

TOWN OF LIVERMORE FALLS, MAINE

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JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Select Board
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, the aggregate discretely presented component units, 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, 2019 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Livermore Falls, Maine as of June 30, 2019 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 12 and 64 through 69 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 February 26, 2021, 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
February 26, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(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, 2019. 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, other and program expenses.
- *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.
- *Component units* - The Livermore Falls sewer treatment plant is included as part of the "Component Units".

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, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$399,925 from \$3,757,628 to \$4,157,553. The business-type activities increased by \$81,185 from \$320,259 to \$401,444.

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 \$2,214,553 at the end of this year for the governmental activities. The business-type activities unrestricted net position increased to a balance of \$453,732.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018 (Restated)</u>	<u>2019</u>	<u>2018 (Restated)</u>
Assets:				
Current Assets	\$ 2,741,469	\$ 2,602,753	\$ 501,252	\$ 402,869
Noncurrent Assets	2,651,152	2,264,813	899,747	1,080,338
Total Assets	<u>5,392,621</u>	<u>4,867,566</u>	<u>1,400,999</u>	<u>1,483,207</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	87,935	162,247	-	-
Deferred Outflows Related to OPEB	4,929	-	-	-
Total Deferred Outflows of Resources	<u>92,864</u>	<u>162,247</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	167,762	808,370	213,617	210,378
Noncurrent Liabilities	1,084,533	311,167	785,938	952,570
Total Liabilities	<u>1,252,295</u>	<u>1,119,537</u>	<u>999,555</u>	<u>1,162,948</u>
Deferred Inflows of Resources:				
Prepaid Taxes	7,001	9,078	-	-
Deferred Inflows Related to Pensions	58,325	132,305	-	-
Deferred Inflows Related to OPEB	10,311	11,265	-	-
Total Deferred Inflows of Resources	<u>75,637</u>	<u>152,648</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	1,390,533	1,148,312	(52,288)	(39,228)
Restricted	552,467	546,133	-	-
Unrestricted	2,214,553	2,063,183	453,732	359,487
Total Net Position	<u>\$ 4,157,553</u>	<u>\$ 3,757,628</u>	<u>\$ 401,444</u>	<u>\$ 320,259</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 0.56%, while total expenses decreased by 2.14%. The largest increase in revenues was in grants and contributions not restricted to specific programs, which was partially offset by a reduction in miscellaneous revenues. The largest decrease in expenses was in program expenses.

For the business-type activities revenues increased by 6.34%, while total expenses decreased by 3.13%.

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

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 105,081	\$ 77,342	\$ 564,816	\$ 540,445
Capital grants and contributions	-	-	30,000	-
<i>General Revenues:</i>				
Taxes	3,849,905	3,862,352	-	-
Grants and contributions not restricted to specific programs	532,117	395,227	-	-
Investment income	61,835	59,235	-	-
Miscellaneous	40,238	169,627	5,833	24,418
Total revenues	4,589,176	4,563,783	600,649	564,863
Expenses				
General government	305,533	339,201	-	-
Public safety	988,739	941,764	-	-
Public works	422,066	452,175	-	-
Transfer station	66,927	110,298	-	-
Building	66,380	76,190	-	-
Library	72,035	67,408	-	-
Grounds care	5,833	4,949	-	-
Recreation	67,588	50,185	-	-
General assistance	16,616	17,105	-	-
Education	1,776,561	1,784,532	-	-
County tax	205,335	192,013	-	-
Insurance	71,373	90,478	-	-
Other	17,044	17,072	-	-
Interest on long-term debt	84,709	3,963	-	-
Program expenses	19,717	133,439	519,464	536,263
Capital outlay	2,795	-	-	-
Total expenses	4,189,251	4,280,772	519,464	536,263
Change in Net Position	399,925	283,011	81,185	28,600
Net Position - July 1, Restated	3,757,628	3,474,617	320,259	291,659
Net Position - June 30	\$ 4,157,553	\$ 3,757,628	\$ 401,444	\$ 320,259

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,

	2019	2018
General Fund:		
Assigned	\$ 142,130	\$ 76,745
Unassigned	1,795,366	1,824,296
Total General Fund	\$ 1,937,496	\$ 1,901,041
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 526,377	\$ 525,406
Unassigned	(5,479)	-
Capital Projects Funds:		
Assigned	255,480	229,398
Permanent Funds:		
Restricted	26,090	20,727
Total Nonmajor Funds	\$ 802,468	\$ 775,531

The general fund total fund balance increased by \$36,455 from the prior fiscal year, due to revenues and loan proceeds exceeding expenditures and transfers to other funds. The nonmajor fund balances increased by \$26,937 from the prior fiscal year due mainly due to transfers from the general fund into the nonmajor capital projects funds.

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 \$76,211.

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 \$104,142. This was a result of all revenue categories being received in excess of budgeted amounts with the exception of property taxes and miscellaneous revenues.

General fund actual expenditures were under budget by \$160,534. All expenditure categories were within or under budget with the exception of general government, grounds care, recreation, general assistance, insurance and debt service - interest.

Capital Asset and Long-term Obligations Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$197,734 from the prior fiscal year. This decrease was a result of capital additions of \$522,660 less net disposals of \$17,919 and current year depreciation of \$307,007.

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

	<u>2019</u>	<u>2018 (Restated)</u>
Land	\$ 387,517	\$ 387,517
Buildings	305,082	375,077
Building improvements	742,898	24,625
Machinery and equipment	467,583	382,557
Vehicles	416,189	448,914
Infrastructure	823,616	643,201
Construction in progress	-	683,260
Total	<u><u>\$ 3,142,885</u></u>	<u><u>\$ 2,945,151</u></u>

Long-term Obligations

At June 30, 2019, the Town had \$1,804,640 in bonds and notes from direct borrowings outstanding versus \$1,193,067 last year. Refer to Note 7 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 five 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, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 2 Main Street, Livermore Falls, Maine 04254.

