

TOWN OF LIVERMORE FALLS, MAINE

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JUNE 30, 2018

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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, 2018, 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.

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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, 2018, 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, pension and OPEB information on pages 4 through 11 and 59 through 63 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 May 7, 2019, 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  
May 7, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**(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, 2018. 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, schedule of proportionate share of the net pension liability, schedule of contributions - pension, schedule of proportionate share of the net OPEB liability, schedule of contributions - OPEB 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, buildings, grounds care, general assistance, insurance, 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 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 - Pension, a Schedule of Proportionate Share of the Net OPEB Liability and a Schedule of Contributions - OPEB.

## 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 \$283,011 from \$3,323,766 to \$3,606,777. The business-type activities increased by \$28,600 from \$3,113,987 to \$3,142,587.

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 \$2,063,183 at the end of this year for the governmental activities. The business-type activities unrestricted net position increased to a balance of \$359,487.

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

	Governmental Activities		Business-type Activities	
	2018	2017 (Restated)	2018	2017
<b>Assets:</b>				
Current Assets	\$ 2,602,753	\$ 2,433,382	\$ 402,869	\$ 369,986
Capital Assets & Other Assets	2,113,962	1,395,871	3,902,666	4,125,544
<b>Total Assets</b>	<b>4,716,715</b>	<b>3,829,253</b>	<b>4,305,535</b>	<b>4,495,530</b>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	162,247	254,165	-	-
<b>Total Deferred Outflows of Resources</b>	<b>162,247</b>	<b>254,165</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>				
Current Liabilities	808,370	144,766	210,378	260,868
Long-term Debt Outstanding	311,167	522,436	952,570	1,120,675
<b>Total Liabilities</b>	<b>1,119,537</b>	<b>667,202</b>	<b>1,162,948</b>	<b>1,381,543</b>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	9,078	8,717	-	-
Deferred Inflows Related to Pensions	132,305	83,733	-	-
Deferred Inflows Related to OPEB	11,265	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>152,648</b>	<b>92,450</b>	<b>-</b>	<b>-</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	997,461	847,563	2,783,100	2,839,923
Restricted	546,133	507,149	-	-
Unrestricted	2,063,183	1,969,054	359,487	274,064
<b>Total Net Position</b>	<b>\$ 3,606,777</b>	<b>\$ 3,323,766</b>	<b>\$ 3,142,587</b>	<b>\$ 3,113,987</b>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.39%, while total expenses decreased by 2.01%. The largest increase in revenues was in charges for services. The biggest decrease in expenses was in insurance.

For the business-type activities revenues increased by 8.75%, while total expenses decreased by 10.85%.

**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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 77,342	\$ 109,369	\$ 540,445	\$ 507,147
<i>General Revenues:</i>				
Taxes	3,862,352	3,807,746	-	-
Grants and contributions not restricted to specific programs	395,227	365,819	-	-
Investment income	59,235	61,138	-	233
Miscellaneous	169,627	70,089	24,418	12,054
<b>Total revenues</b>	<u>4,563,783</u>	<u>4,414,161</u>	<u>564,863</u>	<u>519,434</u>
<b>Expenses</b>				
General government	339,201	343,829	-	-
Public safety	941,764	857,660	-	-
Public works	452,175	545,331	-	-
Transfer station	110,298	96,196	-	-
Building	76,190	78,239	-	-
Library	67,408	62,784	-	-
Grounds care	4,949	4,500	-	-
Recreation	50,185	55,794	-	-
General assistance	17,105	15,016	-	-
Education	1,784,532	1,634,175	-	-
County tax	192,013	177,786	-	-
Insurance	90,478	325,423	-	-
Other	17,072	28,284	-	-
Interest on long-term debt	3,963	5,124	-	-
Program expenses	133,439	138,511	536,263	601,502
<b>Total expenses</b>	<u>4,280,772</u>	<u>4,368,652</u>	<u>536,263</u>	<u>601,502</u>
<b>Change in Net Position</b>	283,011	45,509	28,600	(82,068)
<b>Net Position - July 1, Restated</b>	<u>3,323,766</u>	<u>3,278,257</u>	<u>3,113,987</u>	<u>3,196,055</u>
<b>Net Position - June 30</b>	<u>\$ 3,606,777</u>	<u>\$ 3,323,766</u>	<u>\$ 3,142,587</u>	<u>\$ 3,113,987</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,**

	2018	2017
General Fund:		
Assigned	\$ 76,745	\$ 76,745
Unassigned	1,824,296	1,683,310
<b>Total General Fund</b>	<b>\$ 1,901,041</b>	<b>\$ 1,760,055</b>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 525,406	\$ 490,207
Unassigned	-	(36,672)
Capital Projects Funds:		
Assigned	229,398	306,000
Permanent Funds:		
Restricted	20,727	16,942
<b>Total Nonmajor Funds</b>	<b>\$ 775,531</b>	<b>\$ 776,477</b>

The general fund total fund balance increased by \$140,986 from the prior fiscal year, due to positive budget to actual variances in revenues and expenditures less a budgeted use of fund balance of \$148,264. The nonmajor fund balances decreased by \$946 from the prior fiscal year due to a negative change in the nonmajor capital fund of \$76,602, partially offset by a positive change in the nonmajor special revenue fund of \$71,871 and nonmajor permanent fund of \$3,785.

*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 income for the year of \$100,943.

## Budgetary Highlights

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

The general fund actual revenues exceeded budget by \$134,824. This was a result of all revenue categories except for property taxes and intergovernmental revenues being over-received.

General fund actual expenditures were under budget by \$220,148. All expenditure categories were within or under budget with the exception of general assistance, insurance and transfers to other funds.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town increased by \$537,502 from the prior fiscal year. This increase was a result of additions of \$809,974 less current year depreciation of \$272,472.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 387,517	\$ 387,517
Buildings	375,077	445,222
Building improvements	24,625	26,351
Machinery & equipment	279,371	257,679
Vehicles	365,811	390,292
Infrastructure	643,200	714,298
Construction in progress	683,260	-
Total	<u>\$ 2,758,861</u>	<u>\$ 2,221,359</u>

### Debt

At June 30, 2018, the Town had \$1,836,067 in bonds and notes outstanding versus \$1,432,624 last year. Other obligations include accrued compensated absences, net pension liability and net OPEB 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.

## TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,954,676	\$ 208,733	\$ 2,163,409
Investments	287,120	-	287,120
Accounts receivable (net of allowance for uncollectibles):			
Taxes	245,984	116,828	362,812
Liens	87,170	33,300	120,470
Other	27,803	7,445	35,248
Due to other governments	-	36,563	36,563
Total current assets	<u>2,602,753</u>	<u>402,869</u>	<u>3,005,622</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,070,777	-	1,070,777
Depreciable assets, net of accumulated depreciation	643,185	1,044,899	1,688,084
Other assets:			
Note receivable	400,000	-	400,000
Investment in joint venture	-	2,857,767	2,857,767
Total noncurrent assets	<u>2,113,962</u>	<u>3,902,666</u>	<u>6,016,628</u>
<b>TOTAL ASSETS</b>	<u>4,716,715</u>	<u>4,305,535</u>	<u>9,022,250</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	162,247	-	162,247
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>162,247</u>	<u>-</u>	<u>162,247</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,878,962</u>	<u>\$ 4,305,535</u>	<u>\$ 9,184,497</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 58,521	\$ 220	\$ 58,741
Accrued payroll	25,037	-	25,037
Accrued expenses	85	-	85
Other liabilities	6,765	42,925	49,690
Current portion of long-term obligations	717,962	167,233	885,195
Total current liabilities	<u>808,370</u>	<u>210,378</u>	<u>1,018,748</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	-	952,345	952,345
Accrued compensated absences	27,757	225	27,982
Net pension liability	255,210	-	255,210
Net OPEB liability	28,200	-	28,200
Total noncurrent liabilities	<u>311,167</u>	<u>952,570</u>	<u>1,263,737</u>
<b>TOTAL LIABILITIES</b>	<u>1,119,537</u>	<u>1,162,948</u>	<u>2,282,485</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	9,078	-	9,078
Deferred inflows related to pensions	132,305	-	132,305
Deferred inflows related to OPEB	11,265	-	11,265
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>152,648</u>	<u>-</u>	<u>152,648</u>
<b>NET POSITION</b>			
Net investment in capital assets	997,461	2,783,100	3,780,561
Restricted: Special revenue funds	525,406	-	525,406
Permanent funds	20,727	-	20,727
Unrestricted	2,063,183	359,487	2,422,670
<b>TOTAL NET POSITION</b>	<u>3,606,777</u>	<u>3,142,587</u>	<u>6,749,364</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 4,878,962</u>	<u>\$ 4,305,535</u>	<u>\$ 9,184,497</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 339,201	\$ 17,489	\$ -	\$ -	\$ (321,712)	\$ -	\$ (321,712)
Public safety	941,764	8,316	-	-	(933,448)	-	(933,448)
Public works	452,175	448	-	-	(451,727)	-	(451,727)
Transfer station	110,298	13,359	-	-	(96,939)	-	(96,939)
Building	76,190	-	-	-	(76,190)	-	(76,190)
Library	67,408	-	-	-	(67,408)	-	(67,408)
Grounds care	4,949	-	-	-	(4,949)	-	(4,949)
Recreation	50,185	21,137	-	-	(29,048)	-	(29,048)
General assistance	17,105	-	-	-	(17,105)	-	(17,105)
Education	1,784,532	-	-	-	(1,784,532)	-	(1,784,532)
County tax	192,013	-	-	-	(192,013)	-	(192,013)
Insurance	90,478	-	-	-	(90,478)	-	(90,478)
Other	17,072	-	-	-	(17,072)	-	(17,072)
Interest on long-term debt	3,963	-	-	-	(3,963)	-	(3,963)
Program expenditures	133,439	16,593	-	-	(116,846)	-	(116,846)
Total governmental activities	4,280,772	77,342	-	-	(4,203,430)	-	(4,203,430)
<b>Business-type activities:</b>							
Sewer department	536,263	540,445	-	-	-	4,182	4,182
Total business-type activities	536,263	540,445	-	-	-	4,182	4,182
Total government	\$ 4,817,035	\$ 617,787	\$ -	\$ -	(4,203,430)	4,182	(4,199,248)



STATEMENT B (CONTINUED)  
TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(4,203,430)</u>	<u>4,182</u>	<u>(4,199,248)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	3,458,137	-	3,458,137
Excise taxes	404,215	-	404,215
Grants and contributions not restricted to specific programs	395,227	-	395,227
Interest income	59,235	-	59,235
Miscellaneous	169,627	24,418	194,045
Total general revenues	<u>4,486,441</u>	<u>24,418</u>	<u>4,510,859</u>
Change in net position	283,011	28,600	311,611
NET POSITION - JULY 1, RESTATED	<u>3,323,766</u>	<u>3,113,987</u>	<u>6,437,753</u>
NET POSITION - JUNE 30	<u>\$ 3,606,777</u>	<u>\$ 3,142,587</u>	<u>\$ 6,749,364</u>

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

## STATEMENT C

## TOWN OF LIVERMORE FALLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,730,401	\$ 224,275	\$ 1,954,676
Investments	287,120	-	287,120
Accounts receivable (net of allowance for uncollectibles):			
Taxes	245,984	-	245,984
Liens	87,170	-	87,170
Other	27,803	-	27,803
Note receivable	-	400,000	400,000
Due from other funds	8,228	159,569	167,797
<b>TOTAL ASSETS</b>	<b>\$ 2,386,706</b>	<b>\$ 783,844</b>	<b>\$ 3,170,550</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 58,521	\$ -	\$ 58,521
Accrued payroll	25,037	-	25,037
Accrued expenses	-	85	85
Other liabilities	6,765	-	6,765
Due to other funds	159,569	8,228	167,797
<b>TOTAL LIABILITIES</b>	<b>249,892</b>	<b>8,313</b>	<b>258,205</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	9,078	-	9,078
Deferred tax revenues	226,695	-	226,695
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>235,773</b>	<b>-</b>	<b>235,773</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	546,133	546,133
Committed	-	-	-
Assigned	76,745	229,398	306,143
Unassigned	1,824,296	-	1,824,296
<b>TOTAL FUND BALANCES</b>	<b>1,901,041</b>	<b>775,531</b>	<b>2,676,572</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,386,706</b>	<b>\$ 783,844</b>	<b>\$ 3,170,550</b>

