmajor permanent funds (Schedule I)	16,942
	<u>\$ 507,149</u>

NOTE 8 - ASSIGNED FUND BALANCES

At June 30, 2017, the Town had the following assigned fund balances:

General fund:	
Recreation	\$ 9,602
Paving	7,796
Code enforcement	6,441
Dangerous buildings	13,206
Transfer station	19,038
Fire department	20,662
Nonmajor capital projects funds (Schedule G)	<u>306,000</u>
	<u>\$ 382,745</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 9 - DEFICIT FUND BALANCE

At June 30, 2017, the Town had the following deficit fund balance:

New fire station	<u>\$ 36,672</u>
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NOTE 10 - OVERSPENT APPROPRIATIONS

At June 30, 2017, the Town had the following overspent appropriations:

General assistance (Article 25)	<u>\$ 6,046</u>
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NOTE 11 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2017, the County of Androscoggin had no outstanding debt. The Town's share of school debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 73	\$ 3,247,263	14.38%	<u>\$ 466,956</u>

NOTE 12 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2017. There were no significant reductions in insurance coverage from that of

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.5% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2017 was \$31,810.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the Town reported a liability of \$382,277 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the Town's proportion was 0.071947%, which was an increase of 0.00687% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized net pension expense of \$100,954. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,634	\$ 24,587
Changes of assumptions	40,981	-
Net difference between projected and actual earnings on pension plan investments	141,264	58,792
Changes in proportion and differences between contributions and proportionate share of contributions	35,476	354
Contributions subsequent to the measurement date	31,810	-
<b>Total</b>	<b>\$ 254,165</b>	<b>\$ 83,733</b>

\$31,810 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2017	\$ 36,911
2018	26,651
2019	53,029
2020	22,032
2021	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* - 2.20%; 2.55% was used for the period ended June 30, 2015.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2016 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.875% for 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 634,510	\$ 382,277	\$ 144,808

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 years for the PLD Consolidated Plan.

*Differences between Projected and Actual Investment Earnings on Pension Plan Investments*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2016 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 14 - JOINT VENTURES

The Town is a member of a joint venture with the Town of Jay, Maine for the purpose of constructing, operating, and maintaining sewerage treatment facilities. A joint committee, comprised of three residents from each municipality, is responsible for the administration of the joint venture agreement. Together, both towns are obligated by contract to fund a reserve account in an amount up to \$100,000 to cover the cost of major repairs or replacements at the facilities. As of the fiscal year ended June 30, 2017, the most recent information available, the balance in the reserve account was \$100,000. Operating, maintenance, and administrative costs for the sewerage treatment plant and disposal facilities are prorated between the towns based on metered volume of flow.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 14 - JOINT VENTURES (CONTINUED)

Summarized financial information for the joint venture as of and for the year ended June 30, 2016 follows:

Total Assets	\$ 5,757,028
Total Net Position	\$ 5,708,306
Total Expenses (net of depreciation on assets purchased with contributed capital)	\$ 448,845
Change in Net Position	\$ (64,526)

The Town of Livermore Falls accounts for its investment in the joint venture using the equity method. The equity method requires the original investment to be recorded at cost. Subsequently, the carrying amount of the investment is adjusted for the investee's proportionate share of the joint venture change in net position. The Town's share of capital cost was agreed to be 51% of the joint venture. Operating income/losses have been allocated based on the capital contribution ratio. The joint venture's audited financial statements are available at Livermore Falls-Jay Sewerage Treatment Plant, 2 Main Street, Livermore Falls, Maine 04254 or at the Jay, Maine Town Office.

NOTE 15 - TAX INCREMENT FINANCING DISTRICT

**Tax Increment Financing District**

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Livermore Falls, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Omnibus Development Municipal Tax Increment Financing District and Development Program

On March 21, 2014, the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 125 acres. The potential projects that will be implemented under this Development Program include: infrastructure improvements, environmental improvements and planning and administrative expenses associated with the development effort. The original assessed value of the property is \$7,358,840. The Town anticipates over the life of the district that

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 15 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

new development, rehabilitation, and redevelopment will result in approximately \$8,600,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$3,200,000. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 30 years. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 20 years or the remainder of the term of the District designation, whichever is less. No more than 60% of the property taxes to be generated on the improvements within the District will be returned to the developer. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Selectmen shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed by March 31, 2044.

