

Audited Financial Statements and
Other Financial Information

Town of Livermore Falls, Maine

June 30, 2020



Proven Expertise & Integrity

TOWN OF LIVERMORE FALLS, MAINE

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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Selectboard
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, 2020 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, 2020 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 66 through 71 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 14, 2023, 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 14, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. 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, library, grounds care, recreation, general assistance, insurance, education, 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, 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 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 \$51,997 from \$4,157,553 to \$4,209,550. The business-type activities increased by \$109,702 from \$384,599 to \$494,301.

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 - decreased to a balance of \$2,048,488 at the end of this year for the governmental activities. The business-type activities unrestricted net position increased to a balance of \$560,883.

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

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019 (Restated)
Assets:				
Current Assets	\$ 2,673,648	\$ 2,741,469	\$ 653,635	\$ 501,252
Noncurrent Assets:				
Capital Assets	2,360,780	2,243,138	719,156	899,747
Other Assets	406,948	408,014	-	-
Total Assets	5,441,376	5,392,621	1,372,791	1,400,999
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	82,965	87,935	-	-
Deferred Outflows Related to OPEB	7,042	4,929	-	-
Total Deferred Outflows of Resources	90,007	92,864	-	-
Liabilities:				
Current Liabilities	290,512	167,762	176,758	230,462
Noncurrent Liabilities	958,900	1,084,533	701,732	785,938
Total Liabilities	1,249,412	1,252,295	878,490	1,016,400
Deferred Inflows of Resources:				
Prepaid Taxes	11,918	7,001	-	-
Deferred Inflows Related to Pensions	52,137	58,325	-	-
Deferred Inflows Related to OPEB	8,366	10,311	-	-
Total Deferred Inflows of Resources	72,421	75,637	-	-
Net Position:				
Net Investment in Capital Assets	1,591,896	1,390,533	(66,582)	(52,288)
Restricted	569,166	552,467	-	-
Unrestricted	2,048,488	2,214,553	560,883	436,887
Total Net Position	\$ 4,209,550	\$ 4,157,553	\$ 494,301	\$ 384,599

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.27%, while total expenses increased by 14.08%. The largest increase in revenues was in taxes. The largest increase in expenses was in education.

For the business-type activities revenues increased by 17.78%, while total expenses increased by 15.07%.

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

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 48,139	\$ 105,081	\$ 623,488	\$ 564,816
Operating grants and contributions	57,078	-	-	-
Capital grants and contributions	-	-	37,367	30,000
<i>General Revenues:</i>				
Taxes	4,014,375	3,849,905	-	-
Grants and contributions not restricted to specific programs	631,691	532,117	-	-
Investment income	54,381	61,835	20,540	-
Miscellaneous	25,559	40,238	26,049	5,833
Total revenues	4,831,223	4,589,176	707,444	600,649
Expenses				
General government	434,796	305,533	-	-
Public safety	1,088,867	988,739	-	-
Public works	514,292	422,066	-	-
Transfer station	123,411	66,927	-	-
Buildings	59,271	66,380	-	-
Library	80,938	72,035	-	-
Grounds care	4,800	5,833	-	-
Recreation	62,483	67,588	-	-
General assistance	22,636	16,616	-	-
Education	2,024,355	1,776,561	-	-
County tax	211,693	205,335	-	-
Insurance	88,717	71,373	-	-
Other	8,655	17,044	-	-
Interest on long-term debt	21,354	84,709	-	-
Program expenses	32,958	19,717	597,742	519,464
Capital outlay	-	2,795	-	-
Total expenses	4,779,226	4,189,251	597,742	519,464
Change in Net Position	51,997	399,925	109,702	81,185
Net Position - July 1, Restated	4,157,553	3,757,628	384,599	303,414
Net Position - June 30	\$ 4,209,550	\$ 4,157,553	\$ 494,301	\$ 384,599

Financial Analysis of the Town's Fund Statements

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

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

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Assigned	\$ 32,863	\$ 142,130	\$ (109,267)
Unassigned	1,765,616	1,795,366	(29,750)
Total General Fund	<u>\$ 1,798,479</u>	<u>\$ 1,937,496</u>	<u>\$ (139,017)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 537,074	\$ 526,377	\$ 10,697
Committed	7,569	-	7,569
Unassigned	-	(5,479)	5,479
Capital Projects Funds:			
Assigned	286,205	255,480	30,725
Permanent Funds:			
Restricted	32,092	26,090	6,002
Total Nonmajor Funds	<u>\$ 862,940</u>	<u>\$ 802,468</u>	<u>\$ 60,472</u>

The changes to total fund balances for the general fund, and the aggregate nonmajor funds occurred due to the regular activity of operations.

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 \$74,620.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$80,742. All revenue categories were received in excess of budgeted amounts with the exception of excise taxes and miscellaneous revenues.

The general fund actual expenditures were under budgeted amounts by \$146,791. All expenditure categories were within or under budgeted amounts with the exception of library, recreation, general assistance and education.

Capital Asset and Long-term Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town decreased by \$62,949 from the prior fiscal year. This decrease was a result of net capital additions of \$260,740 less current year depreciation of \$323,689.

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

	<u>2020</u>	<u>2019</u>
Land	\$ 387,517	\$ 387,517
Buildings	235,087	305,082
Building improvements	741,172	742,898
Machinery and equipment	402,447	467,583
Vehicles	333,379	416,189
Infrastructure	980,334	823,616
Total	<u>\$ 3,079,936</u>	<u>\$ 3,142,885</u>

Long-term Debt

At June 30, 2020, the Town had \$1,544,662 in bonds and notes from direct borrowings payable versus \$1,804,540 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Economic Factors and Next Year's Budgets and Rates

