

Federal Compliance Audit

Town of Livermore Falls, Maine

June 30, 2023



Proven Expertise & Integrity

TOWN OF LIVERMORE FALLS, MAINE

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Livermore Falls
Livermore Falls, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2023 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Livermore Falls, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the

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United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Livermore Falls, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Town of Livermore Falls, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Livermore Falls, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 5 through 12 and 65 through 70 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.

Supplementary 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is 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, capital asset schedules and schedule of expenditures of federal awards 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 September 18, 2024, on our consideration of the Town of Livermore Falls, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Livermore Falls, Maine's 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
September 18, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(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, 2023. 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 and the wastewater treatment upgrade.
- 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 two proprietary funds, the sewer fund and the wastewater treatment upgrade fund. These funds are 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 \$733,207 from \$5,064,959 to \$5,798,166. The business-type activities increased by \$2,966,756 from \$3,539,077 to \$6,505,833.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$3,494,977 at the end of this year for the governmental activities. The business-type activities unrestricted net position increased to a balance of \$1,921,473.

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

	Governmental Activities		Business-type Activities	
	2023	2022 (Restated)	2023	2022
Assets:				
Current Assets	\$ 4,201,480	\$ 3,641,774	\$ 2,115,257	\$ 1,069,438
Noncurrent Assets:				
Capital Assets	2,318,102	2,439,846	9,278,084	5,935,312
Other Assets	400,000	400,000	-	-
Total Assets	6,919,582	6,481,620	11,393,341	7,004,750
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	122,110	123,491	-	-
Deferred Outflows Related to OPEB	6,063	6,204	-	-
Total Deferred Outflows of Resources	128,173	129,695	-	-
Liabilities:				
Current Liabilities	119,043	288,405	369,840	2,937,768
Noncurrent Liabilities	780,125	625,941	4,517,668	527,905
Total Liabilities	899,168	914,346	4,887,508	3,465,673
Deferred Inflows of Resources:				
Prepaid Taxes	10,970	8,782	-	-
Deferred Revenue	263,043	333,816	-	-
Deferred Inflows Related to Pensions	67,061	270,612	-	-
Deferred Inflows Related to OPEB	9,347	18,800	-	-
Total Deferred Inflows of Resources	350,421	632,010	-	-
Net Position:				
Net Investment in Capital Assets	1,730,111	1,835,587	4,584,360	3,569,585
Restricted	573,078	579,100	-	-
Unrestricted (Deficit)	3,494,977	2,650,272	1,921,473	(30,508)
Total Net Position	\$ 5,798,166	\$ 5,064,959	\$ 6,505,833	\$ 3,539,077

Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.00%, while total expenses increased by 11.17%. The largest increase in revenues was in tax revenues. The largest increases in expenses were in general government, public works and education.

For the business-type activities revenues increased by 12.70%, while total expenses increased by 24.99%.

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

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 132,769	\$ 59,196	\$ 790,470	\$ 616,297
Operating grants and contributions	49,261	45,564	-	-
Capital grants and contributions	-	-	2,773,418	2,544,271
<i>General Revenues:</i>				
Taxes	4,452,817	4,191,115	-	-
Grants and contributions not restricted to specific programs	1,287,088	1,437,428	-	-
Investment income	60,382	(27,750)	2,884	7,122
Miscellaneous	146,171	21,801	28,546	22,433
Total revenues	6,128,488	5,727,354	3,595,318	3,190,123
Expenses				
General government	469,931	328,729	-	-
Public safety	1,040,488	1,087,696	-	-
Public works	645,600	492,266	-	-
Transfer station	156,624	136,859	-	-
Buildings	102,734	61,197	-	-
Library	89,466	93,012	-	-
Grounds care	3,900	4,899	-	-
Recreation	62,689	25,327	-	-
General assistance	21,273	13,978	-	-
Education	2,323,950	2,184,767	-	-
County tax	231,352	215,400	-	-
Insurance	115,715	94,513	-	-
Other	17,281	30,782	-	-
Interest on long-term debt	19,520	32,494	-	-
Program expenses	94,758	14,076	628,562	502,898
Capital outlay	-	37,014	-	-
Total expenses	5,395,281	4,853,009	628,562	502,898
Change in Net Position	733,207	874,345	2,966,756	2,687,225
Net Position - July 1, Restated	5,064,959	4,190,614	3,539,077	851,852
Net Position - June 30	\$ 5,798,166	\$ 5,064,959	\$ 6,505,833	\$ 3,539,077

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>2023</u>	<u>2022 (Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 20,196	\$ -	\$ 20,196
Assigned	319,886	-	319,886
Unassigned	2,701,027	2,379,070	321,957
Total General Fund	<u>\$ 3,041,109</u>	<u>\$ 2,379,070</u>	<u>\$ 662,039</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 538,355	\$ 538,319	\$ 36
Committed	7,569	7,569	-
Capital Projects Funds:			
Committed	262,065	168,232	93,833
Unassigned (Deficit)	-	(20,455)	20,455
Permanent Funds:			
Restricted	34,723	40,781	(6,058)
Total Nonmajor Funds	<u>\$ 842,712</u>	<u>\$ 734,446</u>	<u>\$ 108,266</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 \$193,338. The wastewater treatment upgrade fund has no operating income but has significant capital upgrades occurring at the sewerage treatment plant involving grant proceeds.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$438,953. All revenue categories were received in excess of budgeted.