NOTE 16 - CONTINGENCIES

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 17 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 18 - RESTATEMENT

The beginning net position for governmental activities was restated as of July 1, 2016 to correct the note payable beginning balance. The governmental activities net position was restated by (\$170).

The beginning net position for business-type activities was restated as of July 1, 2016 to account for the change in joint venture investment. This balance was restated by (\$13,037).

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

## TOWN OF LIVERMORE FALLS, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,574,050	\$ 1,574,050	\$ 1,574,050	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	3,432,441	3,432,441	3,447,256	14,815
Excise taxes	376,500	376,500	386,464	9,964
Intergovernmental revenues	335,461	335,461	354,208	18,747
Charges for services	7,300	29,067	91,475	62,408
Investment income	32,700	32,700	59,922	27,222
Miscellaneous revenues	42,000	42,000	70,089	28,089
Transfers in from other funds	-	-	-	-
Amounts Available for Appropriation	<u>5,800,452</u>	<u>5,822,219</u>	<u>5,983,464</u>	<u>161,245</u>
Charges to Appropriations (Outflows)				
General government	260,835	263,595	254,376	9,219
Public safety	814,752	824,868	802,511	22,357
Public works	458,900	484,653	456,003	28,650
Transfer station	114,750	114,750	95,712	19,038
Building	81,159	81,159	78,239	2,920
Library	65,098	65,098	62,784	2,314
Grounds care	5,100	5,100	4,500	600
Recreation	26,980	65,396	55,794	9,602
General assistance	8,970	8,970	15,016	(6,046)
Education	1,634,175	1,634,175	1,634,175	-
County tax	177,786	177,786	177,786	-
Insurance	378,355	378,355	347,141	31,214
Other	137,727	137,727	28,284	109,443
Debt service:				
Principal	65,731	65,731	65,731	-
Interest	5,124	5,124	5,124	-
Transfers to other funds	80,960	177,063	161,951	15,112
Total Charges to Appropriations (Outflows)	<u>4,316,402</u>	<u>4,489,550</u>	<u>4,245,127</u>	<u>244,423</u>
Budgetary Fund Balance, June 30	<u>\$ 1,484,050</u>	<u>\$ 1,332,669</u>	<u>\$ 1,738,337</u>	<u>\$ 405,668</u>
Utilization of unassigned fund balance	\$ 90,000	\$ 173,991	\$ -	\$ (173,991)
Utilization of assigned fund balance	-	67,390	-	(67,390)
	<u>\$ 90,000</u>	<u>\$ 241,381</u>	<u>\$ -</u>	<u>\$ (241,381)</u>

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>			
Proportion of the net pension liability	0.07%	0.07%	0.06%
Proportionate share of the net pension liability	\$ 382,277	\$ 207,617	\$ 87,571
Covered-employee payroll	\$ 607,892	\$ 640,937	\$ 545,672
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.89%	32.39%	16.05%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.30%	94.10%

\* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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



## TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 31,810	\$ 34,175	\$ 5,849
Contributions in relation to the contractually required contribution	<u>(31,810)</u>	<u>(34,175)</u>	<u>(5,849)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 495,161	\$ 607,892	\$ 640,937
Contributions as a percentage of covered- employee payroll	6.42%	5.62%	0.91%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