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

Contacting the Town's Financial Management

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,987,917	\$ 340,939	\$ 2,328,856	\$ 47,089
Investments	305,475	-	305,475	-
Accounts receivable (net of allowance for uncollectibles):				
Taxes	319,349	104,700	424,049	-
Liens	-	37,071	37,071	-
Other	60,907	9,111	70,018	26,815
Due to other governments	-	161,814	161,814	35,414
Total current assets	<u>2,673,648</u>	<u>653,635</u>	<u>3,327,283</u>	<u>109,318</u>
Noncurrent assets:				
Capital assets:				
Land and other assets not being depreciated	387,517	-	387,517	282,005
Depreciable assets, net of accumulated depreciation	1,973,263	719,156	2,692,419	5,134,771
Other assets:				
Restricted cash	-	-	-	219,980
Notes receivable	406,948	-	406,948	-
Total noncurrent assets	<u>2,767,728</u>	<u>719,156</u>	<u>3,486,884</u>	<u>5,636,756</u>
TOTAL ASSETS	<u>5,441,376</u>	<u>1,372,791</u>	<u>6,814,167</u>	<u>5,746,074</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	82,965	-	82,965	-
Deferred outflows related to OPEB	7,042	-	7,042	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>90,007</u>	<u>-</u>	<u>90,007</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,531,383</u>	<u>\$ 1,372,791</u>	<u>\$ 6,904,174</u>	<u>\$ 5,746,074</u>

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 120,465	\$ 85,435	\$ 205,900	\$ 22,955
Accrued payroll	25,550	598	26,148	-
Due to other governments	35,473	-	35,473	162,402
Other liabilities	85	-	85	-
Current portion of long-term obligations	108,939	90,725	199,664	18,959
Total current liabilities	<u>290,512</u>	<u>176,758</u>	<u>467,270</u>	<u>204,316</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	615,200	698,373	1,313,573	-
Notes from direct borrowings payable	55,500	-	55,500	-
Accrued compensated absences	43,019	3,359	46,378	-
Net pension liability	208,151	-	208,151	-
Net OPEB liability	37,030	-	37,030	-
Total noncurrent liabilities	<u>958,900</u>	<u>701,732</u>	<u>1,660,632</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,249,412</u>	<u>878,490</u>	<u>2,127,902</u>	<u>204,316</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	11,918	-	11,918	-
Deferred inflows related to pensions	52,137	-	52,137	-
Deferred inflows related to OPEB	8,366	-	8,366	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>72,421</u>	<u>-</u>	<u>72,421</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,591,896	(66,582)	1,525,314	5,416,776
Restricted	569,166	-	569,166	262,790
Unrestricted	2,048,488	560,883	2,609,371	(137,808)
TOTAL NET POSITION	<u>4,209,550</u>	<u>494,301</u>	<u>4,703,851</u>	<u>5,541,758</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,531,383</u>	<u>\$ 1,372,791</u>	<u>\$ 6,904,174</u>	<u>\$ 5,746,074</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government	
Governmental activities:								
General government	\$ 434,796	\$ 16,533	\$ 13,070	\$ -	\$ (405,193)	\$ -	\$ (405,193)	\$ -
Public safety	1,088,867	1,063	-	-	(1,087,804)	-	(1,087,804)	-
Public works	514,292	-	32,008	-	(482,284)	-	(482,284)	-
Transfer station	123,411	11,072	-	-	(112,339)	-	(112,339)	-
Buildings	59,271	-	-	-	(59,271)	-	(59,271)	-
Library	80,938	-	-	-	(80,938)	-	(80,938)	-
Grounds care	4,800	-	-	-	(4,800)	-	(4,800)	-
Recreation	62,483	1,577	12,000	-	(48,906)	-	(48,906)	-
General assistance	22,636	-	-	-	(22,636)	-	(22,636)	-
Education	2,024,355	-	-	-	(2,024,355)	-	(2,024,355)	-
County tax	211,693	-	-	-	(211,693)	-	(211,693)	-
Insurance	88,717	-	-	-	(88,717)	-	(88,717)	-
Other	8,655	-	-	-	(8,655)	-	(8,655)	-
Interest on long-term debt	21,354	-	-	-	(21,354)	-	(21,354)	-
Program expenditures	32,958	17,894	-	-	(15,064)	-	(15,064)	-
Total governmental activities	<u>4,779,226</u>	<u>48,139</u>	<u>57,078</u>	<u>-</u>	<u>(4,674,009)</u>	<u>-</u>	<u>(4,674,009)</u>	<u>-</u>
Business-type activities:								
Sewer department	597,742	623,488	-	37,367	-	63,113	63,113	-
Total business-type activities	<u>597,742</u>	<u>623,488</u>	<u>-</u>	<u>37,367</u>	<u>-</u>	<u>63,113</u>	<u>63,113</u>	<u>-</u>
Total government	<u>\$ 5,376,968</u>	<u>\$ 671,627</u>	<u>\$ 57,078</u>	<u>\$ 37,367</u>	<u>(4,674,009)</u>	<u>63,113</u>	<u>(4,610,896)</u>	<u>-</u>
Component Units:								
Sewer Treatment Plant	\$ 516,692	\$ 403,498	\$ 12,000	\$ -	\$ -	-	-	(101,194)
Total component units	<u>\$ 516,692</u>	<u>\$ 403,498</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(101,194)</u>

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net (expense) revenue	<u>(4,674,009)</u>	<u>63,113</u>	<u>(4,610,896)</u>	<u>(101,194)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes	3,624,697	-	3,624,697	-
Excise taxes	389,678	-	389,678	-
Grants and contributions not restricted to specific programs	631,691	-	631,691	-
Interest income	54,381	20,540	74,921	576
Miscellaneous	25,559	26,049	51,608	219,970
Total general revenues	<u>4,726,006</u>	<u>46,589</u>	<u>4,772,595</u>	<u>220,546</u>
Change in net position	51,997	109,702	161,699	119,352
NET POSITION - JULY 1, RESTATED	<u>4,157,553</u>	<u>384,599</u>	<u>4,542,152</u>	<u>5,422,406</u>
NET POSITION - JUNE 30	<u>\$ 4,209,550</u>	<u>\$ 494,301</u>	<u>\$ 4,703,851</u>	<u>\$ 5,541,758</u>