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

## TOWN OF LIVERMORE FALLS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,676,572
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	2,113,962
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	226,695
Note receivable	(400,000)
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	162,247
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Notes payable	(716,501)
Accrued compensated absences	(29,218)
Net pension liability	(255,210)
Net OPEB liability	(28,200)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(132,305)
OPEB	<u>(11,265)</u>
Net position of governmental activities	<u>\$ 3,606,777</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, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property	\$ 3,451,198	\$ -	\$ 3,451,198
Excise	404,215	-	404,215
Intergovernmental revenues	394,109	1,118	395,227
Charges for services	60,749	16,593	77,342
Investment income	58,285	950	59,235
Miscellaneous revenues	167,427	2,200	169,627
<b>TOTAL REVENUES</b>	<b>4,535,983</b>	<b>20,861</b>	<b>4,556,844</b>
<b>EXPENDITURES</b>			
Current:			
General government	318,127	-	318,127
Public safety	935,955	-	935,955
Public works	489,117	-	489,117
Transfer station	109,814	-	109,814
Building	76,190	-	76,190
Library	67,408	-	67,408
Grounds care	4,949	-	4,949
Recreation	50,185	-	50,185
General assistance	17,105	-	17,105
Education	1,784,532	-	1,784,532
County tax	192,013	-	192,013
Insurance	90,478	-	90,478
Other	17,072	-	17,072
Program expenditures	-	133,439	133,439
Debt service:			
Principal	73,502	-	73,502
Interest	3,963	-	3,963
Capital outlay	695,955	-	695,955
<b>TOTAL EXPENDITURES</b>	<b>4,926,365</b>	<b>133,439</b>	<b>5,059,804</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(390,382)</b>	<b>(112,578)</b>	<b>(502,960)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from bond issuance	643,000		643,000
Transfers in	-	111,632	111,632
Transfers (out)	(111,632)	-	(111,632)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>531,368</b>	<b>111,632</b>	<b>643,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>140,986</b>	<b>(946)</b>	<b>140,040</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>1,760,055</b>	<b>776,477</b>	<b>2,536,532</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,901,041</b>	<b>\$ 775,531</b>	<b>\$ 2,676,572</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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 140,040</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	809,974
Depreciation expense	<u>(91,883)</u>
	<u>718,091</u>
Deferred outflows of resources for pensions 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>(91,918)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	<u>(643,000)</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>74,807</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:	
Pension	(48,572)
OPEB	<u>(11,265)</u>
	<u>(59,837)</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>6,939</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	(1,584)
Net pension liability	127,067
Net OPEB liability	<u>12,406</u>
	<u>137,889</u>
Change in net position of governmental activities (Statement B)	<u>\$ 283,011</u>

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

## TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2018

	Enterprise Fund <u>Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 208,733
Accounts receivable (net of allowance for uncollectibles):	
Taxes	116,828
Liens	33,300
Other	7,445
Due to other Governments	36,563
Total current assets	<u>402,869</u>
Noncurrent assets:	
Capital assets:	
Property and equipment	4,105,022
Less: accumulated depreciation	<u>(3,060,123)</u>
Subtotal capital assets	<u>1,044,899</u>
Other assets:	
Investment in joint venture	2,857,767
Subtotal other assets	<u>2,857,767</u>
Total noncurrent assets	<u>3,902,666</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,305,535</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accrued Payroll	\$ 220
Due to other governments	42,925
Current portion of long-term obligations	167,233
Total current liabilities	<u>210,378</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	952,345
Accrued compensated absences	225
Total noncurrent liabilities	<u>952,570</u>
<b>TOTAL LIABILITIES</b>	<u>1,162,948</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,783,100
Unrestricted	359,487
<b>TOTAL NET POSITION</b>	<u>3,142,587</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 4,305,535</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, 2018

	Enterprise Fund Sewer Fund <hr style="border-top: 1px solid black;"/>
OPERATING REVENUES	
Charges for services - sewer	\$ 540,445
Other income	24,418
TOTAL OPERATING REVENUES	<hr style="border-top: 1px solid black;"/> 564,863
OPERATING EXPENSES	
Treatment plant costs	233,105
Professional services	18,508
Payroll	23,522
Depreciation	180,589
Other expense	8,196
TOTAL OPERATING EXPENSES	<hr style="border-top: 1px solid black;"/> 463,920
OPERATING INCOME (LOSS)	<hr style="border-top: 1px solid black;"/> 100,943
NONOPERATING REVENUES (EXPENSES)	
Interest expense	(30,054)
Increase/(decrease) in fund balance of joint venture	(42,289)
TOTAL NONOPERATING REVENUES (EXPENSES)	<hr style="border-top: 1px solid black;"/> (72,343)
CHANGE IN NET POSITION	28,600
NET POSITION - JULY 1	<hr style="border-top: 1px solid black;"/> 3,113,987
NET POSITION - JUNE 30	<hr style="border-top: 1px solid black;"/> <u>\$ 3,142,587</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, 2018

	Enterprise Fund <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 527,945
Other income	24,418
Payments to employees and suppliers	<u>(372,434)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>179,929</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(166,055)
Interest expense	<u>(30,054)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(196,109)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,180)
CASH AND CASH EQUIVALENTS - JULY 1	<u>224,913</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 208,733</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 100,943
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	180,589
Changes in operating assets and liabilities:	
(Increase) decrease in taxes receivable	(26,948)
(Increase) decrease in liens receivable	6,960
(Increase) decrease in other receivables	7,488
(Increase) decrease in due from other governments	(36,563)
Increase (decrease) in accounts payable	(46,055)
Increase (decrease) in due to other governments	(6,722)
Increase (decrease) in accrued compensated absences	237
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 179,929</u>
Loss on joint venture	<u>\$ (42,289)</u>

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



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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;

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net 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:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major fund:

- 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.
- 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$71,811 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 government-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.