## TOWN OF LIVERMORE FALLS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**Changes of Assumptions**

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

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

## Other Supplementary Information

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

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

## TOWN OF LIVERMORE FALLS, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
General tax revenues:				
Property taxes	\$ 3,432,441	\$ 3,432,441	\$ 3,447,256	\$ 14,815
Vehicle excise taxes	375,000	375,000	385,291	10,291
Boat excise taxes	1,500	1,500	1,173	(327)
Intergovernmental revenues:				
State revenue sharing	220,000	220,000	216,401	(3,599)
Homestead exemption	104,733	104,733	110,727	5,994
Veteran's exemption	-	-	1,935	1,935
Tree growth	-	-	6,069	6,069
Snowmobile reimbursement	715	715	715	-
BETE reimbursement	10,013	10,013	10,045	32
General assistance	-	-	8,316	8,316
Charges for services:				
Admin fees	-	-	12,350	12,350
Clerk fees	1,800	1,800	1,617	(183)
Vital stats	5,500	5,500	3,041	(2,459)
Police department	-	-	32,825	32,825
Fire department	-	-	1,265	1,265
Public works	-	-	2,168	2,168
Recreation	-	21,767	21,767	-
Municipal solid waste	-	-	16,442	16,442
Investment income:				
Investment income	2,700	2,700	38,424	35,724
Interest/fees on taxes	30,000	30,000	21,498	(8,502)
Misc. other income:				
Misc. income	28,000	28,000	58,805	30,805
Lien costs	14,000	14,000	11,284	(2,716)
Transfers from other funds	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 4,226,402</b>	<b>\$ 4,248,169</b>	<b>\$ 4,409,414</b>	<b>\$ 161,245</b>

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

SCHEDULE B

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Government -					
General government	\$ 27,855	\$ -	\$ 27,855	\$ 27,635	\$ 220
Administration	215,680	-	215,680	213,422	2,258
Health officer	1,200	-	1,200	900	300
Code enforcement	16,100	2,760	18,860	12,419	6,441
Subtotal General Government	260,835	2,760	263,595	254,376	9,219
Public Safety -					
Police	415,807	-	415,807	415,646	161
Fire	95,470	10,116	105,586	85,191	20,395
Andro County dispatch	33,942	-	33,942	33,942	-
Ambulance	45,043	-	45,043	45,043	-
Street lights	37,250	-	37,250	37,250	-
Hydrant rental	187,240	-	187,240	185,439	1,801
Subtotal Public Safety	814,752	10,116	824,868	802,511	22,357
Public Works -					
Highway	338,900	-	338,900	318,046	20,854
Paving	120,000	25,753	145,753	137,957	7,796
Subtotal Public Works	458,900	25,753	484,653	456,003	28,650
Transfer Station	114,750	-	114,750	95,712	19,038
Buildings	81,159	-	81,159	78,239	2,920
Library	65,098	-	65,098	62,784	2,314
Grounds Care	5,100	-	5,100	4,500	600
Recreation	26,980	38,416	65,396	55,794	9,602

SCHEDULE B (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Assistance	8,970	-	8,970	15,016	(6,046)
Education	1,634,175	-	1,634,175	1,634,175	-
County Tax	177,786	-	177,786	177,786	-
Insurance	378,355	-	378,355	347,141	31,214
Transfers - TIF	40,000	-	40,000	40,000	-
Capital outlay	40,960	96,103	137,063	121,951	15,112
Subtotal Transfers	80,960	96,103	177,063	161,951	15,112
Debt Service - Principal	65,731	-	65,731	65,731	-
Interest	5,124	-	5,124	5,124	-
Subtotal Debt Service	70,855	-	70,855	70,855	-
Other - Overlay	99,237	-	99,237	-	99,237
Ministerial	1,500	-	1,500	1,500	-
Western ME Community Action	1,500	-	1,500	1,500	-
Western Maine Paper & Heritage	1,000	-	1,000	1,000	-
Gazebo donations	-	-	-	3,000	(3,000)
Cable franchise fees	3,715	-	3,715	3,715	-
Town clock	775	-	775	775	-
Dangerous buildings	30,000	-	30,000	16,794	13,206
Subtotal Other	137,727	-	137,727	28,284	109,443
Total Departmental Operations	\$ 4,316,402	\$ 173,148	\$ 4,489,550	\$ 4,245,127	\$ 244,423