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

TOWN OF LIVERMORE FALLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,751,603	\$ 236,314	\$ 1,987,917
Investments	305,475	-	305,475
Accounts receivable (net of allowance for uncollectibles):			
Taxes	319,349	-	319,349
Other	60,907	-	60,907
Notes receivable	6,948	400,000	406,948
Due from other funds	11,741	238,367	250,108
TOTAL ASSETS	\$ 2,456,023	\$ 874,681	\$ 3,330,704
LIABILITIES			
Accounts payable	\$ 120,465	\$ -	\$ 120,465
Accrued payroll	25,550	-	25,550
Due to other governments	35,473	-	35,473
Other liabilities	85	-	85
Due to other funds	238,367	11,741	250,108
TOTAL LIABILITIES	419,940	11,741	431,681
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	11,918	-	11,918
Deferred tax revenues	225,686	-	225,686
TOTAL DEFERRED INFLOWS OF RESOURCES	237,604	-	237,604
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	569,166	569,166
Committed	-	7,569	7,569
Assigned	32,863	286,205	319,068
Unassigned	1,765,616	-	1,765,616
TOTAL FUND BALANCES	1,798,479	862,940	2,661,419
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,456,023	\$ 874,681	\$ 3,330,704

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

TOWN OF LIVERMORE FALLS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,661,419
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	2,360,780
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	225,686
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	82,965
OPEB	7,042
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	(629,322)
Notes from direct borrowings payable	(139,562)
Accrued compensated absences	(53,774)
Net pension liability	(208,151)
Net OPEB liability	(37,030)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(52,137)
OPEB	<u>(8,366)</u>
Net position of governmental activities	<u>\$ 4,209,550</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 3,649,078	\$ -	\$ 3,649,078
Excise	389,678	-	389,678
Intergovernmental revenues	673,007	15,762	688,769
Charges for services	30,245	17,894	48,139
Investment income	52,665	1,716	54,381
Miscellaneous revenues	25,559	-	25,559
TOTAL REVENUES	4,820,232	35,372	4,855,604
EXPENDITURES			
Current:			
General government	379,843	-	379,843
Public safety	1,038,510	-	1,038,510
Public works	615,583	-	615,583
Transfer station	175,682	-	175,682
Buildings	59,271	-	59,271
Library	80,938	-	80,938
Grounds care	4,800	-	4,800
Recreation	62,483	-	62,483
General assistance	22,636	-	22,636
Education	2,024,355	-	2,024,355
County tax	211,693	-	211,693
Insurance	88,717	-	88,717
Other	8,655	-	8,655
Program expenditures	-	32,958	32,958
Debt service:			
Principal	83,721	-	83,721
Interest	21,354	-	21,354
Capital outlay	22,950	-	22,950
TOTAL EXPENDITURES	4,901,191	32,958	4,934,149
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,959)	2,414	(78,545)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	58,058	58,058
Transfers (out)	(58,058)	-	(58,058)
TOTAL OTHER FINANCING SOURCES (USES)	(58,058)	58,058	-
NET CHANGE IN FUND BALANCES	(139,017)	60,472	(78,545)
FUND BALANCES - JULY 1	1,937,496	802,468	2,739,964
FUND BALANCES - JUNE 30	\$ 1,798,479	\$ 862,940	\$ 2,661,419

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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (78,545)</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	260,740
Depreciation expense	<u>(143,098)</u>
	<u>117,642</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	(4,970)
OPEB	<u>2,113</u>
	<u>(2,857)</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>83,721</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	6,188
OPEB	<u>1,945</u>
	<u>8,133</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>(24,381)</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	(21,111)
Net pension liability	(26,771)
Net OPEB liability	<u>(3,834)</u>
	<u>(51,716)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 51,997</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 340,939
Accounts receivable (net of allowance for uncollectibles):	
Taxes	104,700
Liens	37,071
Other	9,111
Due from other governments	161,814
Total current assets	<u>653,635</u>
Noncurrent assets:	
Capital assets:	
Property and equipment	4,139,961
Less: accumulated depreciation	<u>(3,420,805)</u>
Subtotal capital assets	<u>719,156</u>
Total noncurrent assets	<u>719,156</u>
TOTAL ASSETS	<u><u>\$ 1,372,791</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 85,435
Accrued payroll	598
Current portion of long-term obligations	90,725
Total current liabilities	<u>176,758</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	698,373
Accrued compensated absences	3,359
Total noncurrent liabilities	<u>701,732</u>
TOTAL LIABILITIES	<u>878,490</u>
NET POSITION	
Net investment in capital assets	(66,582)
Unrestricted	560,883
TOTAL NET POSITION	<u>494,301</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,372,791</u></u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 623,488
Other income	26,049
TOTAL OPERATING REVENUES	<u>649,537</u>
OPERATING EXPENSES	
Treatment plant costs	193,122
Payroll and benefits	17,374
Professional services	63,154
Outside labor	87,237
Supplies	4,199
Utilities	5,019
Depreciation	180,591
Other expense	24,221
TOTAL OPERATING EXPENSES	<u>574,917</u>
OPERATING INCOME (LOSS)	<u>74,620</u>
NONOPERATING REVENUES (EXPENSES)	
State grant	37,367
Interest income	20,540
Interest expense	<u>(22,825)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>35,082</u>
CHANGE IN NET POSITION	109,702
NET POSITION - JULY 1, RESTATED	<u>384,599</u>
NET POSITION - JUNE 30	<u>\$ 494,301</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 633,277
Other income	26,049
Payments to employees and suppliers	(443,250)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>216,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	20,540
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>20,540</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant proceeds	37,367
Principal paid on capital debt	(166,297)
Interest paid on capital debt	(22,825)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(151,755)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84,861
CASH AND CASH EQUIVALENTS - JULY 1	<u>256,078</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 340,939</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 74,620
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	(1,143)
(Increase) decrease in liens receivable	11,408
(Increase) decrease in other receivables	(476)
(Increase) decrease in due from other governments	(77,311)
Increase (decrease) in accounts payable	32,849
Increase (decrease) in accrued payroll	378
Increase (decrease) in due to other governments	(11,322)
Increase (decrease) in accrued compensated absences	6,482
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 216,076</u>

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, library, grounds care, recreation, general assistance, insurance, education, other and program expenses.

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 discreetly presented component unit. This component unit does have separately issued financial statements.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town needed to use the prior year's approved budget for 2 weeks during the new budget year. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 18, 2020 to May 18, 2020.

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable Federal and /or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. 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).

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

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

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

Basis of Accounting

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

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

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

Deposits and Investments

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

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 deposit and other evidence 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$230,739 for the year ended June 30, 2020.