**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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds and notes payable, compensated absences, net pension liability and net OPEB 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 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, 2018, the Town's liability for compensated absences is \$29,455.

**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.



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**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 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deferred outflows related to pension. 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 and OPEB are reported only in the statement of net position.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on in two installments on October 19, 2017 and March 15, 2018. Interest on unpaid taxes commenced on October 20, 2017 and March 16, 2018, 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 \$48,339 for the year ended June 30, 2018.

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

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2018, the Town's deposits amounting to \$2,163,409 were comprised of bank deposits of \$2,245,998. The entire amount was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 60,492
Savings accounts	51,274
ICS accounts	246,418
Sweep accounts	1,885,476
Cash equivalents	2,338
	<u>\$ 2,245,998</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 \$284,772 were covered by the Securities Investor Protection Corporation (SIPC) and therefore not exposed to custodial credit risk.

At June 30, 2018, 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>\$ 284,772</u>	<u>\$ 284,772</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, 2018:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2018 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	\$ 284,772	\$ 284,772	\$ -	\$ -
Total equity securities	284,772	284,772	-	-
Total investments by fair value level	284,772	\$ 284,772	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	2,338			
Total cash equivalents measured at the NAV	2,338			
Total investments and cash equivalents measured at fair value	\$ 287,110			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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, 2018 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, 2018

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 8,228	\$ 159,569
Nonmajor special revenue funds	120,662	368
Nonmajor capital projects funds	24,084	7,850
Nonmajor permanent funds	14,823	10
	<u>\$ 167,797</u>	<u>\$ 167,797</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	<u>Balance, 7/1/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/18</u>
<b>Governmental activities</b>				
Non-depreciated assets:				
Land	\$ 387,517	\$ -	\$ -	\$ 387,517
Construction in progress	-	683,260	-	683,260
	<u>387,517</u>	<u>683,260</u>	<u>-</u>	<u>1,070,777</u>
Depreciated assets:				
Buildings	866,200	-	-	866,200
Building improvements	39,531	-	-	39,531
Machinery and equipment	703,398	86,126	-	789,524
Vehicles	1,848,656	40,588	(29,747)	1,859,497
Infrastructure	513,750	-	-	513,750
	<u>3,971,535</u>	<u>126,714</u>	<u>(29,747)</u>	<u>4,068,502</u>
Less: accumulated depreciation	<u>(3,363,181)</u>	<u>(91,883)</u>	<u>29,747</u>	<u>(3,425,317)</u>
	<u>608,354</u>	<u>34,831</u>	<u>-</u>	<u>643,185</u>
Net capital assets	<u>\$ 995,871</u>	<u>\$ 718,091</u>	<u>\$ -</u>	<u>\$ 1,713,962</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Business-type activities</u>				
Depreciated assets:				
Buildings	\$ 1,398,500	\$ -	\$ -	\$ 1,398,500
Machinery and 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	<u>(2,879,534)</u>	<u>(180,589)</u>	<u>-</u>	<u>(3,060,123)</u>
	<u>1,225,488</u>	<u>(180,589)</u>	<u>-</u>	<u>1,044,899</u>
Net capital assets	<u>\$ 1,225,488</u>	<u>\$ (180,589)</u>	<u>\$ -</u>	<u>\$ 1,044,899</u>
<u>Current year depreciation</u>				
Administration				\$ 7,513
Dispatch				976
Public Safety				32,726
Public Works				49,184
Transfer Station				484
Town-wide				1,000
Subtotal governmental activities depreciation expense				<u>91,883</u>
Sewer				180,589
Total depreciation expense				<u>\$ 272,472</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.

NOTE 6 - SHORT-TERM DEBT

The Town issued \$720,000 of general obligation bond anticipation notes during the year ended June 30, 2018. The purpose of this short-term debt is to provide financing for the costs of constructing and equipping a new fire station located at 29 Park Street in Livermore Falls. The notes are payable on August 25, 2018. On September 27, 2018, a bond was issued for \$643,000.



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance, 7/1/2017	Additions	Deletions	Balance, 6/30/18	Current Portion
<b>Governmental activities</b>					
Capital lease payable	\$ 1,305	\$ -	\$ (1,305)	\$ -	\$ -
Note payable - short term	-	643,000		643,000	643,000
Note payable	147,003	-	(73,502)	73,501	73,501
Accrued compensated absences	27,634	1,584	-	29,218	1,461
Net pension liability	382,277	-	(127,067)	255,210	-
Net OPEB liability	40,606	-	(12,406)	28,200	-
Totals	<u>\$ 598,825</u>	<u>\$ 644,584</u>	<u>\$ (214,280)</u>	<u>\$ 1,029,129</u>	<u>\$ 717,962</u>
<b>Business-type activities</b>					
Bonds payable	\$ 1,285,621	\$ -	\$ (166,055)	\$ 1,119,566	\$ 167,221
Accrued compensated absences	-	237	-	237	12
Totals	<u>\$ 1,285,621</u>	<u>\$ 237</u>	<u>\$ (166,055)</u>	<u>\$ 1,119,803</u>	<u>\$ 167,233</u>

The following is a summary of the note and bonds outstanding as of June 30, 2018:

**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. \$ 73,501

**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. \$ 159,051

\$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. 83,335

\$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. 788,941

\$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. 88,239

Total business-type activities bonds payable \$ 1,119,566

TOWN OF LIVERMORE FALLS, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

NOTE 7 - 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
2019	73,501	1,967	75,468
	<u>\$ 73,501</u>	<u>\$ 1,967</u>	<u>\$ 75,468</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
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	87,541	17,409	104,950
2024-2028	355,804	56,816	412,620
2029-2033	62,043	24,805	86,848
2034-2038	65,135	13,609	78,744
2039-2043	40,695	2,439	43,134
	<u>\$ 1,119,566</u>	<u>\$ 212,554</u>	<u>\$ 1,332,120</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 8 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Scheduled E)	\$ 525,406
Nonmajor permanent funds (Schedule I)	<u>20,727</u>
	<u>\$ 546,133</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2018, 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>229,398</u>
	<u>\$ 306,143</u>

NOTE 10 - OVERSPENT APPROPRIATIONS

At June 30, 2018, the Town had the following overspent appropriations:

General assistance (Article 25)	\$ 7,995
Insurance (Article 29)	<u>24,690</u>
	<u>\$ 32,685</u>

NOTE 11 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2018, 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	\$ 2,880,589	16.63%	<u>\$ 479,042</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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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

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, 2018.