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

## TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,093	\$ 314,599	\$ 5,978	\$ 325,670
Note receivable	400,000	-	-	400,000
Due from other funds	85,482	529	10,974	96,985
<b>TOTAL ASSETS</b>	<u>\$ 490,575</u>	<u>\$ 315,128</u>	<u>\$ 16,952</u>	<u>\$ 822,655</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 37,040	\$ 9,128	\$ 10	\$ 46,178
<b>TOTAL LIABILITIES</b>	<u>37,040</u>	<u>9,128</u>	<u>10</u>	<u>46,178</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	490,207	-	16,942	507,149
Committed	-	-	-	-
Assigned	-	306,000	-	306,000
Unassigned	(36,672)	-	-	(36,672)
<b>TOTAL FUND BALANCES</b>	<u>453,535</u>	<u>306,000</u>	<u>16,942</u>	<u>776,477</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 490,575</u>	<u>\$ 315,128</u>	<u>\$ 16,952</u>	<u>\$ 822,655</u>

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

## TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 11,611	\$ -	\$ -	\$ 11,611
Interest income	385	815	16	1,216
Charges for services	-	-	17,894	17,894
TOTAL REVENUES	<u>11,996</u>	<u>815</u>	<u>17,910</u>	<u>30,721</u>
EXPENDITURES				
Other	<u>127,269</u>	-	<u>11,242</u>	<u>138,511</u>
TOTAL EXPENDITURES	<u>127,269</u>	<u>-</u>	<u>11,242</u>	<u>138,511</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(115,273)</u>	<u>815</u>	<u>6,668</u>	<u>(107,790)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	123,991	37,960	-	161,951
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>123,991</u>	<u>37,960</u>	<u>-</u>	<u>161,951</u>
NET CHANGE IN FUND BALANCES	8,718	38,775	6,668	54,161
FUND BALANCES, JULY 1	<u>444,817</u>	<u>267,225</u>	<u>10,274</u>	<u>722,316</u>
FUND BALANCES, JUNE 30	<u>\$ 453,535</u>	<u>\$ 306,000</u>	<u>\$ 16,942</u>	<u>\$ 776,477</u>

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



Special Revenue Funds Description

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

SCHEDULE E

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	New Fire Station	Pass Through LAMB Grant	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,651	\$ 442	\$ -	\$ -	\$ -	\$ -	\$ 5,093
Note receivable	-	-	-	-	-	400,000	400,000
Due from other funds	-	-	80,477	5,005	-	-	85,482
<b>TOTAL ASSETS</b>	<b>\$ 4,651</b>	<b>\$ 442</b>	<b>\$ 80,477</b>	<b>\$ 5,005</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 490,575</b>
<b>LIABILITIES</b>							
Due to other funds	\$ 368	\$ -	\$ -	\$ -	\$ 36,672	\$ -	\$ 37,040
<b>TOTAL LIABILITIES</b>	<b>368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,672</b>	<b>-</b>	<b>37,040</b>
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	4,283	442	80,477	5,005	-	400,000	490,207
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(36,672)	-	(36,672)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>4,283</b>	<b>442</b>	<b>80,477</b>	<b>5,005</b>	<b>(36,672)</b>	<b>400,000</b>	<b>453,535</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 4,651</b>	<b>\$ 442</b>	<b>\$ 80,477</b>	<b>\$ 5,005</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 490,575</b>

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

SCHEDULE F

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUES FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	New Fire Station	Pass Through LAMB Grant	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 11,611	\$ -	\$ -	\$ 11,611
Interest income	384	1	-	-	-	-	385
TOTAL REVENUES	384	1	-	11,611	-	-	11,996
EXPENDITURES							
Other	-	-	-	6,606	120,663	-	127,269
TOTAL EXPENDITURES	-	-	-	6,606	120,663	-	127,269
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	384	1	-	5,005	(120,663)	-	(115,273)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	40,000	-	83,991	-	123,991
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	40,000	-	83,991	-	123,991
NET CHANGE IN FUND BALANCES (DEFICIT)	384	1	40,000	5,005	(36,672)	-	8,718
FUND BALANCES (DEFICIT) - JULY 1	3,899	441	40,477	-	-	400,000	444,817
FUND BALANCES (DEFICIT) - JUNE 30	\$ 4,283	\$ 442	\$ 80,477	\$ 5,005	\$ (36,672)	\$ 400,000	\$ 453,535