Interfund Receivables and Payables

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

Transactions Between Funds

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

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. 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 reported 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position

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

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

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

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 given annually by vote of the taxpayers and is expressed by the Selectboard.

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.

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 3, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on in two installments on October 24, 2019 and March 26, 2020. Interest on unpaid taxes commenced on October 25, 2019 and March 27, 2020, 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 \$35,683 for the year ended June 30, 2020.

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2020, the Town's deposits amounting to \$2,328,856 were comprised of bank deposits of \$2,375,382. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these deposits, \$2,339,831 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$35,551 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
NOW Checking accounts	\$ 22,540
Savings accounts	285,551
ICS accounts	2,063,755
Cash equivalents	3,536
	<u>\$ 2,375,382</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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. Of the Town's investments of \$305,475, \$231,344 were covered by the Securities Investor Protection Corporation (SIPC) and therefore not exposed to custodial credit risk. The remaining investments of \$74,131 of mutual funds were registered in the client's name through the Direct Registration System and consequently was not exposed to custodial credit risk.

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.

At June 30, 2020, the Town had the following investments:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Equity securities:					
Mutual funds:					
Equities	\$ 84,334	\$ 84,334	\$ -	\$ -	\$ -
Exchange traded funds	147,010	147,010	-	-	-
Debt securities:					
Mutual funds	74,131	-	-	74,131	-
	\$ 305,475	\$ 231,344	\$ -	\$ 74,131	\$ -

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, 2020:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2020 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	\$ 74,131	\$ -	\$ 74,131	\$ -
Total debt securities	74,131	-	74,131	-
Equity securities:				
Mutual funds and exchange traded funds	\$ 231,344	\$ 231,344	\$ -	\$ -
Total equity securities	231,344	231,344	-	-
Total investments by fair value level	305,475	\$ 231,344	\$ 74,131	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	3,536			
Total cash equivalents measured at the NAV	3,536			
Total investments and cash equivalents measured at fair value	\$ 309,011			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 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, 2020 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
	<u> </u>	<u> </u>
General fund	\$ 11,741	\$ 238,367
Nonmajor special revenue funds	138,329	369
Nonmajor capital projects funds	74,003	11,362
Nonmajor permanent funds	26,035	10
	<u>\$ 250,108</u>	<u>\$ 250,108</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.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General fund	\$ -	\$ 58,058
Nonmajor special revenue funds	28,598	-
Nonmajor capital projects funds	29,460	-
	<u>\$ 58,058</u>	<u>\$ 58,058</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Disposals/ Transfers	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 387,517	\$ -	\$ -	\$ 387,517
Construction in progress	31,745	-	(31,745)	-
	<u>419,262</u>	<u>-</u>	<u>(31,745)</u>	<u>387,517</u>
Depreciated assets:				
Buildings	866,200	-	-	866,200
Building improvements	759,531	-	-	759,531
Machinery and equipment	1,132,062	21,933	-	1,153,995
Vehicles	1,612,612	-	-	1,612,612
Infrastructure	733,520	270,552	-	1,004,072
	<u>5,103,925</u>	<u>292,485</u>	<u>-</u>	<u>5,396,410</u>
Less: accumulated depreciation	<u>(3,280,049)</u>	<u>(143,098)</u>	<u>-</u>	<u>(3,423,147)</u>
	<u>1,823,876</u>	<u>149,387</u>	<u>-</u>	<u>1,973,263</u>
Net capital assets	<u>\$ 2,243,138</u>	<u>\$ 149,387</u>	<u>\$ (31,745)</u>	<u>\$ 2,360,780</u>
<u>Business-type activities</u>				
Depreciated assets:				
Buildings	\$ 1,398,500	\$ -	\$ -	\$ 1,398,500
Machinery and equipment	1,775,043	-	-	1,775,043
Vehicles	47,439	-	-	47,439
Infrastructure	918,979	-	-	918,979
	<u>4,139,961</u>	<u>-</u>	<u>-</u>	<u>4,139,961</u>
Less: accumulated depreciation	<u>(3,240,214)</u>	<u>(180,591)</u>	<u>-</u>	<u>(3,420,805)</u>
	<u>899,747</u>	<u>(180,591)</u>	<u>-</u>	<u>719,156</u>
Net capital assets	<u>\$ 899,747</u>	<u>\$ (180,591)</u>	<u>\$ -</u>	<u>\$ 719,156</u>
<u>Current year depreciation</u>				
Administration				\$ 7,513
Public Safety				50,357
Public Works				83,744
Transfer Station				484
Town-wide				1,000
Subtotal governmental activities depreciation expense				<u>143,098</u>
Sewer				<u>180,591</u>
Total depreciation expense				<u>\$ 323,689</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - 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 \$9,000 from unassigned fund balance 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. The balance outstanding as of June 30, 2020 was \$6,948.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<u>Governmental activities</u>					
Bond payable	\$ 643,000	\$ -	\$ (13,678)	\$ 629,322	\$ 14,122
Notes from direct borrowings payable	209,605	-	(70,043)	139,562	84,062
	<u>\$ 852,605</u>	<u>\$ -</u>	<u>\$ (83,721)</u>	<u>\$ 768,884</u>	<u>\$ 98,184</u>
<u>Business-type activities</u>					
Bonds payable	<u>\$ 952,035</u>	<u>\$ -</u>	<u>\$ (166,297)</u>	<u>\$ 785,738</u>	<u>\$ 87,365</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bonds and notes from direct borrowings outstanding as of June 30, 2020:

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. \$ 629,323

Business-type activities:

\$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. \$ 50,001

\$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. 653,319

\$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. 82,418

785,738

Total bonds payable \$1,415,061

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. \$ 28,562

\$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. 111,000

Total notes from direct borrowings payable \$ 139,562

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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		Total
	Principal	Interest	Principal	Interest	
2021	\$ 14,122	\$ 20,453	\$ 84,062	\$ 1,173	\$ 119,810
2022	14,581	19,994	55,500	-	90,075
2023	15,055	19,520	-	-	34,575
2024	15,544	19,031	-	-	34,575
2025	16,049	18,526	-	-	34,575
2026-2030	88,418	84,457	-	-	172,875
2031-2035	103,751	69,124	-	-	172,875
2036-2040	121,742	51,133	-	-	172,875
2041-2045	142,854	30,021	-	-	172,875
2046-2050	97,206	6,381	-	-	103,587
	<u>\$ 629,322</u>	<u>\$ 338,640</u>	<u>\$ 139,562</u>	<u>\$ 1,173</u>	<u>\$ 1,108,697</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
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	71,060	13,428	84,488
2026-2030	238,253	39,320	277,573
2031-2035	63,225	20,449	83,674
2036-2040	66,506	8,885	75,391
2041-2045	13,371	324	13,695
	<u>\$ 785,738</u>	<u>\$ 157,121</u>	<u>\$ 942,859</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, 2020