STATEMENT A

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,042,212	\$ 256,078	\$ 2,298,290	\$ 10,774
Investments	298,186	-	298,186	-
Accounts receivable (net of allowance for uncollectibles):				
Taxes	239,737	103,557	343,294	-
Liens	101,300	48,479	149,779	-
Other	60,034	8,635	68,669	26,800
Due to other governments	-	84,503	84,503	54,507
Total current assets	<u>2,741,469</u>	<u>501,252</u>	<u>3,242,721</u>	<u>92,081</u>
Noncurrent assets:				
Capital assets:				
Land and other assets not being depreciated	387,517	-	387,517	46,842
Depreciable assets, net of accumulated depreciation	1,855,621	899,747	2,755,368	5,215,684
Other assets:				
Restricted cash	-	-	-	188,667
Notes receivable	408,014	-	408,014	-
Total noncurrent assets	<u>2,651,152</u>	<u>899,747</u>	<u>3,550,899</u>	<u>5,451,193</u>
TOTAL ASSETS	<u>5,392,621</u>	<u>1,400,999</u>	<u>6,793,620</u>	<u>5,543,274</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	87,935	-	87,935	-
Deferred outflows related to OPEB	4,929	-	4,929	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>92,864</u>	<u>-</u>	<u>92,864</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,485,485</u>	<u>\$ 1,400,999</u>	<u>\$ 6,886,484</u>	<u>\$ 5,543,274</u>

STATEMENT A (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 112,196	\$ 35,741	\$ 147,937	\$ 19,412
Accrued payroll	34,924	220	35,144	-
Due to other governments	-	-	-	82,497
Other liabilities	5,331	11,322	16,653	-
Current portion of long-term obligations	15,311	166,334	181,645	-
Total current liabilities	167,762	213,617	381,379	101,909
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	643,000	785,713	1,428,713	-
Notes from direct borrowings payable	195,928	-	195,928	-
Accrued compensated absences	31,030	225	31,255	18,959
Net pension liability	181,380	-	181,380	-
Net OPEB liability	33,196	-	33,196	-
Total noncurrent liabilities	1,084,533	785,938	1,870,472	18,959
TOTAL LIABILITIES	1,252,295	999,555	2,251,850	120,868
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	7,001	-	7,001	-
Deferred inflows related to pensions	58,325	-	58,325	-
Deferred inflows related to OPEB	10,311	-	10,311	-
TOTAL DEFERRED INFLOWS OF RESOURCES	75,637	-	75,637	-
NET POSITION				
Net investment in capital assets	1,390,533	(52,288)	1,338,245	5,262,526
Restricted: Special revenue funds	526,377	-	526,377	-
Permanent funds	26,090	-	26,090	-
Equipment replacement	-	-	-	200,029
Unrestricted (deficit)	2,214,553	453,732	2,668,285	(40,149)
TOTAL NET POSITION	4,157,553	401,444	4,558,997	5,422,406
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 5,485,485	\$ 1,400,999	\$ 6,886,484	\$ 5,543,274

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, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
							Primary Government
Governmental activities:							
General government	\$ 305,533	\$ 18,998	\$ -	\$ -	\$ (286,535)	\$ -	\$ (286,535)
Public safety	988,739	28,941	-	-	(959,798)	-	(959,798)
Public works	422,066	-	-	-	(422,066)	-	(422,066)
Transfer station	66,927	13,635	-	-	(53,292)	-	(53,292)
Buildings	66,380	-	-	-	(66,380)	-	(66,380)
Library	72,035	-	-	-	(72,035)	-	(72,035)
Grounds care	5,833	-	-	-	(5,833)	-	(5,833)
Recreation	67,588	24,122	-	-	(43,466)	-	(43,466)
General assistance	16,616	-	-	-	(16,616)	-	(16,616)
Education	1,776,561	-	-	-	(1,776,561)	-	(1,776,561)
County tax	205,335	-	-	-	(205,335)	-	(205,335)
Insurance	71,373	-	-	-	(71,373)	-	(71,373)
Other	17,044	-	-	-	(17,044)	-	(17,044)
Interest on long-term debt	84,709	-	-	-	(84,709)	-	(84,709)
Program expenditures	19,717	19,385	-	-	(332)	-	(332)
Capital Outlay	2,795	-	-	-	(2,795)	-	(2,795)
Total governmental activities	4,189,251	105,081	-	-	(4,084,170)	-	(4,084,170)
Business-type activities:							
Sewer department	519,464	564,816	-	30,000	-	75,352	75,352
Total business-type activities	519,464	564,816	-	30,000	-	75,352	75,352
Total government	\$ 4,708,715	\$ 669,897	\$ -	\$ 30,000	(4,084,170)	75,352	(4,008,818)
Component Units:							
Sewer Treatment Plant	\$ 508,948	\$ 378,218	\$ -	\$ -	\$ -	\$ -	(130,730)
Total component units	\$ 508,948	\$ 378,218	\$ -	\$ -	\$ -	\$ -	(130,730)

STATEMENT B (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net (expense) revenue	(4,084,170)	75,352	(4,008,818)	(130,730)
General revenues:				
Taxes:				
Property taxes, levied for general purposes	3,439,772	-	3,439,772	-
Excise taxes	410,133	-	410,133	-
Grants and contributions not restricted to specific programs	532,117	-	532,117	-
Interest income	61,835	-	61,835	419
Miscellaneous	40,238	5,833	46,071	37,407
Total general revenues	4,484,095	5,833	4,489,928	37,826
Change in net position	399,925	81,185	481,110	(92,904)
NET POSITION - JULY 1, RESTATED	3,757,628	320,259	4,077,887	5,515,310
NET POSITION - JUNE 30	\$ 4,157,553	\$ 401,444	\$ 4,558,997	\$ 5,422,406

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

STATEMENT C

TOWN OF LIVERMORE FALLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,815,626	\$ 226,586	\$ 2,042,212
Investments	298,186	-	298,186
Accounts receivable (net of allowance for uncollectibles):			
Taxes	239,737	-	239,737
Liens	101,300	-	101,300
Other	60,034	-	60,034
Notes receivable	8,014	400,000	408,014
Due from other funds	13,708	189,590	203,298
TOTAL ASSETS	\$ 2,536,605	\$ 816,176	\$ 3,352,781
LIABILITIES			
Accounts payable	\$ 112,196	\$ -	\$ 112,196
Accrued payroll	34,924	-	34,924
Other liabilities	5,331	-	5,331
Due to other funds	189,590	13,708	203,298
TOTAL LIABILITIES	342,041	13,708	355,749
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	7,001	-	7,001
Deferred tax revenues	250,067	-	250,067
TOTAL DEFERRED INFLOWS OF RESOURCES	257,068	-	257,068
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	552,467	552,467
Committed	-	-	-
Assigned	142,130	255,480	397,610
Unassigned	1,795,366	(5,479)	1,789,887
TOTAL FUND BALANCES	1,937,496	802,468	2,739,964
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,536,605	\$ 816,176	\$ 3,352,781