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

Capital Projects Funds Description

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

SCHEDULE G

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2017

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 126,706	\$ 1,856	\$ 805	\$ 18,525	\$ 77,637
Due from other funds	-	-	60	313	-
<b>TOTAL ASSETS</b>	<b>\$ 126,706</b>	<b>\$ 1,856</b>	<b>\$ 865</b>	<b>\$ 18,838</b>	<b>\$ 77,637</b>
<b>LIABILITIES</b>					
Due to other funds	\$ 761	\$ 9	\$ -	\$ -	\$ 1,273
<b>TOTAL LIABILITIES</b>	<b>761</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>1,273</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	125,945	1,847	865	18,838	76,364
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>125,945</b>	<b>1,847</b>	<b>865</b>	<b>18,838</b>	<b>76,364</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 126,706</b>	<b>\$ 1,856</b>	<b>\$ 865</b>	<b>\$ 18,838</b>	<b>\$ 77,637</b>

SCHEDULE G (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2017

	Mini Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,663	\$ 19,315	\$ -	\$ 65,092	\$ 314,599
Due from other funds	-	-	156	-	529
<b>TOTAL ASSETS</b>	<b>\$ 4,663</b>	<b>\$ 19,315</b>	<b>\$ 156</b>	<b>\$ 65,092</b>	<b>\$ 315,128</b>
<b>LIABILITIES</b>					
Due to other funds	\$ 22	\$ 7,058	\$ -	\$ 5	\$ 9,128
<b>TOTAL LIABILITIES</b>	<b>22</b>	<b>7,058</b>	<b>-</b>	<b>5</b>	<b>9,128</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	4,641	12,257	156	65,087	306,000
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>4,641</b>	<b>12,257</b>	<b>156</b>	<b>65,087</b>	<b>306,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,663</b>	<b>\$ 19,315</b>	<b>\$ 156</b>	<b>\$ 65,092</b>	<b>\$ 315,128</b>

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

SCHEDULE H

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
REVENUES					
Interest income	\$ 335	\$ 5	2	\$ 45	\$ 205
TOTAL REVENUES	<u>335</u>	<u>5</u>	<u>2</u>	<u>45</u>	<u>205</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>335</u>	<u>5</u>	<u>2</u>	<u>45</u>	<u>205</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	10,000	15,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES	335	5	2	10,045	15,205
FUND BALANCES - JULY 1	125,610	1,842	863	8,793	61,159
FUND BALANCES - JUNE 30	<u>\$ 125,945</u>	<u>\$ 1,847</u>	<u>\$ 865</u>	<u>\$ 18,838</u>	<u>\$ 76,364</u>

SCHEDULE H (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Mini Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
REVENUES					
Interest income	\$ 13	\$ 53	\$ -	\$ 157	\$ 815
TOTAL REVENUES	<u>13</u>	<u>53</u>	<u>-</u>	<u>157</u>	<u>815</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>13</u>	<u>53</u>	<u>-</u>	<u>157</u>	<u>815</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	12,960	37,960
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,960</u>	<u>37,960</u>
NET CHANGE IN FUND BALANCES	13	53	-	13,117	38,775
FUND BALANCES - JULY 1	4,628	12,204	156	51,970	267,225
FUND BALANCES - JUNE 30	<u>\$ 4,641</u>	<u>\$ 12,257</u>	<u>\$ 156</u>	<u>\$ 65,087</u>	<u>\$ 306,000</u>

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



Permanent Funds Description

Permanent funds are used to account for assets held by the Town of Livermore Falls, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