The general fund actual expenditures were under budgeted amounts by \$337,042. All expenditure categories were within or under budgeted amounts with the exception of general government, buildings and general assistance.

Capital Asset and Long-term Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$3,221,028 from the prior fiscal year. This increase was a result of capital additions of \$3,515,637 less current year depreciation of \$294,609.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 399,517	\$ 399,517
Construction in progress	8,899,959	5,465,865
Buildings	105,452	135,272
Building improvements	629,366	649,669
Machinery and equipment	421,273	404,243
Vehicles	163,160	229,352
Infrastructure	977,459	1,091,240
Total	<u>\$ 11,596,186</u>	<u>\$ 8,375,158</u>

Long-term Debt

At June 30, 2023, the Town had \$5,281,715 in bonds payable and a lease liability versus \$1,215,211 last year. Refer to Note 8 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately six 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, 2023

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,729,807	\$ 503,635	\$ 2,233,442	\$ -
Investments	389,990	-	389,990	-
Accounts receivable (net of allowance for uncollectibles):				
Taxes	263,873	222,365	486,238	-
Liens	207,498	15,528	223,026	-
Other	14,516	4,360	18,876	15
Due from other governments	-	2,944,969	2,944,969	31,259
Prepaid items	20,196	-	20,196	-
Internal balances	1,575,600	(1,575,600)	-	-
Total current assets	<u>4,201,480</u>	<u>2,115,257</u>	<u>6,316,737</u>	<u>31,274</u>
Noncurrent assets:				
Capital assets:				
Land and other assets not being depreciated	399,517	8,899,959	9,299,476	91,108
Depreciable assets, net of accumulated depreciation	1,914,922	378,125	2,293,047	5,175,114
Right of use lease assets, net of accumulated depreciation	3,663	-	3,663	-
Other assets:				
Restricted cash	-	-	-	1,726,735
Notes receivable	400,000	-	400,000	-
Total noncurrent assets	<u>2,718,102</u>	<u>9,278,084</u>	<u>11,996,186</u>	<u>6,992,957</u>
TOTAL ASSETS	<u>6,919,582</u>	<u>11,393,341</u>	<u>18,312,923</u>	<u>7,024,231</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	122,110	-	122,110	-
Deferred outflows related to OPEB	6,063	-	6,063	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>128,173</u>	<u>-</u>	<u>128,173</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,047,755</u>	<u>\$ 11,393,341</u>	<u>\$ 18,441,096</u>	<u>\$ 7,024,231</u>