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2020 is as follows:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<u>Governmental activities</u>					
Accrued compensated absences	\$ 32,663	\$ 21,111	\$ -	\$ 53,774	\$ 10,755
Net pension liability	181,380	69,905	(43,134)	208,151	-
Net OPEB liability	33,196	5,739	(1,905)	37,030	-
Totals	<u>\$ 247,239</u>	<u>\$ 96,755</u>	<u>\$ (45,039)</u>	<u>\$ 298,955</u>	<u>\$ 10,755</u>
<u>Business-type activities</u>					
Accrued compensated absences	<u>\$ 237</u>	<u>\$ 6,482</u>	<u>\$ -</u>	<u>\$ 6,719</u>	<u>\$ 3,360</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, 2020, the Town's liability for compensated absences is \$60,493.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2020, the Town had the following restricted net position and fund balances:

Special revenue funds (Schedule E):	
D.A.R.E.	\$ 5,865
CDBG fund	449
TIF	120,477
Homeland security grant	10,283
Pass through LAMB grant	400,000
Permanent funds (Schedule I):	
Haines corner cemetery	400
Richardson cemetery	403
Ministerial school fund	5,254
Library trust	26,035
	<u>\$ 569,166</u>

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 7,569</u>
---	-----------------

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

General fund:	
Paving	\$ 12,467
Code enforcement	7,924
Transfer station	10,216
Fire department	2,256
Nonmajor capital projects funds (Schedule G)	286,205
	<u>\$ 319,068</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - OVERSPENT APPROPRIATIONS

At June 30, 2020, the Town had the following overspent appropriations:

Library (Article 23)	\$	318
Recreation (Article 25)		17,472
General assistance (Article 26)		606
Education		20
	<u>\$</u>	<u>18,416</u>

NOTE 14 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2020, 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	\$ 6,509,192	35.73%	<u>\$ 2,325,734</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, 2020.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

occurrence basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

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

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

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org 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, 2019, there were 307 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 2.69%.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 7.05% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The current rate is 7.80% 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 group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2020 was \$38,368.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2020, the Town reported a liability of \$208,151 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 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, 2019, the Town's proportion was 0.06810%, which was an increase of 0.00182% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the Town recognized total pension expense of \$25,553 for the PLD plan. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,646	\$ -
Changes of assumptions	10,542	-
Net difference between projected and actual earnings on pension plan investments	-	52,137
Changes in proportion and differences between contributions and proportionate share of contributions	9,409	-
Contributions subsequent to the measurement date	<u>38,368</u>	<u>-</u>
Total	<u>\$ 82,965</u>	<u>\$ 52,137</u>

\$38,368 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2020	\$ 15,848
2021	(21,170)
2022	(2,187)
2023	(33)
2024	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2019, 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, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility 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, 2019 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2019 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Cost of Living Benefit Increases - 1.91%

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, 2019 are summarized in the following table.

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2019 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2019 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	\$ 474,154	\$ 208,151	\$ (40,670)

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, 2019 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, 2019 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 2019, this was four years; for 2018, this was four years; prior to 2018, this was three 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2019 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.

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' 2019 Comprehensive Annual Financial Report available 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, 2020

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, 2019, there were 239 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.

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, 2020 was \$0.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

At June 30, 2020, the Town reported a liability of \$37,030 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2019 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, 2019, the Town's proportion was 0.173057%, which was an increase of 0.00873% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized net OPEB revenue of \$224. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,360	\$ 1,656
Changes of assumptions	3,082	4,838
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,600	1,872
Contributions subsequent to the measurement date	-	-
	-	-
Total	\$ 7,042	\$ 8,366

\$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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2020	\$ (1,204)
2021	(1,204)
2022	(858)
2023	1,365
2024	578
Thereafter	-

Actuarial Methods and Assumptions

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

Asset Valuation Method

Investments are reported at fair value.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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, 2019, there were 11 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 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, 2019 are as follows:

Investment Rate of Return - For the PLD Plan, 6.75% per annum, compounded annually.

Inflation Rate - 2.75%

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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, 2019 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%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 4.98% for 2019. 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, 2019 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 4.98% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	3.98%	4.98%	5.98%
Town's proportionate share of the net OPEB benefits liability	\$ 48,901	\$ 37,030	\$ 27,671

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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, 2019 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, 2019 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. The differences between expected and actual experience was \$704 as of June 30, 2019.

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, 2019 and June 30, 2018 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 2019. For the fiscal year ended June 30, 2019, 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2019.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Annual Comprehensive Financial Report available online at www.maineopers.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 to cover the cost of major repairs or replacements at the facilities. As of the fiscal year ended June 30, 2020, the most recent information available, the balance in the reserve account was \$262,790. Operating, maintenance and administrative costs for the sewerage treatment plant and disposal facilities are

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - COMPONENT UNIT (CONTINUED)

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.

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

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 Selectboard 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.

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 - RESTATEMENT

In 2020, the Town determined that certain transactions had been recorded incorrectly or omitted, therefore a restatement to the Town's business-type activities net position was required. The net position of the business-type activities was restated by \$16,845 to account for corrections to accounts payable and other liabilities. The resulting restatement decreased the net position of the business-type activities from \$401,444 to \$384,599.