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 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 OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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

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, 2018. There were no significant reductions in insurance coverage from that of

the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%.

**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 \$34,705.

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

At June 30, 2018, the Town reported a liability of \$181,380 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.062332%, which was a decrease of 0.00962% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized net pension expense of \$13,423. At June 30, 2018, 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, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,262
Changes of assumptions	21,717	-
Net difference between projected and actual earnings on pension plan investments	87,953	94,970
Changes in proportion and differences between contributions and proportionate share of contributions	17,872	25,073
Contributions subsequent to the measurement date	34,705	-
Total	<u>\$ 162,247</u>	<u>\$ 132,305</u>

\$34,705 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, 2019. 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:	
2018	\$ (5,570)
2019	16,470
2020	1,712
2021	(17,375)
2022	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*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.

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 an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.875% per annum, compounded annually.

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

*Mortality Rates* - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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% for participating local towns.

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, 2017 are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.875% for 2017. 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability/(asset) as of June 30, 2018 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.

	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	\$ 512,030	\$ 255,210	\$ 61,865

**Changes in Net Pension Liability**

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 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 2017, this was three years for the PLD Consolidated Plan; prior to 2017, 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.

*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, 2017 valuation were based on the

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

*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. 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 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Plan Description**

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

**Benefits Provided**

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or \$2,500.

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2018 was \$0.

**Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the Town reported a liability of \$28,200 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.168643%, which was a decrease of 0.01092% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized net OPEB revenue of \$1,141. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

	<u>PLD Life Insurance</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	7,858
Net difference between projected and actual earnings on OPEB plan investments	-	1,350
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,057
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b><u>\$ -</u></b>	<b><u>\$ 11,265</u></b>

\$0 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>PLD Life Insurance</u>	
Plan year ended June 30:		
2018	\$	(2,320)
2019		(2,320)
2020		(2,320)
2021		(2,320)
2022		(1,985)
Thereafter		-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

*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.

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*

Investments are reported at fair value.

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2017, there were 13 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.875% per annum, compounded annually.

*Inflation Rate* - 2.75%

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 9.00% per year.

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset 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. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

*Participation Rate for Future Retirees* - 100% of those currently enrolled.

*Conversion Charges* - Apply to the cost of active group life insurance, not retiree group life insurance.

*Form of Benefit Payment* - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	16.00%	3.00%
US Government securities	9.00%	2.30%
Total	100.00%	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 5.41% for 2017. The projection of cash flows used to determine the discount rate assumed

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2017 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 5.41% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	4.41%	5.41%	6.41%
Town's proportionate share of the net OPEB benefits liability	\$ 37,846	\$ 28,200	\$ 20,585

**Changes in Net OPEB Liability**

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2017 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB 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 OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no differences between expected and actual experience as of June 30, 2017.

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

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



TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB 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 in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period for the PLD Plan was six years for 2017. For the fiscal year ended June 30, 2017, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

*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 are recognized in OPEB 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 OPEB 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. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2017.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at [www.maineperc.org](http://www.maineperc.org) or by contacting the System at (207) 512-3100.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - 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, 2018, the most recent information available, the balance in the reserve account was \$162,343. Operating, maintenance, and administrative costs for the sewerage treatment plant and disposal facilities are prorated between the towns based on metered volume of flow.

Summarized financial information for the joint venture as of and for the year ended June 30, 2018 follows:

Total Assets	\$ 5,603,399
Total Net Position	\$ 5,512,971
Total Expenses (net of depreciation on assets purchased with contributed capital)	\$ 431,367
Change in Net Position	\$ (82,920)

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 16 - 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 towns' 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

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 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 17 - 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.

NOTE 18 - 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 19 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$40,606. The resulting restatement decreased net position from \$3,342,654 to \$3,302,048.

The net position of the governmental activities has been restated at July 1, 2017 to account for accounts receivable of \$21,718. The resulting restatement increased net position from \$3,302,048 to 3,323,766.

NOTE 20 - SUBSEQUENT EVENTS

On September 27, 2018, the Town issued a general obligation bond for \$643,000 at an interest rate of 3.250% with a maturity date of September 27, 2048 to provide financing for the costs of constructing and equipping a new fire station located at 29 Park Street in Livermore Falls.

## 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 - Pension
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of Contributions - OPEB

## TOWN OF LIVERMORE FALLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 1,760,055	\$ 1,760,055	\$ 1,760,055	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	3,476,304	3,476,304	3,451,198	(25,106)
Excise taxes	331,200	331,200	404,215	73,015
Intergovernmental revenues	395,805	395,805	394,109	(1,696)
Charges for services	5,300	5,300	60,749	55,449
Investment income	31,000	31,000	58,285	27,285
Miscellaneous revenues	71,344	84,550	90,427	5,877
Loan proceeds	-	720,000	720,000	-
Amounts Available for Appropriation	<u>6,071,008</u>	<u>6,804,214</u>	<u>6,939,038</u>	<u>134,824</u>
Charges to Appropriations (Outflows)				
General government	326,053	332,255	318,127	14,128
Public safety	921,570	942,232	935,955	6,277
Public works	583,713	591,509	489,117	102,392
Transfer station	121,059	121,059	109,814	11,245
Building	81,221	100,304	76,190	24,114
Library	67,682	67,682	67,408	274
Grounds care	5,400	5,400	4,949	451
Recreation	30,018	55,701	50,185	5,516
General assistance	9,110	9,110	17,105	(7,995)
Education	1,784,532	1,784,532	1,784,532	-
County tax	192,013	192,013	192,013	-
Insurance	65,788	65,788	90,478	(24,690)
Other	57,114	73,584	17,072	56,512
Debt service:				
Principal	105,347	105,347	73,502	31,845
Interest	3,975	3,975	3,963	12
Capital outlay	-	732,694	695,955	36,739
Transfers to other funds	74,960	74,960	111,632	(36,672)
Total Charges to Appropriations (Outflows)	<u>4,429,555</u>	<u>5,258,145</u>	<u>5,037,997</u>	<u>220,148</u>
Budgetary Fund Balance, June 30	<u>\$ 1,641,453</u>	<u>\$ 1,546,069</u>	<u>\$ 1,901,041</u>	<u>\$ 354,972</u>
Utilization of unassigned fund balance	\$ 125,000	\$ 137,694	\$ -	\$ (137,694)
Utilization of assigned fund balance	-	79,426	-	(79,426)
	<u>\$ 125,000</u>	<u>\$ 217,120</u>	<u>\$ -</u>	<u>\$ (217,120)</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\*