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

STATEMENT D

TOWN OF LIVERMORE FALLS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

	Total Governmental Funds
	<u> </u>
Total Fund Balances	\$ 2,739,964
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 .	2,243,138
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	250,067
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	87,935
OPEB	4,929
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bond payable	(643,000)
Notes from direct borrowings payable	(209,605)
Accrued compensated absences	(32,663)
Net pension liability	(181,380)
Net OPEB liability	(33,196)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(58,325)
OPEB	<u>(10,311)</u>
Net position of governmental activities	<u><u>\$ 4,157,553</u></u>

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

STATEMENT E

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 3,416,400	\$ -	\$ 3,416,400
Excise	410,133	-	410,133
Intergovernmental revenues	532,117	-	532,117
Charges for services	85,696	19,385	105,081
Investment income	59,526	2,309	61,835
Miscellaneous revenues	40,238	-	40,238
TOTAL REVENUES	4,544,110	21,694	4,565,804
EXPENDITURES			
Current:			
General government	367,960	-	367,960
Public safety	974,001	-	974,001
Public works	567,776	-	567,776
Transfer station	98,188	-	98,188
Buildings	66,380	-	66,380
Library	72,035	-	72,035
Grounds care	5,833	-	5,833
Recreation	67,588	-	67,588
General assistance	16,616	-	16,616
Education	1,776,561	-	1,776,561
County tax	205,335	-	205,335
Insurance	71,373	-	71,373
Other	17,044	-	17,044
Program expenditures	-	19,717	19,717
Debt service:			
Principal	73,501	-	73,501
Interest	84,709	-	84,709
Capital outlay	227,400	-	227,400
TOTAL EXPENDITURES	4,692,300	19,717	4,712,017
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(148,190)	1,977	(146,213)
OTHER FINANCING SOURCES (USES)			
Note proceeds	209,605	-	209,605
Transfers in	-	24,960	24,960
Transfers (out)	(24,960)	-	(24,960)
TOTAL OTHER FINANCING SOURCES (USES)	184,645	24,960	209,605
NET CHANGE IN FUND BALANCES	36,455	26,937	63,392
FUND BALANCES - JULY 1	1,901,041	775,531	2,676,572
FUND BALANCES - JUNE 30	\$ 1,937,496	\$ 802,468	\$ 2,739,964

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

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 63,392</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	522,660
Capital asset disposals	(17,919)
Depreciation expense	<u>(126,416)</u>
	<u>378,325</u>
Deferred outflows of resources are consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(74,312)
OPEB	4,929
	<u>(69,383)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(209,605)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>73,501</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	73,980
OPEB	954
	<u>74,934</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>23,372</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	(3,445)
Net pension liability	73,830
Net OPEB liability	<u>(4,996)</u>
	<u>65,389</u>
Change in net position of governmental activities (Statement B)	<u>\$ 399,925</u>

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

STATEMENT G

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2019

	Enterprise Fund <u>Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 256,078
Accounts receivable (net of allowance for uncollectibles):	
Taxes	103,557
Liens	48,479
Other	8,635
Due to other governments	84,503
Total current assets	<u>501,252</u>
Noncurrent assets:	
Capital assets:	
Property and equipment	4,139,961
Less: accumulated depreciation	(3,240,214)
Subtotal capital assets	<u>899,747</u>
Total noncurrent assets	<u>899,747</u>
TOTAL ASSETS	<u>\$ 1,400,999</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 35,741
Accrued payroll	220
Due to other governments	11,322
Current portion of long-term obligations	166,334
Total current liabilities	<u>213,617</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	785,713
Accrued compensated absences	225
Total noncurrent liabilities	<u>785,938</u>
TOTAL LIABILITIES	<u>999,555</u>
NET POSITION	
Net investment in capital assets	(52,288)
Unrestricted	453,732
TOTAL NET POSITION	<u>401,444</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,400,999</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, 2019

	Enterprise Fund <hr/> Sewer Fund <hr/>
OPERATING REVENUES	
Charges for services - sewer	\$ 564,816
Other income	5,833
TOTAL OPERATING REVENUES	<hr/> 570,649 <hr/>
OPERATING EXPENSES	
Treatment plant costs	240,678
Professional services	19,269
Payroll	12,169
Depreciation	180,591
Other expense	41,731
TOTAL OPERATING EXPENSES	<hr/> 494,438 <hr/>
OPERATING INCOME (LOSS)	<hr/> 76,211 <hr/>
NONOPERATING REVENUES (EXPENSES)	
State grant	30,000
Interest expense	(25,026)
TOTAL NONOPERATING REVENUES (EXPENSES)	<hr/> 4,974 <hr/>
CHANGE IN NET POSITION	81,185
NET POSITION - JULY 1, RESTATED	<hr/> 320,259 <hr/>
NET POSITION - JUNE 30	<hr/> <u>\$ 401,444</u> <hr/>

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, 2019

	Enterprise Fund Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 561,718
Other income	5,833
Payments to employees and suppliers	(357,649)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>209,902</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	-
Grant proceeds	30,000
Principal paid on capital debt	(167,531)
Interest expense	(25,026)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(162,557)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,345
CASH AND CASH EQUIVALENTS - JULY 1	<u>208,733</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 256,078</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 76,211
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	180,591
Changes in operating assets and liabilities:	
(Increase) decrease in taxes receivable	13,271
(Increase) decrease in liens receivable	(15,179)
(Increase) decrease in other receivables	(1,190)
(Increase) decrease in due from other governments	(47,940)
Increase (decrease) in accounts payable	35,741
Increase (decrease) in due to other governments	(31,603)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 209,902</u>

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 selectboard-manager form of government and provides the following services: general government, public safety, public works, transfer station, buildings, grounds care, library, recreation, general assistance, education, insurance, other and program expenditures.

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).

In accordance with Governmental Accounting Standards Board Statement No. 14 (as amended by Number 39 and 61), the Town has evaluated all potential component units. The financial statements include the Livermore Falls Sewer Treatment Plant as a blended component unit within the Town of Livermore Falls' enterprise funds. This component unit does have separately issued financial statements.

Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, protection, etc.) 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Fund Financial Statements

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

1. Governmental Funds:

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

Major 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$153,172 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

Interfund Receivables and Payables

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-term Obligations

The accounting treatment of long-term obligations 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 obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the Town'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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Select Board.