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

TOWN OF LIVERMORE FALLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,937,496	\$ 1,937,496	\$ 1,937,496	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	3,629,560	3,629,560	3,649,078	19,518
Excise taxes	409,500	409,500	389,678	(19,822)
Intergovernmental revenues	583,399	596,469	673,007	76,538
Charges for services	5,800	5,800	30,245	24,445
Investment income	34,700	34,700	52,665	17,965
Miscellaneous revenues	25,000	28,000	25,559	(2,441)
Amounts Available for Appropriation	<u>6,625,455</u>	<u>6,641,525</u>	<u>6,757,728</u>	<u>116,203</u>
Charges to Appropriations (Outflows)				
General government	387,723	391,158	379,843	11,315
Public safety	1,047,151	1,059,062	1,038,510	20,552
Public works	584,731	662,190	615,583	46,607
Transfer station	118,137	185,898	175,682	10,216
Buildings	80,505	80,505	59,271	21,234
Library	80,620	80,620	80,938	(318)
Grounds care	5,625	5,625	4,800	825
Recreation	30,327	45,011	62,483	(17,472)
General assistance	8,960	22,030	22,636	(606)
Education	2,024,335	2,024,335	2,024,355	(20)
County tax	211,693	211,693	211,693	-
Insurance	67,685	92,898	88,717	4,181
Other	51,507	54,507	8,655	45,852
Debt service:				
Principal	13,678	83,721	83,721	-
Interest	25,322	25,779	21,354	4,425
Capital outlay	70,500	22,950	22,950	-
Transfers to other funds	29,460	58,058	58,058	-
Total Charges to Appropriations (Outflows)	<u>4,837,959</u>	<u>5,106,040</u>	<u>4,959,249</u>	<u>146,791</u>
Budgetary Fund Balance, June 30	<u>\$ 1,787,496</u>	<u>\$ 1,535,485</u>	<u>\$ 1,798,479</u>	<u>\$ 262,994</u>
Utilization of unassigned fund balance	\$ 150,000	\$ 259,881	\$ -	\$ (259,881)
Utilization of assigned fund balance	-	142,130	-	(142,130)
	<u>\$ 150,000</u>	<u>\$ 402,011</u>	<u>\$ -</u>	<u>\$ (402,011)</u>

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

TOWN OF LIVERMORE FALLS, MAINE

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

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Proportion of the net pension liability	0.07%	0.07%	0.06%	0.07%	0.07%	0.06%
Proportionate share of the net pension liability	\$ 208,151	\$ 181,380	\$ 255,210	\$ 382,277	\$ 207,617	\$ 87,571
Covered payroll	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937	\$ 545,672
Proportionate share of the net pension liability as a percentage of its covered payroll	36.51%	22.79%	51.54%	62.89%	32.39%	16.05%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	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.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 38,368	\$ 41,861	\$ 34,705	\$ 31,810	\$ 34,175	\$ 5,849
Contributions in relation to the contractually required contribution	<u>(38,368)</u>	<u>(41,861)</u>	<u>(34,705)</u>	<u>(31,810)</u>	<u>(34,175)</u>	<u>(5,849)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937
Contributions as a percentage of covered payroll	7.39%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>				
Proportion of the net OPEB liability	0.17%	0.16%	0.17%	0.18%
Town's proportionate share of the net OPEB liability	<u>\$ 37,030</u>	<u>\$ 33,196</u>	<u>\$ 40,606</u>	<u>\$ -</u>
Total	<u><u>\$ 37,030</u></u>	<u><u>\$ 33,196</u></u>	<u><u>\$ 40,606</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892
Proportionate share of the net OPEB liability as a percentage of its covered payroll	6.49%	4.17%	8.20%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	4.18%	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>2020</u>	<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>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161
Contributions as a percentage of covered payroll	0.00%	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, 2020

Changes in Assumptions

MEPERS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MEPERS OPEB Plan:

There have been no changes in actuarial assumptions since the last measurement date.

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

TOWN OF LIVERMORE FALLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 3,629,560	\$ 3,629,560	\$ 3,649,078	\$ 19,518
Vehicle excise taxes	408,000	408,000	388,291	(19,709)
Boat excise taxes	1,500	1,500	1,387	(113)
Intergovernmental revenues:				
State revenue sharing	322,584	322,584	357,383	34,799
Homestead exemption	179,726	179,726	179,715	(11)
Local road assistance	-	-	32,008	32,008
BETE reimbursement	69,089	69,089	78,831	9,742
General assistance	-	13,070	13,070	-
Town of Jay-Recreation	12,000	12,000	12,000	-
Charges for services:				
Admin fees	-	-	10,104	10,104
Clerk fees	1,800	1,800	1,044	(756)
Vital stats	4,000	4,000	5,385	1,385
Police department	-	-	1,061	1,061
Fire department	-	-	2	2
Recreation	-	-	1,577	1,577
Municipal solid waste	-	-	11,072	11,072
Investment income:				
Investment income	2,700	2,700	16,415	13,715
Interest/fees on taxes	32,000	32,000	36,250	4,250
Misc. other income:				
Misc. income	25,000	25,000	25,559	559
Cable franchise fees	-	3,000	-	(3,000)
TOTAL REVENUES	\$ 4,687,959	\$ 4,704,029	\$ 4,820,232	\$ 116,203

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Government -					
General government	\$ 39,153	\$ (2,500)	\$ 36,653	\$ 36,303	\$ 350
Administration	330,678	(2,500)	328,178	325,137	3,041
Health officer	1,292	-	1,292	1,292	-
Code enforcement	16,600	8,435	25,035	17,111	7,924
Subtotal General Government	<u>387,723</u>	<u>3,435</u>	<u>391,158</u>	<u>379,843</u>	<u>11,315</u>
Public Safety -					
Police	609,043	-	609,043	590,747	18,296
Fire	132,902	11,911	144,813	142,557	2,256
Andro County dispatch	36,937	-	36,937	36,937	-
Ambulance	30,513	-	30,513	30,513	-
Street lights	36,962	-	36,962	36,962	-
Hydrant rental	200,794	-	200,794	200,794	-
Subtotal Public Safety	<u>1,047,151</u>	<u>11,911</u>	<u>1,059,062</u>	<u>1,038,510</u>	<u>20,552</u>
Public Works -					
Highway	464,731	-	464,731	430,591	34,140
Paving	120,000	77,459	197,459	184,992	12,467
Subtotal Public Works	<u>584,731</u>	<u>77,459</u>	<u>662,190</u>	<u>615,583</u>	<u>46,607</u>
Transfer Station	<u>118,137</u>	<u>67,761</u>	<u>185,898</u>	<u>175,682</u>	<u>10,216</u>
Buildings	<u>80,505</u>	<u>-</u>	<u>80,505</u>	<u>59,271</u>	<u>21,234</u>
Library	<u>80,620</u>	<u>-</u>	<u>80,620</u>	<u>80,938</u>	<u>(318)</u>
Grounds Care	<u>5,625</u>	<u>-</u>	<u>5,625</u>	<u>4,800</u>	<u>825</u>
Recreation	<u>30,327</u>	<u>14,684</u>	<u>45,011</u>	<u>62,483</u>	<u>(17,472)</u>