	2018	2017	2016	2015
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.06%	0.07%	0.07%	0.06%
Proportionate share of the net pension liability	\$ 255,210	\$ 382,277	\$ 207,617	\$ 87,571
Covered-employee payroll	\$ 495,161	\$ 607,892	\$ 640,937	\$ 545,672
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.54%	62.89%	32.39%	16.05%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	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 - PENSION  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 34,705	\$ 31,810	\$ 34,175	\$ 5,849
Contributions in relation to the contractually required contribution	<u>(34,705)</u>	<u>(31,810)</u>	<u>(34,175)</u>	<u>(5,849)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937
Contributions as a percentage of covered-employee payroll	4.36%	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

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

	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>		
Proportion of the net OPEB liability	0.17%	0.18%
Town's proportionate share of the net OPEB liability	\$ 28,200	\$ 40,606
State's proportionate share of the net OPEB liability associated with the District	-	-
Total	<u>\$ 28,200</u>	<u>\$ 40,606</u>
Covered-employee payroll	\$ 495,161	\$ 607,892
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	5.70%	6.68%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2017</u>	<u>2016</u>
<u>PLD Life Insurance:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 495,161	\$ 607,892
Contributions as a percentage of covered- employee payroll	0.00%	0.00%

\* 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.

## 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

## SCHEDULE A

## TOWN OF LIVERMORE FALLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
General tax revenues:				
Property taxes	\$ 3,476,304	\$ 3,476,304	\$ 3,451,198	\$ (25,106)
Vehicle excise taxes	330,000	330,000	402,918	72,918
Boat excise taxes	1,200	1,200	1,297	97
Intergovernmental revenues:				
State revenue sharing	215,000	215,000	220,828	5,828
Homestead exemption	139,237	139,237	118,777	(20,460)
Veteran's exemption	-	-	1,772	1,772
Tree growth	5,836	5,836	5,230	(606)
Snowmobile reimbursement	-	-	1,046	1,046
BETE reimbursement	35,732	35,732	35,732	-
General assistance	-	-	10,724	10,724
Charges for services:				
Admin fees	-	-	11,162	11,162
Clerk fees	1,800	1,800	1,893	93
Vital stats	3,500	3,500	4,414	914
Police department	-	-	5,280	5,280
Fire department	-	-	3,036	3,036
Code enforcement	-	-	20	20
Public works	-	-	448	448
Recreation	-	-	21,137	21,137
Municipal solid waste	-	-	13,359	13,359
Investment income:				
Investment income	1,000	1,000	30,513	29,513
Interest/fees on taxes	30,000	30,000	27,772	(2,228)
Misc. other income:				
Misc. income	57,344	70,550	81,035	10,485
Lien costs	14,000	14,000	9,392	(4,608)
Loan proceeds	-	720,000	720,000	-
<b>TOTAL REVENUES</b>	<b>\$ 4,310,953</b>	<b>\$ 5,044,159</b>	<b>\$ 5,178,983</b>	<b>\$ 134,824</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, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Government -					
General government	\$ 29,153	-	\$ 29,153	\$ 28,262	\$ 891
Administration	279,008	-	279,008	273,841	5,167
Health officer	1,292	-	1,292	923	369
Code enforcement	16,600	6,202	22,802	15,101	7,701
Subtotal General Government	326,053	6,202	332,255	318,127	14,128
Public Safety -					
Police	537,623	-	537,623	528,742	8,881
Fire	95,470	20,662	116,132	112,269	3,863
Andro County dispatch	33,942	-	33,942	34,260	(318)
Ambulance	30,045	-	30,045	30,045	-
Street lights	37,250	-	37,250	40,681	(3,431)
Hydrant rental	187,240	-	187,240	189,958	(2,718)
Subtotal Public Safety	921,570	20,662	942,232	935,955	6,277
Public Works -					
Highway	463,713	-	463,713	428,928	34,785
Paving	120,000	7,796	127,796	60,189	67,607
Subtotal Public Works	583,713	7,796	591,509	489,117	102,392
Transfer Station	121,059	-	121,059	109,814	11,245
Buildings	81,221	19,083	100,304	76,190	24,114
Library	67,682	-	67,682	67,408	274
Grounds Care	5,400	-	5,400	4,949	451
Recreation	30,018	25,683	55,701	50,185	5,516

SCHEDULE B (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Assistance	9,110	-	9,110	17,105	(7,995)
Education	1,784,532	-	1,784,532	1,784,532	-
County Tax	192,013	-	192,013	192,013	-
Insurance	65,788	-	65,788	90,478	(24,690)
Transfers -					
TIF	40,000	-	40,000	40,000	-
Capital outlay	34,960	-	34,960	71,632	(36,672)
Subtotal Transfers	74,960	-	74,960	111,632	(36,672)
Debt Service -					
Principal	105,347	-	105,347	73,502	31,845
Interest	3,975	-	3,975	3,963	12
Subtotal Debt Service	109,322	-	109,322	77,465	31,857
Other -					
Overlay	48,339	-	48,339	-	48,339
Ministerial	1,500	-	1,500	1,500	-
Western ME Community Action	1,000	-	1,000	1,000	-
Western Maine Paper & Heritage	1,000	-	1,000	1,000	-
Tri-Town Fuel Fund	1,500	-	1,500	1,500	-
Joint Purchase - Snowmobile	-	3,264	3,264	3,264	-
Cable franchise fees	3,000	-	3,000	-	3,000
Town clock	775	-	775	775	-
Dangerous buildings	-	13,206	13,206	-	13,206
Other expenses	-	-	-	8,033	(8,033)
Subtotal Other	57,114	16,470	73,584	17,072	56,512
Capital Outlay - Police Cruiser	-	12,694	12,694	12,694	-
Capital Outlay - Fire Dept	-	720,000	720,000	683,261	36,739
Subtotal Capital Outlay	-	732,694	732,694	695,955	36,739
Total Departmental Operations	\$ 4,429,555	\$ 828,590	\$ 5,258,145	\$ 5,037,997	\$ 220,148