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 unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 two types of this item - deferred outflows related to pension and deferred outflows related to OPEB. These items are 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 deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 4, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on in two installments on October 25, 2018 and March 26, 2019. Interest on unpaid taxes commenced on October 26, 2018 and March 27, 2019, 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 \$36,887 for the year ended June 30, 2019.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019, the Town's deposits amounting to \$2,298,290 were comprised of bank deposits of \$2,285,630. The entire amount was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 22,035
Savings accounts	198,276
Sweep accounts	2,061,237
Cash equivalents	4,082
	<u>\$ 2,285,630</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 \$298,186 were covered by the Securities Investor Protection Corporation (SIPC) and therefore not exposed to custodial credit risk.

At June 30, 2019, the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>> 5 Years</u>
Equity securities:					
Mutual funds:					
Equities	\$ 70,270	\$ 70,270	\$ -	\$ -	\$ -
Exchange traded funds	147,671	147,671	-	-	-
Debt securities:					
Mutual funds:					
Taxable	80,245	80,245	-	-	-
	<u>\$ 298,186</u>	<u>\$ 298,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019:

	June 30, 2019 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>				
Debt securities:				
Mutual funds	\$ 80,245	\$ 80,245	\$ -	\$ -
Total debt securities	80,245	80,245	-	-
Equity securities:				
Mutual funds and exchange traded funds	\$ 217,941	\$ 217,941	\$ -	\$ -
Total equity securities	217,941	217,941	-	-
Total investments by fair value level	298,186	\$ 298,186	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	4,082			
Total cash equivalents measured at the NAV	4,082			
Total investments and cash equivalents measured at fair value	\$ 302,268			

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 II or III 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, 2019 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 OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> (Due from)	<u>Payables</u> (Due to)
General fund	\$ 13,708	\$ 189,590
Nonmajor special revenue funds	120,477	5,848
Nonmajor capital projects funds	49,043	7,850
Nonmajor permanent funds	20,070	10
	<u>\$ 203,298</u>	<u>\$ 203,298</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Disposals	Balance, 6/30/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 387,517	\$ -	\$ -	\$ 387,517
Construction in progress	683,260	-	(683,260)	-
	<u>1,070,777</u>	<u>-</u>	<u>(683,260)</u>	<u>387,517</u>
Depreciated assets:				
Buildings	866,200	-	-	866,200
Building improvements	39,531	720,000	-	759,531
Machinery and equipment	963,762	176,300	(8,000)	1,132,062
Vehicles	2,034,177	58,105	(479,670)	1,612,612
Infrastructure	513,750	251,515	-	765,265
	<u>4,417,420</u>	<u>1,205,920</u>	<u>(487,670)</u>	<u>5,135,670</u>
Less: accumulated depreciation	<u>(3,623,384)</u>	<u>(126,416)</u>	<u>469,751</u>	<u>(3,280,049)</u>
	<u>794,036</u>	<u>1,079,504</u>	<u>(17,919)</u>	<u>1,855,621</u>
Net capital assets	<u>\$ 1,864,813</u>	<u>\$ 1,079,504</u>	<u>\$ (701,179)</u>	<u>\$ 2,243,138</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, (Restated)	Additions	Disposals	Balance, 6/30/19
<u>Business-type activities</u>				
Depreciated assets:				
Buildings	\$ 1,398,500	\$ -	\$ -	\$ 1,398,500
Machinery and equipment	1,775,043	-	-	1,775,043
Vehicles	59,939	-	(12,500)	47,439
Infrastructure	918,979	-	-	918,979
	<u>4,152,461</u>	<u>-</u>	<u>(12,500)</u>	<u>4,139,961</u>
Less: accumulated depreciation	<u>(3,072,123)</u>	<u>(180,591)</u>	<u>12,500</u>	<u>(3,240,214)</u>
	<u>1,080,338</u>	<u>(180,591)</u>	<u>-</u>	<u>899,747</u>
Net capital assets	<u>\$ 1,080,338</u>	<u>\$ (180,591)</u>	<u>\$ -</u>	<u>\$ 899,747</u>
<u>Current year depreciation</u>				
Administration				\$ 7,513
Dispatch				826
Public Safety				44,133
Public Works				72,460
Transfer Station				484
Town-wide				1,000
Subtotal governmental activities depreciation expense				<u>126,416</u>
Sewer				180,591
Total depreciation expense				<u>\$ 307,007</u>

NOTE 5 - LONG-TERM NOTE RECEIVABLES

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.

At the June 12, 2018 Town Meeting, the Town voted to loan from unassigned fund balance \$9,000 to the Livermore Falls Jug Hill Riders Snowmobile Club to purchase a snowmobile to groom trails. The loan will be repaid over four years from the Club and snowmobile reimbursements from the State of Maine. Actual cost of the snowmobile was \$9,350 and during fiscal year 2019, \$350 was received from the Club and \$986 from the State of Maine for snowmobile reimbursement leaving a balance outstanding as of June 30, 2019 of \$8,014.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - SHORT-TERM DEBT

The following is a summary of changes in the short-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19
<u>Governmental activities</u>				
Note payable - short term	\$ 643,000	\$ -	\$ (643,000)	\$ -

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. On September 27, 2018, a bond was issued for \$643,000 and the short-term note was paid off.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<u>Governmental activities</u>					
Bond payable	\$ -	\$ 643,000	\$ -	\$ 643,000	\$ -
Notes from direct borrowings payable	73,501	209,605	(73,501)	209,605	13,678
	<u>\$ 73,501</u>	<u>\$ 852,605</u>	<u>\$ (73,501)</u>	<u>\$ 852,605</u>	<u>\$ 13,678</u>
<u>Business-type activities</u>					
Bonds payable	\$ 1,119,566	\$ -	\$ (167,531)	\$ 952,035	\$ 166,322

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bonds and notes from direct borrowings outstanding as of June 30, 2019:

Governmental activities:

\$643,000, 2018 General Obligation Bond due in annual principal and interest payments of \$34,575 through September of 2047 with a final payment of \$33,349 by September 2048. Interest is at a fixed rate of 3.25% per annum. \$ 643,000

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 fixed rate of 1.68% per annum. \$ 79,042

\$250,000, 2007 Sewer Bond due in annual principal payments of \$16,667 through November of 2022. Interest varies from a fixed rate of 2.00% to 5.95% per annum. 66,668

\$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 a fixed rate of 0.35% to 3.97% per annum. 721,130

\$103,000, 2011 General Obligation Bond due in annual principal and interest payments of \$5,369 through 2040. Interest is charged at a fixed rate of 3.00% per annum. 85,195

952,035

Total bonds payable \$ 1,595,035

Governmental activities:

\$43,105, 2019 note payable to Androscoggin Bank for two police cruisers, due in annual payments of \$11,583 through August of 2022. Interest is charged at a fixed rate of 3.79% per annum. \$ 43,105