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Assistance	8,960	13,070	22,030	22,636	(606)
Education	2,024,335	-	2,024,335	2,024,355	(20)
County Tax	211,693	-	211,693	211,693	-
Insurance	67,685	25,213	92,898	88,717	4,181
Debt Service -					
Principal	13,678	70,043	83,721	83,721	-
Interest	25,322	457	25,779	21,354	4,425
Subtotal Debt Service	39,000	70,500	109,500	105,075	4,425
Other -					
Overlay	35,682	-	35,682	-	35,682
Ministerial	1,500	-	1,500	1,500	-
Western Maine Fuel Fund	1,500	-	1,500	1,500	-
Cable franchise fees	-	3,000	3,000	-	3,000
Town clock	825	-	825	825	-
Senior Plus	1,500	-	1,500	1,500	-
Safe Voices	500	-	500	500	-
Contingency	10,000	-	10,000	2,830	7,170
Subtotal Other	51,507	3,000	54,507	8,655	45,852
Capital Outlay -					
Capital Outlay - Police cruiser	15,000	(15,000)	-	-	-
Capital Outlay - PW Truck		22,950	22,950	22,950	-
Capital Outlay - PW equipment	55,500	(55,500)	-	-	-
Subtotal Capital Outlay	70,500	(47,550)	22,950	22,950	-
Transfers -					
Special revenue	-	28,598	28,598	28,598	-
Capital outlay	29,460	-	29,460	29,460	-
Subtotal Transfers	29,460	28,598	58,058	58,058	-
Total Departmental Operations	\$ 4,837,959	\$ 268,081	\$ 5,106,040	\$ 4,959,249	\$ 146,791

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,683	\$ 223,564	\$ 6,067	\$ 236,314
Due from other funds	138,329	74,003	26,035	238,367
TOTAL ASSETS	<u>\$ 545,012</u>	<u>\$ 297,567</u>	<u>\$ 32,102</u>	<u>\$ 874,681</u>
LIABILITIES				
Due to other funds	\$ 369	\$ 11,362	\$ 10	\$ 11,741
TOTAL LIABILITIES	<u>369</u>	<u>11,362</u>	<u>10</u>	<u>11,741</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	537,074	-	32,092	569,166
Committed	7,569	-	-	7,569
Assigned	-	286,205	-	286,205
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>544,643</u>	<u>286,205</u>	<u>32,092</u>	<u>862,940</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 545,012</u>	<u>\$ 297,567</u>	<u>\$ 32,102</u>	<u>\$ 874,681</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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 15,762	\$ -	\$ -	\$ 15,762
Interest income	414	1,265	37	1,716
Charges for services	-	-	17,894	17,894
TOTAL REVENUES	<u>16,176</u>	<u>1,265</u>	<u>17,931</u>	<u>35,372</u>
EXPENDITURES				
Other	21,029	-	11,929	32,958
TOTAL EXPENDITURES	<u>21,029</u>	<u>-</u>	<u>11,929</u>	<u>32,958</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,853)</u>	<u>1,265</u>	<u>6,002</u>	<u>2,414</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	28,598	29,460	-	58,058
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>28,598</u>	<u>29,460</u>	<u>-</u>	<u>58,058</u>
NET CHANGE IN FUND BALANCES	23,745	30,725	6,002	60,472
FUND BALANCES, JULY 1	<u>520,898</u>	<u>255,480</u>	<u>26,090</u>	<u>802,468</u>
FUND BALANCES, JUNE 30	<u>\$ 544,643</u>	<u>\$ 286,205</u>	<u>\$ 32,092</u>	<u>\$ 862,940</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.

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Dangerous Buildings	Pass Through LAMB Grant	Total
ASSETS							
Cash and cash equivalents	\$ 6,234	\$ 449	\$ -	\$ -	\$ -	\$ -	\$ 6,683
Note receivable	-	-	-	-	-	400,000	400,000
Due from other funds	-	-	120,477	10,283	7,569	-	138,329
TOTAL ASSETS	\$ 6,234	\$ 449	\$ 120,477	\$ 10,283	\$ 7,569	\$ 400,000	\$ 545,012
LIABILITIES							
Due to other funds	\$ 369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 369
TOTAL LIABILITIES	369	-	-	-	-	-	369
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,865	449	120,477	10,283	-	400,000	537,074
Committed	-	-	-	-	7,569	-	7,569
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	5,865	449	120,477	10,283	7,569	400,000	544,643
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 6,234	\$ 449	\$ 120,477	\$ 10,283	\$ 7,569	\$ 400,000	\$ 545,012

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 SPECIAL REVENUES FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Dangerous Buildings	Pass Through LAMB Grant	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 15,762	\$ -	\$ -	\$ 15,762
Interest income	411	3	-	-	-	-	414
TOTAL REVENUES	<u>411</u>	<u>3</u>	<u>-</u>	<u>15,762</u>	<u>-</u>	<u>-</u>	<u>16,176</u>
EXPENDITURES							
Other	-	-	-	-	21,029	-	21,029
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,029</u>	<u>-</u>	<u>21,029</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>411</u>	<u>3</u>	<u>-</u>	<u>15,762</u>	<u>(21,029)</u>	<u>-</u>	<u>(4,853)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	28,598	-	28,598
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,598</u>	<u>-</u>	<u>28,598</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	411	3	-	15,762	7,569	-	23,745
FUND BALANCES (DEFICIT) - JULY 1	<u>5,454</u>	<u>446</u>	<u>120,477</u>	<u>(5,479)</u>	<u>-</u>	<u>400,000</u>	<u>520,898</u>
FUND BALANCES (DEFICIT) - JUNE 30	<u>\$ 5,865</u>	<u>\$ 449</u>	<u>\$ 120,477</u>	<u>\$ 10,283</u>	<u>\$ 7,569</u>	<u>\$ 400,000</u>	<u>\$ 544,643</u>