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

## TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,112	\$ 213,164	\$ 5,999	\$ 224,275
Note receivable	400,000	-	-	400,000
Due from other funds	120,662	24,084	14,823	159,569
<b>TOTAL ASSETS</b>	<b><u>\$ 525,774</u></b>	<b><u>\$ 237,248</u></b>	<b><u>\$ 20,822</u></b>	<b><u>\$ 783,844</u></b>
<b>LIABILITIES</b>				
Accrued Expenses	\$ -	\$ -	\$ 85	\$ 85
Due to other funds	368	7,850	10	8,228
<b>TOTAL LIABILITIES</b>	<b><u>368</u></b>	<b><u>7,850</u></b>	<b><u>95</u></b>	<b><u>8,313</u></b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	525,406	-	20,727	546,133
Committed	-	-	-	-
Assigned	-	229,398	-	229,398
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>525,406</u></b>	<b><u>229,398</u></b>	<b><u>20,727</u></b>	<b><u>775,531</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 525,774</u></b>	<b><u>\$ 237,248</u></b>	<b><u>\$ 20,822</u></b>	<b><u>\$ 783,844</u></b>

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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental revenue	\$ 1,118	\$ -	\$ -	\$ 1,118
Interest income	19	910	21	950
Charges for services	-	-	16,593	16,593
<b>TOTAL REVENUES</b>	<u>3,337</u>	<u>910</u>	<u>16,614</u>	<u>20,861</u>
<b>EXPENDITURES</b>				
Other	8,138	112,472	12,829	133,439
<b>TOTAL EXPENDITURES</b>	<u>8,138</u>	<u>112,472</u>	<u>12,829</u>	<u>133,439</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,801)</u>	<u>(111,562)</u>	<u>3,785</u>	<u>(112,578)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	76,672	34,960	-	111,632
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>76,672</u>	<u>34,960</u>	<u>-</u>	<u>111,632</u>
<b>NET CHANGE IN FUND BALANCES</b>	71,871	(76,602)	3,785	(946)
<b>FUND BALANCES, JULY 1</b>	<u>453,535</u>	<u>306,000</u>	<u>16,942</u>	<u>776,477</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 525,406</u>	<u>\$ 229,398</u>	<u>\$ 20,727</u>	<u>\$ 775,531</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, 2018

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	New Fire Station	Pass Through LAMB Grant	Forestry Grant	Walmart Grant	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 4,668	\$ 444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,112
Note receivable	-	-	-	-	-	400,000	-	-	400,000
Due from other funds	-	-	120,477	185	-	-	-	-	120,662
<b>TOTAL ASSETS</b>	<b>\$ 4,668</b>	<b>\$ 444</b>	<b>\$ 120,477</b>	<b>\$ 185</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 525,774</b>
<b>LIABILITIES</b>									
Due to other funds	\$ 368	-	-	-	-	-	-	-	\$ 368
<b>TOTAL LIABILITIES</b>	<b>368</b>								<b>368</b>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	4,300	444	120,477	185	-	400,000	-	-	525,406
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>4,300</b>	<b>444</b>	<b>120,477</b>	<b>185</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>525,406</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,668</b>	<b>\$ 444</b>	<b>\$ 120,477</b>	<b>\$ 185</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 525,774</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, 2018

	D.A.R.E.	CDBG Fund	TIF	Homeland Security		New Fire Station	Pass Through		Forestry Grant	Walmart Grant	Total
				Grant	Grant		LAMB Grant	Grant			
REVENUES											
Intergovernmental				\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,118	\$ -	\$ 1,118
Interest income	17			2	-	-	-	-	-	-	19
Other income				-	-	-	-	-	-	2,200	2,200
TOTAL REVENUES	17	2							1,118	2,200	3,337
EXPENDITURES											
Other				-	4,820	-	-	-	1,118	2,200	8,138
TOTAL EXPENDITURES				-	4,820	-	-	-	1,118	2,200	8,138
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17	2			(4,820)						(4,801)
OTHER FINANCING SOURCES (USES)											
Transfers in				40,000	-	36,672	-	-	-	-	76,672
Transfers (out)				-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)				40,000	-	36,672	-	-	-	-	76,672
NET CHANGE IN FUND BALANCES (DEFICIT)	17	2		40,000	(4,820)	36,672	-	-	-	-	71,871
FUND BALANCES (DEFICIT) - JULY 1	4,283	442		80,477	5,005	(36,672)	400,000	-	-	-	453,535
FUND BALANCES (DEFICIT) - JUNE 30	\$ 4,300	\$ 444		\$ 120,477	\$ 185	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 525,406

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, 2018

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 40,835	\$ 1,863	\$ 808	\$ 2,332	\$ 77,921
Due from other funds	-	-	60	186	10,727
<b>TOTAL ASSETS</b>	<b>\$ 40,835</b>	<b>\$ 1,863</b>	<b>\$ 868</b>	<b>\$ 2,518</b>	<b>\$ 88,648</b>
<b>LIABILITIES</b>					
Due to other funds	\$ 761	\$ 9	-	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>761</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	40,074	1,854	868	2,518	88,648
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>40,074</b>	<b>1,854</b>	<b>868</b>	<b>2,518</b>	<b>88,648</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 40,835</b>	<b>\$ 1,863</b>	<b>\$ 868</b>	<b>\$ 2,518</b>	<b>\$ 88,648</b>