\$166,500, 2019 note payable to Anderson Equipment Company for a Komatsu wheel loader, due in annual payments of \$55,500 through September of 2021. No interest is being charged on this note. 166,500

Total notes from direct borrowings payable \$ 209,605

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Governmental Activities			
	Bonds		Note from direct borrowings	
	Principal	Interest	Principal	Interest
2020	\$ 13,678	\$ 20,898	\$ 66,464	\$ 573
2021	14,122	20,453	65,815	1,222
2022	14,581	19,994	66,210	827
2023	15,055	19,520	11,116	421
2024	15,544	19,031	-	-
2025-2029	85,635	87,240	-	-
2030-2034	100,485	72,390	-	-
2035-2039	117,910	54,965	-	-
2040-2044	138,357	34,518	-	-
2045-2049	127,633	10,529	-	-
	<u>\$ 643,000</u>	<u>\$ 359,537</u>	<u>\$ 209,605</u>	<u>\$ 3,043</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2020	\$ 166,322	\$ 26,148	\$ 192,470
2021	87,365	22,181	109,546
2022	87,451	19,863	107,314
2023	87,541	17,409	104,950
2024	70,966	15,262	86,228
2025-2029	296,699	47,355	344,054
2030-2034	62,626	22,651	85,277
2035-2039	65,811	11,262	77,073
2040-2044	27,254	1,138	28,392
	<u>\$ 952,035</u>	<u>\$ 183,269</u>	<u>\$ 1,135,304</u>

All bonds and notes from direct borrowings 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.

TOWN OF LIVERMORE FALLS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<u>Governmental activities</u>					
Accrued compensated absences	\$ 29,218	\$ 3,445	\$ -	\$ 32,663	\$ 1,633
Net pension liability	255,210	-	(73,830)	181,380	-
Net OPEB liability	28,200	4,996	-	33,196	-
Totals	<u>\$ 312,628</u>	<u>\$ 8,441</u>	<u>\$ (73,830)</u>	<u>\$ 247,239</u>	<u>\$ 1,633</u>
 <u>Business-type activities</u>					
Accrued compensated absences	<u>\$ 237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237</u>	<u>\$ 12</u>

Please see Notes 9, 16 and 17 for detailed information on each of the other long-term obligations.

NOTE 9 - ACCRUED 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 obligations 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, 2019, the Town's liability for compensated absences is \$32,900.

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 526,377
Nonmajor permanent funds (Schedule I)	26,090
	<u>\$ 552,467</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General fund:	
Paving	\$ 77,459
Code enforcement	7,986
Dangerous buildings	1,987
Transfer station	54,698
Nonmajor capital projects funds (Schedule G)	255,480
	<u>\$ 397,610</u>

NOTE 12 - DEFICIT FUND BALANCE

At June 30, 2019, the Town had the following deficit fund balance:

Nonmajor special revenue funds:	
Homeland security grant	<u>\$ 5,479</u>

NOTE 13 - OVERSPENT APPROPRIATIONS

At June 30, 2019, the Town had the following overspent appropriations:

Administration (Article 12)	\$ 31,989
Fire department (Article 14)	3,064
Contracted services (Article 15)	1,960
Grounds care (Article 23)	208
Recreation (Article 24)	19,853
General assistance (Article 25)	7,656
Insurance (Article 29)	4,661
Debt service (Article 31)	28,847
	<u>\$ 98,238</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2019, 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	\$ 7,064,660	18.82%	<u>\$ 1,329,354</u>

NOTE 15 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2019.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.mainepepers.org or by contacting the System at (207) 512-3100.

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 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 or 65. 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. As of June 30, 2018, there were 304 employers in the plan.

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 2.4%.

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 AN plan members are required to contribute 8.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The current rate is 7.3% for the AN plan 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2019 was \$41,861.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2019, 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, 2018 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, 2018, the Town's proportion was 0.066275%, which was an increase of 0.00394% from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Town recognized total pension revenue of \$73,498 for the PLD plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 568	\$ 1,993
Changes of assumptions	28,950	-
Net difference between projected and actual earnings on pension plan investments	-	43,796
Changes in proportion and differences between contributions and proportionate share of contributions	16,556	12,536
Contributions subsequent to the measurement date	41,861	-
Total	<u>\$ 87,935</u>	<u>\$ 58,325</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$41,861 for the PLD plan was 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 years ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PLD Plan</u>
Plan year ended June 30:	
2019	\$ 22,487
2020	6,375
2021	(29,794)
2022	(11,319)
2023	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, 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.

Cost of Living Benefit Increases - 1.91%; in 2017 the rate was 2.20%

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, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 6.75% for 2018 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability 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 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 427,488	\$ 181,380	\$ (48,664)

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 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 resource. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 17 - 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. As of June 30, 2018, there were 138 employers participating in the plan. 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 or by contacting the System at (207) 512-3100.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - 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' 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, 2019 was \$0.

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

At June 30, 2019, the Town reported a liability of \$33,196 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2018 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, 2018, the Town's proportion was 0.164331%, which was a decrease of 0.00431% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized net OPEB revenue of \$887. At June 30, 2019, 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, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,801	\$ -
Changes of assumptions	2,128	6,126
Net difference between projected and actual earnings on OPEB plan investments	-	1,742
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,443
Contributions subsequent to the measurement date	-	-
Total	\$ 4,929	\$ 10,311

\$0 was 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	PLD Life Insurance
Plan year ended June 30:	
2019	\$ (1,634)
2020	(1,634)
2021	(1,634)
2022	(1,305)
2023	827
Thereafter	-

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2018, 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, 2019

NOTE 17 - 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, 2018, there were 12 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2018 and June 30, 2017 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, 2018 are as follows:

Investment Rate of Return - For the PLD Plan, 6.75% per annum, compounded annually; the rate for 2017 was 6.875%, compounded annually.

Inflation Rate - 2.75%

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 17 - 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, 2018 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	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total OPEB liability was 5.13% for 2018. The projection of cash flows used to determine the discount rate assumed 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, 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 5.13% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	4.13%	5.13%	6.13%
Town's proportionate share of the net OPEB benefits liability	\$ 43,858	\$ 33,196	\$ 24,791

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, 2018 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, 2018 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, 2018.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

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.

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, 2018 and June 30, 2017 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 2018. For the fiscal year ended June 30, 2018, 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

were no differences between employer contributions and proportionate share of contributions as of June 30, 2018.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at www.mainepers.org or by contacting the System at (207) 512-3100.