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 49,824	\$ 179,847	\$ 229,671	\$ 76,796
Accrued payroll	29,347	-	29,347	-
Accrued expenses	16,530	-	16,530	18,959
Due to other governments	-	5,421	5,421	2,099,231
Current portion of long-term obligations	23,342	184,572	207,914	-
Total current liabilities	<u>119,043</u>	<u>369,840</u>	<u>488,883</u>	<u>2,194,986</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	570,021	4,513,410	5,083,431	-
Lease liability	1,213	-	1,213	-
Accrued compensated absences	26,339	4,258	30,597	-
Net pension liability	158,712	-	158,712	-
Net OPEB liability	23,840	-	23,840	-
Total noncurrent liabilities	<u>780,125</u>	<u>4,517,668</u>	<u>5,297,793</u>	<u>-</u>
TOTAL LIABILITIES	<u>899,168</u>	<u>4,887,508</u>	<u>5,786,676</u>	<u>2,194,986</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	10,970	-	10,970	-
Deferred revenue	263,043	-	263,043	-
Deferred inflows related to pensions	67,061	-	67,061	-
Deferred inflows related to OPEB	9,347	-	9,347	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>350,421</u>	<u>-</u>	<u>350,421</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,730,111	4,584,360	6,314,471	5,266,222
Restricted	573,078	-	573,078	379,618
Unrestricted (deficit)	3,494,977	1,921,473	5,416,450	(816,595)
TOTAL NET POSITION	<u>5,798,166</u>	<u>6,505,833</u>	<u>12,303,999</u>	<u>4,829,245</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 7,047,755</u>	<u>\$ 11,393,341</u>	<u>\$ 18,441,096</u>	<u>\$ 7,024,231</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 469,931	\$ 25,048	\$ 4,973	\$ -	\$ (439,910)	\$ -	\$ (439,910)	\$ -
Public safety	1,040,488	43,741	-	-	(996,747)	-	(996,747)	-
Public works	645,600	5,290	44,039	-	(596,271)	-	(596,271)	-
Transfer station	156,624	19,652	-	-	(136,972)	-	(136,972)	-
Buildings	102,734	-	-	-	(102,734)	-	(102,734)	-
Library	89,466	-	-	-	(89,466)	-	(89,466)	-
Grounds care	3,900	-	-	-	(3,900)	-	(3,900)	-
Recreation	62,689	21,144	249	-	(41,296)	-	(41,296)	-
General assistance	21,273	-	-	-	(21,273)	-	(21,273)	-
Education	2,323,950	-	-	-	(2,323,950)	-	(2,323,950)	-
County tax	231,352	-	-	-	(231,352)	-	(231,352)	-
Insurance	115,715	-	-	-	(115,715)	-	(115,715)	-
Other	17,281	-	-	-	(17,281)	-	(17,281)	-
Interest on long-term debt	19,520	-	-	-	(19,520)	-	(19,520)	-
Program expenditures	94,758	17,894	-	-	(76,864)	-	(76,864)	-
Total governmental activities	<u>5,395,281</u>	<u>132,769</u>	<u>49,261</u>	<u>-</u>	<u>(5,213,251)</u>	<u>-</u>	<u>(5,213,251)</u>	<u>-</u>
Business-type activities:								
Sewer department	628,562	790,470	-	-	-	161,908	161,908	-
Wastewater treatment upgrades	-	-	-	2,773,418	-	2,773,418	2,773,418	-
Total business-type activities	<u>628,562</u>	<u>790,470</u>	<u>-</u>	<u>2,773,418</u>	<u>-</u>	<u>2,935,326</u>	<u>2,935,326</u>	<u>-</u>
Total government	<u>\$ 6,023,843</u>	<u>\$ 923,239</u>	<u>\$ 49,261</u>	<u>\$ 2,773,418</u>	<u>(5,213,251)</u>	<u>2,935,326</u>	<u>(2,277,925)</u>	<u>-</u>
Component Units:								
Sewerage Treatment Plant	\$ 513,503	\$ 327,466	\$ 55,318	\$ -	\$ -	-	-	(130,719)
Total component units	<u>\$ 513,503</u>	<u>\$ 327,466</u>	<u>\$ 55,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(130,719)</u>

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net (expense) revenue	<u>(5,213,251)</u>	<u>2,935,326</u>	<u>(2,277,925)</u>	<u>(130,719)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes	3,970,321	-	3,970,321	-
Excise taxes	482,496	-	482,496	-
Grants and contributions not restricted to specific programs	1,287,088	-	1,287,088	-
Investment income	60,382	2,884	63,266	9,327
Miscellaneous	146,171	28,546	174,717	2,744
Total general revenues	<u>5,946,458</u>	<u>31,430</u>	<u>5,977,888</u>	<u>12,071</u>
Change in net position	733,207	2,966,756	3,699,963	(118,648)
NET POSITION - JULY 1, RESTATED	<u>5,064,959</u>	<u>3,539,077</u>	<u>8,604,036</u>	<u>4,947,893</u>
NET POSITION - JUNE 30	<u>\$ 5,798,166</u>	<u>\$ 6,505,833</u>	<u>\$ 12,303,999</u>	<u>\$ 4,829,245</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,480,899	\$ 248,908	\$ 1,729,807
Investments	389,990	-	389,990
Accounts receivable (net of allowance for uncollectibles):			
Taxes	263,873	-	263,873
Liens	207,498	-	207,498
Other	14,516	-	14,516
Notes receivable	-	400,000	400,000
Prepaid items	20,196	-	20,196
Due from other funds	5,053,356	494,499	5,547,855
TOTAL ASSETS	\$ 7,430,328	\$ 1,143,407	\$ 8,573,735
LIABILITIES			
Accounts payable	\$ 49,824	\$ -	\$ 49,824
Accrued payroll	29,347	-	29,347
Accrued expenses	16,530	-	16,530
Due to other funds	3,934,603	37,652	3,972,255
TOTAL LIABILITIES	4,030,304	37,652	4,067,956
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	10,970	-	10,970
Deferred revenue	-	263,043	263,043
Deferred tax revenue	347,945	-	347,945
TOTAL DEFERRED INFLOWS OF RESOURCES	358,915	263,043	621,958
FUND BALANCES			
Nonspendable	20,196	-	20,196
Restricted	-	573,078	573,078
Committed	-	269,634	269,634
Assigned	319,886	-	319,886
Unassigned	2,701,027	-	2,701,027
TOTAL FUND BALANCES	3,041,109	842,712	3,883,821
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,430,328	\$ 1,143,407	\$ 8,573,735