SCHEDULE G (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Mini Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,681	\$ 19,385	\$ -	\$ 65,339	\$ 213,164
Due from other funds	-	-	156	12,955	24,084
<b>TOTAL ASSETS</b>	<u>\$ 4,681</u>	<u>\$ 19,385</u>	<u>\$ 156</u>	<u>\$ 78,294</u>	<u>\$ 237,248</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 23	\$ 7,057	\$ -	\$ -	\$ 7,850
<b>TOTAL LIABILITIES</b>	<u>23</u>	<u>7,057</u>	<u>-</u>	<u>-</u>	<u>7,850</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	4,658	12,328	156	78,294	229,398
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>4,658</u>	<u>12,328</u>	<u>156</u>	<u>78,294</u>	<u>229,398</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,681</u>	<u>\$ 19,385</u>	<u>\$ 156</u>	<u>\$ 78,294</u>	<u>\$ 237,248</u>

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, 2018

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
REVENUES					
Interest income	\$ 255	\$ 7	3	\$ 26	\$ 284
TOTAL REVENUES	<u>255</u>	<u>7</u>	<u>3</u>	<u>26</u>	<u>284</u>
EXPENDITURES					
Other	86,126	-	-	26,346	-
TOTAL EXPENDITURES	<u>86,126</u>	<u>-</u>	<u>-</u>	<u>26,346</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(85,871)</u>	<u>7</u>	<u>3</u>	<u>(26,320)</u>	<u>284</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	10,000	12,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCES	<u>(85,871)</u>	<u>7</u>	<u>3</u>	<u>(16,320)</u>	<u>12,284</u>
FUND BALANCES - JULY 1	<u>125,945</u>	<u>1,847</u>	<u>865</u>	<u>18,838</u>	<u>76,364</u>
FUND BALANCES - JUNE 30	<u>\$ 40,074</u>	<u>\$ 1,854</u>	<u>\$ 868</u>	<u>\$ 2,518</u>	<u>\$ 88,648</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, 2018

	Mini Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
REVENUES					
Interest income	\$ 17	\$ 71	\$ -	\$ 247	\$ 910
TOTAL REVENUES	<u>17</u>	<u>71</u>	<u>-</u>	<u>247</u>	<u>910</u>
EXPENDITURES					
Other	-	-	-	-	112,472
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,472</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>17</u>	<u>71</u>	<u>-</u>	<u>247</u>	<u>(111,562)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	12,960	34,960
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,960</u>	<u>34,960</u>
NET CHANGE IN FUND BALANCES	<u>17</u>	<u>71</u>	<u>-</u>	<u>13,207</u>	<u>(76,602)</u>
FUND BALANCES - JULY 1	<u>4,641</u>	<u>12,257</u>	<u>156</u>	<u>65,087</u>	<u>306,000</u>
FUND BALANCES - JUNE 30	<u>\$ 4,658</u>	<u>\$ 12,328</u>	<u>\$ 156</u>	<u>\$ 78,294</u>	<u>\$ 229,398</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, 2018

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 395	\$ 398	\$ 5,206	\$ -	\$ 5,999
Due from other funds	-	-	-	14,823	14,823
<b>TOTAL ASSETS</b>	<u>\$ 395</u>	<u>\$ 398</u>	<u>\$ 5,206</u>	<u>\$ 14,823</u>	<u>\$ 20,822</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	10	\$ -	\$ 10
Accrued expenses	-	-	-	85	85
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>10</u>	<u>85</u>	<u>95</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	395	398	5,196	14,738	20,727
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>395</u>	<u>398</u>	<u>5,196</u>	<u>14,738</u>	<u>20,727</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 395</u>	<u>\$ 398</u>	<u>\$ 5,206</u>	<u>\$ 14,823</u>	<u>\$ 20,822</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 PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
REVENUES					
Interest income	\$ 1	\$ 1	\$ 19	\$ -	\$ 21
Charges for services	-	-	-	16,593	16,593
<b>TOTAL REVENUES</b>	<u>1</u>	<u>1</u>	<u>19</u>	<u>16,593</u>	<u>16,614</u>
EXPENDITURES					
Other	-	-	-	12,829	12,829
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,829</u>	<u>12,829</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1</b>	<b>1</b>	<b>19</b>	<b>3,764</b>	<b>3,785</b>
<b>FUND BALANCES - JULY 1</b>	<b>394</b>	<b>397</b>	<b>5,177</b>	<b>10,974</b>	<b>16,942</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 395</b>	<b>\$ 398</b>	<b>\$ 5,196</b>	<b>\$ 14,738</b>	<b>\$ 20,727</b>

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, 2018

	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	1,284,474	-	1,431,574
Public works	23,200	88,631	1,237,292	513,750	1,862,873
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>4,423,959</b>	<b>1,432,729</b>	<b>8,548,436</b>
<b>Less: Accumulated Depreciation</b>	<b>-</b>	<b>(1,904,529)</b>	<b>(3,791,384)</b>	<b>(789,527)</b>	<b>(6,485,440)</b>
<b>Net General Capital Assets</b>	<b>\$ 387,517</b>	<b>\$ 399,702</b>	<b>\$ 632,575</b>	<b>\$ 643,202</b>	<b>\$ 2,062,996</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, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
Administration	\$ 380,288	\$ -	\$ -	\$ 380,288
Dispatch	53,723	-	-	53,723
Public safety	1,433,338	27,983	(29,747)	1,431,574
Public works	1,776,747	86,126	-	1,862,873
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
<b>Total General Capital Assets</b>	<b>8,464,074</b>	<b>114,109</b>	<b>(29,747)</b>	<b>8,548,436</b>
<b>Less: Accumulated Depreciation</b>	<b>(6,242,715)</b>	<b>(272,472)</b>	<b>29,747</b>	<b>(6,485,440)</b>
<b>Net General Capital Assets</b>	<b>\$ 2,221,359</b>	<b>\$ (158,363)</b>	<b>\$ -</b>	<b>\$ 2,062,996</b>

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, 2018, 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 May 7, 2019.

**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  
May 7, 2019