NOTE 18 - COMPONENT UNIT

The Town of Livermore Falls has shown the following component unit separately in the financial statements:

The Livermore Falls Sewer Treatment Plant was created through an interlocal agreement between the Towns of Livermore Falls and 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 interlocal 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, 2019, the most recent information available, the balance in the reserve account was \$188,667. Operating, maintenance and administrative costs for the sewerage treatment plant and disposal facilities are prorated between the towns based on metered volume of flow.

The sewer treatment plant's audited financial statements are available at Livermore Falls Sewerage Treatment Plant, 2 Main Street, Livermore Falls, Maine 04254.

NOTE 19 - 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 town's 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, 2019

NOTE 19 - TAX INCREMENT FINANCING DISTRICT (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 Select Board shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed by March 31, 2044.

NOTE 20 - CONTINGENCIES

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 20 - CONTINGENCIES (CONTINUED)

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

NOTE 21 - 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 22 - RESTATEMENTS

In 2019, the Town determined that certain transactions had been recorded incorrectly or omitted. Therefore, restatements to the Town's governmental activities and business-type activities net position was required.

The net position of the governmental activities and capital asset beginning balances were restated at July 1, 2018 to correct the capital asset and accumulated depreciation balance by an increase of \$150,851. The net position of the business-type activities and capital asset beginning balances were restated at July 1, 2018 to correct the capital asset and accumulated depreciation balance by an increase of \$35,439.

The net position of the business-type activities has been restated at July 1, 2018 to account for the removal of the investment in the Livermore Falls sewer treatment plant and to show this as a component unit. The net position of the business-type activities was restated by a decrease of \$2,857,767.

The resulting restatements increased governmental activities net position from \$3,606,777 to \$3,757,628, the business-type activities net position decreased from \$3,142,587 to \$320,259, governmental activities net capital assets increased from \$1,713,962 to \$1,864,813 and business-type activities net capital assets increased from \$1,044,899 to \$1,080,338.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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
- Notes to Required Supplementary Information

SCHEDULE 1

TOWN OF LIVERMORE FALLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,901,041	\$ 1,901,041	\$ 1,901,041	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	3,452,343	3,452,343	3,416,400	(35,943)
Excise taxes	404,500	404,500	410,133	5,633
Intergovernmental revenues	469,025	469,025	532,117	63,092
Charges for services	6,300	18,300	85,696	67,396
Investment income	47,800	47,800	59,526	11,726
Miscellaneous revenues	48,000	48,000	40,238	(7,762)
Note proceeds	-	209,605	209,605	-
Amounts Available for Appropriation	<u>6,329,009</u>	<u>6,550,614</u>	<u>6,654,756</u>	<u>104,142</u>
Charges to Appropriations (Outflows)				
General government	337,936	345,637	367,960	(22,323)
Public safety	976,401	980,264	974,001	6,263
Public works	597,949	665,556	567,776	97,780
Transfer station	122,559	152,886	98,188	54,698
Buildings	81,221	81,221	66,380	14,841
Library	75,506	75,506	72,035	3,471
Grounds care	5,625	5,625	5,833	(208)
Recreation	30,218	47,735	67,588	(19,853)
General assistance	8,960	8,960	16,616	(7,656)
Education	1,776,561	1,776,561	1,776,561	-
County tax	205,335	205,335	205,335	-
Insurance	66,712	66,712	71,373	(4,661)
Other	70,662	83,868	17,044	66,824
Debt service:				
Principal	74,000	74,000	73,501	499
Interest	55,363	55,363	84,709	(29,346)
Capital outlay	18,000	227,605	227,400	205
Transfers to other funds	24,960	24,960	24,960	-
Total Charges to Appropriations (Outflows)	<u>4,527,968</u>	<u>4,877,794</u>	<u>4,717,260</u>	<u>160,534</u>
Budgetary Fund Balance, June 30	<u>\$ 1,801,041</u>	<u>\$ 1,672,820</u>	<u>\$ 1,937,496</u>	<u>\$ 264,676</u>
Utilization of unassigned fund balance	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Utilization of assigned fund balance	-	128,221	-	(128,221)
	<u>\$ 100,000</u>	<u>\$ 228,221</u>	<u>\$ -</u>	<u>\$ (228,221)</u>

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

SCHEDULE 2

TOWN OF LIVERMORE FALLS, MAINE

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

	2019	2018	2017	2016	2015
<u>PLD Plan:</u>					
Proportion of the net pension liability	0.07%	0.06%	0.07%	0.07%	0.06%
Proportionate share of the net pension liability	\$ 181,380	\$ 255,210	\$ 382,277	\$ 207,617	\$ 87,571
Covered payroll	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937	\$ 545,672
Proportionate share of the net pension liability as a percentage of its covered payroll	22.79%	51.54%	62.89%	32.39%	16.05%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	86.40%	81.61%	88.30%

* 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.

SCHEDULE 3

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2019	2018	2017	2016	2015
<u>PLD Plan:</u>					
Contractually required contribution	\$ 41,861	\$ 34,705	\$ 31,810	\$ 34,175	\$ 5,849
Contributions in relation to the contractually required contribution	(41,861)	(34,705)	(31,810)	(34,175)	(5,849)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937
Contributions as a percentage of covered payroll	7.34%	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>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>			
Proportion of the net OPEB liability	0.16%	0.17%	0.18%
Town's proportionate share of the net OPEB liability	\$ 33,196	\$ 28,200	\$ 40,606
State's proportionate share of the net OPEB liability associated with the District	-	-	-
Total	<u>\$ 33,196</u>	<u>\$ 28,200</u>	<u>\$ 40,606</u>
Covered payroll	\$ 795,757	\$ 495,161	\$ 607,892
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.17%	5.70%	6.68%
Plan fiduciary net position as a percentage of the total OPEB liability	43.92%	47.42%	0.00%

* 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 - OPEB
 LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 570,179	\$ 795,757	\$ 495,161
Contributions as a percentage of covered payroll	0.00%	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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes in Assumptions

MEPERS Pension Plan:

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

MEPERS OPEB Plan:

The discount rate for the OPEB PLD Plan was reduced from 6.875% to 6.75%; a blended discount rate was used for the PLD Consolidated Plan.