See accompanying independent auditor's 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, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 3,883,821
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	2,318,102
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	347,945
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	122,110
OPEB	6,063
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	(585,565)
Lease liability	(2,426)
Accrued compensated absences	(32,924)
Net pension liability	(158,712)
Net OPEB liability	(23,840)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(67,061)
OPEB	<u>(9,347)</u>
Net position of governmental activities	<u>\$ 5,798,166</u>

See accompanying independent auditor's 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, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 3,945,743	\$ -	\$ 3,945,743
Excise	482,496	-	482,496
Intergovernmental revenues	1,265,576	70,773	1,336,349
Charges for services	114,875	17,894	132,769
Investment income, net of unrealized gains/(losses)	59,025	1,357	60,382
Miscellaneous revenues	146,171	-	146,171
TOTAL REVENUES	6,013,886	90,024	6,103,910
EXPENDITURES			
Current:			
General government	501,850	-	501,850
Public safety	1,023,990	-	1,023,990
Public works	551,666	-	551,666
Transfer station	151,680	-	151,680
Buildings	102,734	-	102,734
Library	96,192	-	96,192
Grounds care	3,900	-	3,900
Recreation	62,689	-	62,689
General assistance	21,273	-	21,273
Education	2,323,950	-	2,323,950
County tax	231,352	-	231,352
Insurance	115,715	-	115,715
Other	17,281	-	17,281
Program expenditures	-	94,758	94,758
Debt service:			
Principal	15,055	-	15,055
Interest	19,520	-	19,520
TOTAL EXPENDITURES	5,238,847	94,758	5,333,605
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	775,039	(4,734)	770,305
OTHER FINANCING SOURCES (USES)			
Transfers in	-	113,000	113,000
Transfers (out)	(113,000)	-	(113,000)
TOTAL OTHER FINANCING SOURCES (USES)	(113,000)	113,000	-
NET CHANGE IN FUND BALANCES	662,039	108,266	770,305
FUND BALANCES - JULY 1, RESTATED	2,379,070	734,446	3,113,516
FUND BALANCES - JUNE 30	\$ 3,041,109	\$ 842,712	\$ 3,883,821

See accompanying independent auditor's 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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 770,305</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	81,543
Depreciation expense	<u>(203,287)</u>
	<u>(121,744)</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	(1,381)
OPEB	<u>(141)</u>
	<u>(1,522)</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>16,268</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	203,551
OPEB	<u>9,453</u>
	<u>213,004</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>24,578</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	16,295
Net pension liability	(177,710)
Net OPEB liability	<u>(6,267)</u>
	<u>(167,682)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 733,207</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise		Total
	Sewer Fund	Wastewater Treatment Upgrade	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 503,635	\$ -	\$ 503,635
Accounts receivable (net of allowance for uncollectibles):			
Taxes	222,365	-	222,365
Liens	15,528	-	15,528
Other	4,360	-	4,360
Due from other governments	2,708,265	236,704	2,944,969
Due from other funds	3,440,104	-	3,440,104
Total current assets	<u>6,894,257</u>	<u>236,704</u>	<u>7,130,961</u>
Noncurrent assets:			
Capital assets:			
Property and equipment	3,874,597	8,899,959	12,774,556
Less: accumulated depreciation	(3,496,472)	-	(3,496,472)
Total noncurrent assets	<u>378,125</u>	<u>8,899,959</u>	<u>9,278,084</u>
TOTAL ASSETS	<u>\$ 7,272,382</u>	<u>\$ 9,136,663</u>	<u>\$ 16,409,045</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 18,573	\$ 161,274	\$ 179,847
Due to other governments	5,421	-	5,421
Due to other funds	1,575,600	3,440,104	5,015,704
Current portion of long-term obligations	184,572	-	184,572
Total current liabilities	<u>1,784,166</u>	<u>3,601,378</u>	<u>5,385,544</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	4,513,410	-	4,513,410
Accrued compensated absences	4,258	-	4,258
Total noncurrent liabilities	<u>4,517,668</u>	<u>-</u>	<u>4,517,668</u>
TOTAL LIABILITIES	<u>6,301,834</u>	<u>3,601,378</u>	<u>9,903,212</u>
NET POSITION			
Net investment in capital assets	(4,315,599)	8,899,959	4,584,360
Unrestricted	5,286,147	(3,364,674)	1,921,473
TOTAL NET POSITION	<u>970,548</u>	<u>5,535,285</u>	<u>6,505,833</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,272,382</u>	<u>\$ 9,136,663</u>	<u>\$ 16,409,045</u>

See accompanying independent auditor's 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, 2023