SCHEDULE I

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2017

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 394	\$ 397	\$ 5,187	\$ -	\$ 5,978
Due from other funds	-	-	-	10,974	10,974
<b>TOTAL ASSETS</b>	<b>\$ 394</b>	<b>\$ 397</b>	<b>\$ 5,187</b>	<b>\$ 10,974</b>	<b>\$ 16,952</b>
<b>LIABILITIES</b>					
Due to other funds	-	-	10	-	10
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>10</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	394	397	5,177	10,974	16,942
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>394</b>	<b>397</b>	<b>5,177</b>	<b>10,974</b>	<b>16,942</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 394</b>	<b>\$ 397</b>	<b>\$ 5,187</b>	<b>\$ 10,974</b>	<b>\$ 16,952</b>

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

SCHEDULE J

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
REVENUES					
Interest income	\$ 1	\$ 1	14	\$ -	\$ 16
Charges for services	-	-	-	17,894	17,894
TOTAL REVENUES	<u>1</u>	<u>1</u>	<u>14</u>	<u>17,894</u>	<u>17,910</u>
EXPENDITURES					
Other	-	-	-	11,242	11,242
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,242</u>	<u>11,242</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1</u>	<u>1</u>	<u>14</u>	<u>6,652</u>	<u>6,668</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>1</u>	<u>1</u>	<u>14</u>	<u>6,652</u>	<u>6,668</u>
FUND BALANCES - JULY 1	<u>393</u>	<u>396</u>	<u>5,163</u>	<u>4,322</u>	<u>10,274</u>
FUND BALANCES - JUNE 30	<u>\$ 394</u>	<u>\$ 397</u>	<u>\$ 5,177</u>	<u>\$ 10,974</u>	<u>\$ 16,942</u>

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

General Capital Assets

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Administration	\$ 32,200	\$ 341,200	\$ 6,888	\$ -	\$ 380,288
Dispatch	-	3,000	50,723	-	53,723
Public safety	21,500	125,600	1,286,238	-	1,433,338
Public works	23,200	88,631	1,151,166	513,750	1,776,747
Library	19,600	298,100	-	-	317,700
Parks & recreation	50,000	-	-	-	50,000
Sewer	-	1,398,500	1,787,543	918,979	4,105,022
Transfer station	114,800	24,200	45,000	-	184,000
Town wide	126,217	25,000	12,039	-	163,256
<b>Total General Capital Assets</b>	<b>387,517</b>	<b>2,304,231</b>	<b>4,339,597</b>	<b>1,432,729</b>	<b>8,464,074</b>
<b>Less: Accumulated Depreciation</b>	<b>-</b>	<b>(1,832,658)</b>	<b>(3,691,629)</b>	<b>(718,428)</b>	<b>(6,242,715)</b>
<b>Net General Capital Assets</b>	<b>\$ 387,517</b>	<b>\$ 471,573</b>	<b>\$ 647,968</b>	<b>\$ 714,301</b>	<b>\$ 2,221,359</b>

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

SCHEDULE L

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
Administration	\$ 380,288	\$ -	\$ -	\$ 380,288
Dispatch	53,723	-	-	53,723
Public safety	1,433,338	-	-	1,433,338
Public works	1,776,747	-	-	1,776,747
Library	317,700	-	-	317,700
Parks & recreation	50,000	-	-	50,000
Sewer	4,105,022	-	-	4,105,022
Transfer station	184,000	-	-	184,000
Town wide	163,256	-	-	163,256
Total General Capital Assets	8,464,074	-	-	8,464,074
Less: Accumulated Depreciation	(5,908,650)	(334,065)	-	(6,242,715)
Net General Capital Assets	\$ 2,555,424	\$ (334,065)	\$ -	\$ 2,221,359

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



*Proven Expertise and Integrity*

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

Board of Selectmen  
Town of Livermore Falls  
Livermore Falls, Maine

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Livermore Falls, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Livermore Falls, Maine's basic financial statements, and have issued our report thereon dated April 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Livermore Falls, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Livermore Falls, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Livermore Falls, Maine's financial statements are free from 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*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
April 6, 2018