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 Governmental 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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 3,452,343	\$ 3,452,343	\$ 3,416,400	\$ (35,943)
Vehicle excise taxes	403,000	403,000	408,606	5,606
Boat excise taxes	1,500	1,500	1,527	27
Intergovernmental revenues:				
State revenue sharing	220,245	220,245	229,584	9,339
Homestead exemption	171,730	171,730	202,921	31,191
Veteran's exemption	-	-	3,213	3,213
Tree growth	-	-	9,800	9,800
BETE reimbursement	77,050	77,050	77,086	36
General assistance	-	-	9,513	9,513
Charges for services:				
Admin fees	-	-	12,305	12,305
Clerk fees	1,900	1,900	1,827	(73)
Vital stats	4,400	4,400	4,866	466
Police department	-	-	25,507	25,507
Fire department	-	-	3,434	3,434
Recreation	-	12,000	24,122	12,122
Municipal solid waste	-	-	13,635	13,635
Investment income:				
Investment income	3,800	3,800	27,790	23,990
Interest/fees on taxes	44,000	44,000	31,736	(12,264)
Misc. other income:				
Misc. income	45,000	45,000	40,238	(4,762)
Cable franchise fees	3,000	3,000	-	(3,000)
Note proceeds	-	209,605	209,605	-
TOTAL REVENUES	\$ 4,427,968	\$ 4,649,573	\$ 4,753,715	\$ 104,142

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, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Government -					
General government	\$ 39,153	-	\$ 39,153	\$ 37,556	\$ 1,597
Administration	280,891	-	280,891	312,880	(31,989)
Health officer	1,292	-	1,292	1,209	83
Code enforcement	16,600	7,701	24,301	16,315	7,986
Subtotal General Government	337,936	7,701	345,637	367,960	(22,323)
Public Safety -					
Police	565,472	-	565,472	554,235	11,237
Fire	113,467	3,863	117,330	120,394	(3,064)
Andro County dispatch	34,739	-	34,739	34,738	1
Ambulance	30,079	-	30,079	30,079	-
Street lights	37,250	-	37,250	37,811	(561)
Hydrant rental	195,394	-	195,394	196,744	(1,350)
Subtotal Public Safety	976,401	3,863	980,264	974,001	6,263
Public Works -					
Highway	477,949	-	477,949	457,628	20,321
Paving	120,000	67,607	187,607	110,148	77,459
Subtotal Public Works	597,949	67,607	665,556	567,776	97,780
Transfer Station	122,559	30,327	152,886	98,188	54,698
Buildings	81,221	-	81,221	66,380	14,841
Library	75,506	-	75,506	72,035	3,471
Grounds Care	5,625	-	5,625	5,833	(208)
Recreation	30,218	17,517	47,735	67,588	(19,853)

SCHEDULE B (CONTINUED)

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Assistance	8,960	-	8,960	16,616	(7,656)
Education	1,776,561	-	1,776,561	1,776,561	-
County Tax	205,335	-	205,335	205,335	-
Insurance	66,712	-	66,712	71,373	(4,661)
Transfers -					
Capital outlay	24,960	-	24,960	24,960	-
Subtotal Transfers	24,960	-	24,960	24,960	-
Debt Service -					
Principal	74,000	-	74,000	73,501	499
Interest	55,363	-	55,363	84,709	(29,346)
Subtotal Debt Service	129,363	-	129,363	158,210	(28,847)
Other -					
Overlay	36,887	-	36,887	-	36,887
Ministerial	1,500	-	1,500	1,500	-
Tri-Town Fuel Fund	1,500	-	1,500	1,500	-
Cable franchise fees	3,000	-	3,000	-	3,000
Town clock	775	-	775	825	(50)
Senior Plus	1,500	-	1,500	1,500	-
Safe Voices	500	-	500	500	-
Dangerous buildings	-	13,206	13,206	11,219	1,987
Contingency	25,000	-	25,000	-	25,000
Subtotal Other	70,662	13,206	83,868	17,044	66,824
Capital Outlay -					
Capital Outlay - Police cruiser	18,000	43,105	61,105	60,900	205
Capital Outlay - wheel loader	-	166,500	166,500	166,500	-
Subtotal Capital Outlay	18,000	209,605	227,605	227,400	205
Total Departmental Operations	\$ 4,527,968	\$ 349,826	\$ 4,877,794	\$ 4,717,260	\$ 160,534

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

SCHEDULE C

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,269	\$ 214,287	\$ 6,030	\$ 226,586
Note receivable	400,000	-	-	400,000
Due from other funds	120,477	49,043	20,070	189,590
TOTAL ASSETS	<u>\$ 526,746</u>	<u>\$ 263,330</u>	<u>\$ 26,100</u>	<u>\$ 816,176</u>
LIABILITIES				
Due to other funds	\$ 5,848	\$ 7,850	\$ 10	\$ 13,708
TOTAL LIABILITIES	<u>5,848</u>	<u>7,850</u>	<u>10</u>	<u>13,708</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	526,377	-	26,090	552,467
Committed	-	-	-	-
Assigned	-	255,480	-	255,480
Unassigned	(5,479)	-	-	(5,479)
TOTAL FUND BALANCES	<u>520,898</u>	<u>255,480</u>	<u>26,090</u>	<u>802,468</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 526,746</u>	<u>\$ 263,330</u>	<u>\$ 26,100</u>	<u>\$ 816,176</u>

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ 1,156	\$ 1,122	\$ 31	\$ 2,309
Charges for services	-	-	19,385	19,385
TOTAL REVENUES	<u>1,156</u>	<u>1,122</u>	<u>19,416</u>	<u>21,694</u>
EXPENDITURES				
Other	5,664	-	14,053	19,717
TOTAL EXPENDITURES	<u>5,664</u>	<u>-</u>	<u>14,053</u>	<u>19,717</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,508)</u>	<u>1,122</u>	<u>5,363</u>	<u>1,977</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	24,960	-	24,960
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>24,960</u>	<u>-</u>	<u>24,960</u>
NET CHANGE IN FUND BALANCES	(4,508)	26,082	5,363	26,937
FUND BALANCES, JULY 1	<u>525,406</u>	<u>229,398</u>	<u>20,727</u>	<u>775,531</u>
FUND BALANCES, JUNE 30	<u>\$ 520,898</u>	<u>\$ 255,480</u>	<u>\$ 26,090</u>	<u>\$ 802,468</u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than 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, 2019

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Pass Through LAMB Grant	Total
ASSETS						
Cash and cash equivalents	\$ 5,823	\$ 446	\$ -	\$ -	\$ -	\$ 6,269
Note receivable	-	-	-	-	400,000	400,000
Due from other funds	-	-	120,477	-	-	120,477
TOTAL ASSETS	\$ 5,823	\$ 446	\$ 120,477	\$ -	\$ 400,000	\$ 526,746
LIABILITIES						
Due to other funds	\$ 369	\$ -	\$ -	\$ 5,479	\$ -	\$ 5,848
TOTAL LIABILITIES	369	-	-	5,479	-	5,848
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	5,454	446	120,477	-	400,000	526,377
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(5,479)	-	(5,479)
TOTAL FUND BALANCES (DEFICITS)	5,454	446	120,477	(5,479)	400,000	520,898
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)						
	\$ 5,823	\$ 446	\$ 120,477	\$ -	\$ 400,000	\$ 526,746