	Enterprise		Total
	Sewer Fund	Wastewater Treatment Upgrade	
OPERATING REVENUES			
Charges for services	\$ 790,470	\$ -	\$ 790,470
Other income	28,546	-	28,546
TOTAL OPERATING REVENUES	<u>819,016</u>	<u>-</u>	<u>819,016</u>
OPERATING EXPENSES			
Treatment plant costs	70,519	-	70,519
Payroll and benefits	30,678	-	30,678
Professional services	218,314	-	218,314
Outside labor	40,429	-	40,429
Supplies	11,247	-	11,247
Utilities	7,182	-	7,182
Repairs and maintenance	40,263	-	40,263
Depreciation	91,322	-	91,322
Other expense	8,363	-	8,363
TOTAL OPERATING EXPENSES	<u>518,317</u>	<u>-</u>	<u>518,317</u>
OPERATING INCOME (LOSS)	<u>300,699</u>	<u>-</u>	<u>300,699</u>
NONOPERATING REVENUES (EXPENSES)			
Grant revenue	-	2,773,418	2,773,418
Interest income	2,884	-	2,884
Interest expense	(110,245)	-	(110,245)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(107,361)</u>	<u>2,773,418</u>	<u>2,666,057</u>
CHANGE IN NET POSITION	193,338	2,773,418	2,966,756
NET POSITION - JULY 1	<u>777,210</u>	<u>2,761,867</u>	<u>3,539,077</u>
NET POSITION - JUNE 30	<u>\$ 970,548</u>	<u>\$ 5,535,285</u>	<u>\$ 6,505,833</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise		Total
	Sewer Fund	Wastewater Treatment Upgrade	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 749,092	\$ -	\$ 749,092
Other income	28,546	1,459,529	1,488,075
Internal activity - receipts (payments) from/to other funds	-	1,791,736	1,791,736
Payments to employees and suppliers	(4,794,609)	(835,814)	(5,630,423)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,016,971)	2,415,451	(1,601,520)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	2,884	-	2,884
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,884	-	2,884
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant revenue	-	2,773,418	2,773,418
Bond proceeds	4,980,032	-	4,980,032
Short-term bond payments	-	(1,754,775)	(1,754,775)
Capital purchases	-	(3,434,094)	(3,434,094)
Principal paid on capital debt	(897,260)	-	(897,260)
Interest paid on capital debt	(110,245)	-	(110,245)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	3,972,527	(2,415,451)	1,557,076
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,560)	-	(41,560)
CASH AND CASH EQUIVALENTS - JULY 1	545,195	-	545,195
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 503,635	\$ -	\$ 503,635
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 300,699	\$ -	\$ 300,699
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	91,322	-	91,322
Changes in operating assets and liabilities:			
(Increase) decrease in taxes receivable	(56,323)	-	(56,323)
(Increase) decrease in liens receivable	19,305	-	19,305
(Increase) decrease in other receivables	(4,360)	-	(4,360)
(Increase) decrease in due from other funds	(1,791,736)	-	(1,791,736)
(Increase) decrease in due from other governments	(2,505,530)	1,459,529	(1,046,001)
Increase (decrease) in accounts payable	(69,875)	(835,814)	(905,689)
Increase (decrease) in accrued compensated absences	(473)	-	(473)
Increase (decrease) in due to other funds	-	1,791,736	1,791,736
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (4,016,971)	\$ 2,415,451	\$ (1,601,520)

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund and wastewater treatment upgrade are categorized as business-type activities. 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) 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Fund:

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

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

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

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

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

Basis of Accounting

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

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

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

Deposits and Investments

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

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:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$2,963,845 for the year ended June 30, 2023.

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized on a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, a lease liability, 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 funds is the same in the fund statements as it is in the government-wide statements.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Other Postemployment Benefits (OPEB)

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

Net Position

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

Fund Balance

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item - deferred outflows related to pension and deferred outflows related to OPEB. These items are reported in the statement of net position.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 6, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on in two installments on October 21, 2022 and March 24, 2023. Interest on unpaid taxes commenced on October 22, 2022 and March 25, 2023, at 5% 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 \$97,196 for the year ended June 30, 2023.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At June 30, 2023, the Town's deposits amounting to \$2,233,442 were comprised of bank deposits of \$2,547,337. 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. All off these deposits, were fully covered by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
NOW Checking accounts	\$ 152,329
ICS accounts	2,389,148
Cash equivalents	5,860
	<u>\$ 2,547,337</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. Of the Town's investments of \$389,990, \$280,236 were covered by the Securities Investor Protection Corporation (SIPC) and therefore not exposed to custodial credit risk. The remaining investments of \$109,754 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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023, the Town had the following investments:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Equity securities:					
Mutual funds:					
Exchange traded funds	\$ 280,236	\$ 280,236	\$ -	\$ -	\$ -
Debt securities:					
Mutual funds	109,754	109,754	-	-	-
	<u>\$ 389,990</u>	<u>\$ 389,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2023:

	June 30, 2023 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	\$ 109,754	\$ -	\$ 109,754	\$ -
Total debt securities	<u>109,754</u>	<u>-</u>	<u>109,754</u>	<u>-</u>
Equity securities:				
Mutual funds and exchange traded funds	\$ 280,236	\$ 280,236	\$ -	\$ -
Total equity securities	<u>280,236</u>	<u>280,236</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>389,990</u>	<u>\$ 280,236</u>	<u>\$ 109,754</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>5,860</u>			
Total cash equivalents measured at the NAV	<u>5,860</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 395,850</u>			

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023 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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 5,053,356	\$ 3,934,603
Enterprise funds	3,440,104	5,015,704
Nonmajor special revenue funds	402,863	369
Nonmajor capital projects funds	63,040	37,272
Nonmajor permanent funds	28,596	11
	<u>\$ 8,987,959</u>	<u>\$ 8,987,959</u>

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ -	\$ 113,000
Nonmajor capital projects funds	113,000	-
	<u>\$ 113,000</u>	<u>\$ 113,000</u>

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22 (Restated)	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 399,517	\$ -	\$ -	\$ 399,517
Depreciated assets:				
Buildings	866,200	-	-	866,200
Building improvements	780,531	18,474	-	799,005
Machinery and equipment	1,120,936	63,069	-	1,184,005
Vehicles	1,319,120	-	-	1,319,120
Infrastructure	1,317,014	-	-	1,317,014
Right of use lease asset	4,851	-	-	4,851
	<u>5,408,652</u>	<u>81,543</u>	<u>-</u>	<u>5,490,195</u>
Less: accumulated depreciation	<u>(3,368,323)</u>	<u>(203,287)</u>	<u>-</u>	<u>(3,571,610)</u>
	<u>2,040,329</u>	<u>(121,744)</u>	<u>-</u>	<u>1,918,585</u>
Net capital assets	<u>\$ 2,439,846</u>	<u>\$ (121,744)</u>	<u>\$ -</u>	<u>\$ 2,318,102</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 5,465,865	\$ 3,434,094	\$ -	\$ 8,899,959
	<u>5,465,865</u>	<u>3,434,094</u>	<u>-</u>	<u>8,899,959</u>
Depreciated assets:				
Buildings and improvements	1,398,500	-	-	1,398,500
Machinery and equipment	1,511,679	-	-	1,511,679
Vehicles	45,439	-	-	45,439
Infrastructure	918,979	-	-	918,979
	<u>3,874,597</u>	<u>-</u>	<u>-</u>	<u>3,874,597</u>
Less: accumulated depreciation	<u>(3,405,150)</u>	<u>(91,322)</u>	<u>-</u>	<u>(3,496,472)</u>
	<u>469,447</u>	<u>(91,322)</u>	<u>-</u>	<u>378,125</u>
Net capital assets	<u>\$ 5,935,312</u>	<u>\$ 3,342,772</u>	<u>\$ -</u>	<u>\$ 9,278,084</u>
<u>Current year depreciation</u>				
Administration				\$ 10,899
Public Safety				91,315
Public Works				93,934
Transfer Station				4,944
Town-wide				2,195
Subtotal governmental activities depreciation expense				<u>203,287</u>
Sewer				91,322
Total depreciation expense				<u>\$ 294,609</u>

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.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23
<u>Business-type activities</u>				
Note payable - short term	\$ 1,754,775	\$ -	\$ (1,754,775)	\$ -

The Town issued a note in anticipation of long-term borrowing. The note allows principal draws up to \$1,008,032 at 1.00% interest. The loan offers forgiveness in the amount of \$720,800 in July of 2023.

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities</u>					
Bond payable	\$ 600,620	\$ -	\$ (15,055)	\$ 585,565	\$ 15,544
Lease liability	3,639	-	(1,213)	2,426	1,213
	<u>\$ 604,259</u>	<u>\$ -</u>	<u>\$ (16,268)</u>	<u>\$ 587,991</u>	<u>\$ 16,757</u>
<u>Business-type activities</u>					
Bonds payable	\$ 610,952	\$ 4,980,032	\$ (897,260)	\$ 4,693,724	\$ 180,314

The following is a summary of the bonds outstanding as of June 30, 2023:

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.