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

Capital Projects Funds

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
ASSETS					
Cash and cash equivalents	\$ 49,327	\$ 1,884	\$ 817	\$ 2,357	\$ 78,784
Due from other funds	-	-	60	187	34,726
TOTAL ASSETS	\$ 49,327	\$ 1,884	\$ 877	\$ 2,544	\$ 113,510
LIABILITIES					
Due to other funds	\$ 4,274	\$ 9	-	-	-
TOTAL LIABILITIES	4,274	9	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	45,053	1,875	877	2,544	113,510
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	45,053	1,875	877	2,544	113,510
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,327	\$ 1,884	\$ 877	\$ 2,544	\$ 113,510

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020

	Minni Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
ASSETS					
Cash and cash equivalents	\$ 4,732	\$ 19,600	\$ -	\$ 66,063	\$ 223,564
Due from other funds	-	-	156	38,874	74,003
TOTAL ASSETS	\$ 4,732	\$ 19,600	\$ 156	\$ 104,937	\$ 297,567
LIABILITIES					
Due to other funds	\$ 22	\$ 7,057	\$ -	\$ -	\$ 11,362
TOTAL LIABILITIES	22	7,057	-	-	11,362
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	4,710	12,543	156	104,937	286,205
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	4,710	12,543	156	104,937	286,205
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,732	\$ 19,600	\$ 156	\$ 104,937	\$ 297,567

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 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
REVENUES					
Interest income	\$ 264	\$ 11	\$ 5	\$ 14	\$ 452
TOTAL REVENUES	<u>264</u>	<u>11</u>	<u>5</u>	<u>14</u>	<u>452</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>264</u>	<u>11</u>	<u>5</u>	<u>14</u>	<u>452</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,500	-	-	-	12,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCES	4,764	11	5	14	12,452
FUND BALANCES - JULY 1	<u>40,289</u>	<u>1,864</u>	<u>872</u>	<u>2,530</u>	<u>101,058</u>
FUND BALANCES - JUNE 30	<u>\$ 45,053</u>	<u>\$ 1,875</u>	<u>\$ 877</u>	<u>\$ 2,544</u>	<u>\$ 113,510</u>

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, 2020

	Minni Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
REVENUES					
Interest income	\$ 27	\$ 113	\$ -	\$ 379	\$ 1,265
TOTAL REVENUES	<u>27</u>	<u>113</u>	<u>-</u>	<u>379</u>	<u>1,265</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>27</u>	<u>113</u>	<u>-</u>	<u>379</u>	<u>1,265</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	12,960	29,460
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,960</u>	<u>29,460</u>
NET CHANGE IN FUND BALANCES	27	113	-	13,339	30,725
FUND BALANCES - JULY 1	<u>4,683</u>	<u>12,430</u>	<u>156</u>	<u>91,598</u>	<u>255,480</u>
FUND BALANCES - JUNE 30	<u>\$ 4,710</u>	<u>\$ 12,543</u>	<u>\$ 156</u>	<u>\$ 104,937</u>	<u>\$ 286,205</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.

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
ASSETS					
Cash and cash equivalents	\$ 400	\$ 403	\$ 5,264	\$ -	\$ 6,067
Due from other funds	-	-	-	26,035	26,035
TOTAL ASSETS	<u>\$ 400</u>	<u>\$ 403</u>	<u>\$ 5,264</u>	<u>\$ 26,035</u>	<u>\$ 32,102</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	400	403	5,254	26,035	32,092
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>400</u>	<u>403</u>	<u>5,254</u>	<u>26,035</u>	<u>32,092</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 400</u>	<u>\$ 403</u>	<u>\$ 5,264</u>	<u>\$ 26,035</u>	<u>\$ 32,102</u>

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
REVENUES					
Interest income	\$ 3	\$ 3	\$ 31	\$ -	\$ 37
Charges for services	-	-	-	17,894	17,894
TOTAL REVENUES	<u>3</u>	<u>3</u>	<u>31</u>	<u>17,894</u>	<u>17,931</u>
EXPENDITURES					
Other	-	-	-	11,929	11,929
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,929</u>	<u>11,929</u>
NET CHANGE IN FUND BALANCES	3	3	31	5,965	6,002
FUND BALANCES - JULY 1	<u>397</u>	<u>400</u>	<u>5,223</u>	<u>20,070</u>	<u>26,090</u>
FUND BALANCES - JUNE 30	<u>\$ 400</u>	<u>\$ 403</u>	<u>\$ 5,254</u>	<u>\$ 26,035</u>	<u>\$ 32,092</u>

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

General Capital Assets

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2020

	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	1,102,562	-	1,969,662
Public works	23,200	88,631	1,489,488	918,555	2,519,874
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	85,517	329,517
Town wide	126,217	25,000	11,946	-	163,163
Total General Capital Assets	387,517	3,024,231	4,589,089	1,923,051	9,923,888
Less: Accumulated Depreciation	-	(2,047,972)	(3,853,263)	(942,717)	(6,843,952)
Net General Capital Assets	\$ 387,517	\$ 976,259	\$ 735,826	\$ 980,334	\$ 3,079,936

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
Administration	\$ 380,288	\$ -	\$ -	\$ 380,288
Dispatch	53,723	-	-	53,723
Public safety	1,959,675	9,987	-	1,969,662
Public works	2,334,839	185,035	-	2,519,874
Library	317,700	-	-	317,700
Parks and recreation	50,000	-	-	50,000
Sewer	4,139,961	-	-	4,139,961
Transfer station	275,745	53,772	-	329,517
Town wide	151,217	11,946	-	163,163
Total General Capital Assets	9,663,148	260,740	-	9,923,888
Less: Accumulated Depreciation	(6,520,263)	(323,689)	-	(6,843,952)
Net General Capital Assets	<u>\$ 3,142,885</u>	<u>\$ (62,949)</u>	<u>\$ -</u>	<u>\$ 3,079,936</u>

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

Selectboard
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, 2020 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 14, 2023.

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 February 14, 2023.

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 14, 2023