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, 2019

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Pass Through LAMB Grant	Total
REVENUES						
Interest income	\$ 1,154	\$ 2	-	\$ -	-	\$ 1,156
TOTAL REVENUES	<u>1,154</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156</u>
EXPENDITURES						
Other	-	-	-	5,664	-	5,664
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,664</u>	<u>-</u>	<u>5,664</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	1,154	2	-	(5,664)	-	(4,508)
FUND BALANCES (DEFICIT) - JULY 1	<u>4,300</u>	<u>444</u>	<u>120,477</u>	<u>185</u>	<u>400,000</u>	<u>525,406</u>
FUND BALANCES (DEFICIT) - JUNE 30	<u>\$ 5,454</u>	<u>\$ 446</u>	<u>\$ 120,477</u>	<u>\$ (5,479)</u>	<u>\$ 400,000</u>	<u>\$ 520,898</u>

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

SCHEDULE G

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
ASSETS					
Cash and cash equivalents	\$ 41,050	\$ 1,873	\$ 812	\$ 2,344	\$ 78,332
Due from other funds	-	-	60	186	22,726
TOTAL ASSETS	\$ 41,050	\$ 1,873	\$ 872	\$ 2,530	\$ 101,058
LIABILITIES					
Due to other funds	\$ 761	\$ 9	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ 761	\$ 9	\$ -	\$ -	\$ -
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	40,289	1,864	872	2,530	101,058
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	\$ 40,289	\$ 1,864	\$ 872	\$ 2,530	\$ 101,058
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,050	\$ 1,873	\$ 872	\$ 2,530	\$ 101,058

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, 2019

	Mini Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
REVENUES					
Interest income	\$ 25	\$ 102	\$ -	\$ 344	\$ 1,122
TOTAL REVENUES	<u>25</u>	<u>102</u>	<u>-</u>	<u>344</u>	<u>1,122</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25</u>	<u>102</u>	<u>-</u>	<u>344</u>	<u>1,122</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	12,960	24,960
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,960</u>	<u>24,960</u>
NET CHANGE IN FUND BALANCES	25	102	-	13,304	26,082
FUND BALANCES - JULY 1	4,658	12,328	156	78,294	229,398
FUND BALANCES - JUNE 30	<u>\$ 4,683</u>	<u>\$ 12,430</u>	<u>\$ 156</u>	<u>\$ 91,598</u>	<u>\$ 255,480</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of 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, 2019

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
ASSETS					
Cash and cash equivalents	\$ 397	\$ 400	\$ 5,233	\$ -	\$ 6,030
Due from other funds	-	-	-	20,070	20,070
TOTAL ASSETS	<u>\$ 397</u>	<u>\$ 400</u>	<u>\$ 5,233</u>	<u>\$ 20,070</u>	<u>\$ 26,100</u>
LIABILITIES					
Due to other funds	-	-	10	-	10
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	397	400	5,223	20,070	26,090
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>397</u>	<u>400</u>	<u>5,223</u>	<u>20,070</u>	<u>26,090</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 397</u>	<u>\$ 400</u>	<u>\$ 5,233</u>	<u>\$ 20,070</u>	<u>\$ 26,100</u>

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

SCHEDULE J

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
REVENUES					
Interest income	\$ 2	\$ 2	\$ 27	\$ -	\$ 31
Charges for services	-	-	-	19,385	19,385
TOTAL REVENUES	<u>2</u>	<u>2</u>	<u>27</u>	<u>19,385</u>	<u>19,416</u>
EXPENDITURES					
Other	-	-	-	14,053	14,053
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,053</u>	<u>14,053</u>
NET CHANGE IN FUND BALANCES	2	2	27	5,332	5,363
FUND BALANCES - JULY 1	395	398	5,196	14,738	20,727
FUND BALANCES - JUNE 30	<u>\$ 397</u>	<u>\$ 400</u>	<u>\$ 5,223</u>	<u>\$ 20,070</u>	<u>\$ 26,090</u>

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

SCHEDULE K

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Administration	\$ 32,200	\$ 341,200	\$ 6,888	\$ -	\$ 380,288
Dispatch	-	3,000	50,723	-	53,723
Public safety	21,500	845,600	1,092,575	-	1,959,675
Public works	23,200	88,631	1,489,488	733,520	2,334,839
Library	19,600	298,100	-	-	317,700
Parks and recreation	50,000	-	-	-	50,000
Sewer	-	1,398,500	1,822,482	918,979	4,139,961
Transfer station	114,800	24,200	105,000	31,745	275,745
Town wide	126,217	25,000	-	-	151,217
Total General Capital Assets	387,517	3,024,231	4,567,156	1,684,244	9,663,148
Less: Accumulated Depreciation	-	(1,976,251)	(3,683,384)	(860,628)	(6,520,263)
Net General Capital Assets	\$ 387,517	\$ 1,047,980	\$ 883,772	\$ 823,616	\$ 3,142,885

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, 2019

	General Capital Assets 7/1/18 (Restated)	Additions	Deletions	General Capital Assets 6/30/19
Administration	\$ 380,288	\$ -	\$ -	\$ 380,288
Dispatch	53,723	-	-	53,723
Public safety	2,178,661	104,645	(323,631)	1,959,675
Public works	2,100,569	386,270	(152,000)	2,334,839
Library	317,700	-	-	317,700
Parks and recreation	50,000	-	-	50,000
Sewer	4,152,461	-	(12,500)	4,139,961
Transfer station	244,000	31,745	-	275,745
Town wide	163,256	-	(12,039)	151,217
Total General Capital Assets	9,640,658	522,660	(500,170)	9,663,148
Less: Accumulated Depreciation	(6,695,507)	(307,007)	482,251	(6,520,263)
Net General Capital Assets	\$ 2,945,151	\$ 215,653	\$ (17,919)	\$ 3,142,885

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



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**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**

Select Board
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, the aggregate discretely presented component units, 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, 2019 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 February 26, 2021.

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*. We noted certain other matters that we reported to management of the Town of Livermore Falls, Maine in a separate letter dated March 31, 2020.

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
February 26, 2021