\$ 585,565

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Business-type activities:

\$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.	\$ 73,811
\$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.	449,885
\$1,008,032, 2022 General Obligation Bond due in varying annual principal payments of \$5,448 to \$17,687 through October of 2043. Interest varies from a fixed rate of 1.00% per annum.	305,232
\$3,972,000, 2022 General Obligation Bond due in annual principal and interest payments of \$186,644 through June of 2050. Interest varies from a fixed rate of 2.00% per annum.	<u>3,864,796</u>
	<u>4,693,724</u>
Total bonds payable	<u>\$ 5,279,289</u>

The following is a summary of the lease liability outstanding as of June 30, 2023:

Governmental activities:

\$4,851, Lease liability for copier equipment due in monthly principal and interest payments of \$99 through June of 2025. Interest is at a fixed rate per annum.	<u>\$ 2,426</u>
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The right of use lease asset associated with this lease liability (including amortization/depreciation applicable to the same) is presented as a separate category of Capital Assets and is grouped accordingly on the Statement of Net Position.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8- LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Governmental Activities				
	Bond payable		Lease Liability		Total
	Principal	Interest	Principal	Interest	
2024	\$ 15,544	\$ 19,031	\$ 1,213	\$ -	\$ 35,788
2025	16,049	18,526	1,213	-	35,788
2026	16,571	18,004	-	-	34,575
2027	17,109	17,466	-	-	34,575
2028	17,666	16,909	-	-	34,575
2029-2033	97,322	75,553	-	-	172,875
2034-2038	114,199	58,676	-	-	172,875
2039-2043	134,002	38,873	-	-	172,875
2044-2048	157,103	15,635	-	-	172,738
	<u>\$ 585,565</u>	<u>\$ 278,673</u>	<u>\$ 2,426</u>	<u>\$ -</u>	<u>\$ 866,664</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2024	\$ 180,314	\$ 98,007	\$ 278,321
2025	196,458	92,363	288,821
2026	198,925	88,071	286,996
2027	201,440	83,588	285,028
2028	204,006	78,863	282,869
2029-2033	763,904	344,579	1,108,483
2034-2038	836,142	264,218	1,100,360
2039-2043	887,863	176,884	1,064,747
2044-2048	862,328	88,564	950,892
2049-2053	362,344	10,906	373,250
	<u>\$ 4,693,724</u>	<u>\$ 1,326,043</u>	<u>\$ 6,019,767</u>

All bonds payable and lease liabilities 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, 2023

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities</u>					
Accrued compensated absences	\$ 49,219	\$ -	\$ (16,295)	\$ 32,924	\$ 6,585
Net pension liability/(asset)	(18,998)	238,401	(60,691)	158,712	-
Net OPEB liability	17,573	9,453	(3,186)	23,840	-
Totals	<u>\$ 47,794</u>	<u>\$ 247,854</u>	<u>\$ (80,172)</u>	<u>\$ 215,476</u>	<u>\$ 6,585</u>
<u>Business-type activities</u>					
Accrued compensated absences	<u>\$ 8,989</u>	<u>\$ -</u>	<u>\$ (473)</u>	<u>\$ 8,516</u>	<u>\$ 4,258</u>

Please see Notes 10, 19 and 20 for detailed information on each of the other long-term obligations.

NOTE 10 - 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 a long-term obligation 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, 2023, the Town's liability for compensated absences is \$41,440.

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

Governmental activities:	
Invested in capital assets	\$ 5,889,712
Accumulated depreciation	(3,571,610)
Outstanding capital related debt	<u>(587,991)</u>
	<u>\$ 1,730,111</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS (CONTINUED)

Business-type activities:	
Invested in capital assets	\$ 12,774,556
Accumulated depreciation	(3,496,472)
Outstanding capital related debt	<u>(4,693,724)</u>
	<u>\$ 4,584,360</u>

NOTE 12 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2023, the Town had the following restricted net position and fund balances:

Nonmajor special revenue funds (Schedule E):	
D.A.R.E.	\$ 5,649
CDBG fund	455
TIF	120,477
Homeland security grant	11,774
Pass through LAMB grant	400,000
Permanent funds (Schedule I):	
Haines corner cemetery	404
Richardson cemetery	407
Ministerial school fund	5,316
Library trust	<u>28,596</u>
	<u>\$ 573,078</u>

NOTE 13 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 20,196</u>

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 7,569
Nonmajor capital projects funds (Schedule G)	<u>262,065</u>
	<u>\$ 269,634</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

General fund:		
Summer recreation	\$	6,592
Paving		225,294
Solid waste		73,000
Revaluation		15,000
		<u>15,000</u>
	\$	<u>319,886</u>

NOTE 16 - OVERSPENT APPROPRIATIONS

At June 30, 2023, the Town had the following overspent appropriations:

General government (Article 12)	\$	82,545
Code enforcement (Article 17)		2,850
Buildings (Article 22)		9,481
General assistance (Article 26)		12,313
		<u>12,313</u>
	\$	<u>107,189</u>

NOTE 17 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2023, 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	\$ 6,640,906	20.61%	<u>\$ 1,368,691</u>

NOTE 18 - 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

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, 2023.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK
POOL (CONTINUED)

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, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 19 - 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 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, 2022, there were 311 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 1.52%.

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 7.8% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The current rate is 7.6% 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, 2023 was \$59,310.

Pension Liabilities/(Assets)

PLD Consolidated Plan

At June 30, 2023, the Town reported a liability of \$158,712 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 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, 2022, the Town's proportion was 0.059703%, which was an increase of 0.00059% from its proportion measured as of June 30, 2021.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2023, the Town recognized total pension revenue of \$24,460 for the PLD plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,496	\$ -
Changes of assumptions	32,213	-
Net difference between projected and actual earnings on pension plan investments	-	66,612
Changes in proportion and differences between contributions and proportionate share of contributions	1,091	449
Contributions subsequent to the measurement date	59,310	-
Total	<u>\$ 122,110</u>	<u>\$ 67,061</u>

\$59,310 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, 2024. 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:	
2023	\$ 20,108
2024	(14,273)
2025	(41,383)
2026	31,287
2027	-
Thereafter	-

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2022, 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/(asset) (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 member is the product of the member's pay and normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

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

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which 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, 2022 are as follows:

Investment Rate of Return - 6.50% per annum for the years ended June 30, 2022 and 2021, compounded annually.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

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, 2022 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%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability/(asset) was 6.50% for 2022 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2022 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 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability	\$ 468,879	\$ 158,712	\$ (97,653)

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, 2022 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, 2022 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 2022 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings are 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, 2023

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are 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, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. 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. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

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 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' 2022 Annual Comprehensive 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, 2023

NOTE 20 - 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, 2022, there were 139 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.mainepers.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, 2023 was \$0.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 20 - 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, 2023, the Town reported a liability of \$23,840 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2022 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, 2022, the Town's proportion was 0.16461%, which was a decrease of 0.00561% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized net OPEB revenue of \$3,045. At June 30, 2023, 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	\$ 1,160	\$ 211
Changes of assumptions	1,982	7,444
Net difference between projected and actual earnings on OPEB plan investments	2,061	-
Changes in proportion and differences between contributions and proportionate share of contributions	860	1,692
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 6,063</u>	<u>\$ 9,347</u>

\$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, 2024. 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, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

	<u>PLD Life Insurance</u>	
Plan year ended June 30:		
2023	\$	(735)
2024		(1,477)
2025		(2,149)
2026		1,354
2027		(100)
Thereafter		(176)

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2022, 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, 2023

NOTE 20 - 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, 2022, there were 8 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2022 actuarial valuation was based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - For the PLD Plan, 6.50% per annum, compounded annually.

Inflation Rate - 2.75%

Annual Salary Increases including Inflation - For the PLD Plan, 2.75% to 11.48% per year.

Mortality Rates - For active members and non-disabled retirees of the Plan, the 2010 Public Plan General Benefits - Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model is used.

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, 2023

NOTE 20 - 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, 2022 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 6.50% for 2022. 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, 2022 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 6.50% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net OPEB benefits liability	\$ 32,356	\$ 23,840	\$ 17,002

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 20 - 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, 2022 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, 2022 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.

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 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 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

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, 2022.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 21 - 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, 2023, the most recent information available, the balance in the reserve account was \$379,618. Operating, maintenance and administrative costs for the sewerage treatment plant and disposal facilities are prorated between the towns based on metered volume of flow.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 22 - 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.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 22 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

Program. Any projects financed through municipal bonded indebtedness must be completed by March 31, 2044.

NOTE 23 - 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 24 - RESTATEMENT

In 2023, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted, therefore, restatements to the 2023 government-wide and fund financial statements were required. The beginning net position for governmental activities and the ARPA fund total fund balance were both restated down by \$333,816 to record the remaining balance as deferred revenue instead of fund balance.

The balance of net capital assets was also adjusted to correct the calculation of depreciation expense on one of the Town's buildings. The net capital assets were reduced by \$108,000

The resulting restatements decreased the governmental activities net position from \$5,506,775 to \$5,064,959 and decreased the ARPA fund total fund balance from \$333,816 to \$0.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,379,070	\$ 2,379,070	\$ 2,379,070	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	3,926,320	3,926,320	3,945,743	19,423
Excise taxes	431,500	431,500	482,496	50,996
Intergovernmental revenues	1,161,413	1,161,413	1,265,576	104,163
Charges for services	17,200	17,200	114,875	97,675
Investment income	38,000	38,000	59,025	21,025
Miscellaneous revenues	500	500	146,171	145,671
Amounts Available for Appropriation	<u>7,954,003</u>	<u>7,954,003</u>	<u>8,392,956</u>	<u>438,953</u>
Charges to Appropriations (Outflows)				
General government	450,574	450,574	501,850	(51,276)
Public safety	1,144,459	1,144,459	1,023,990	120,469
Public works	663,200	663,200	551,666	111,534
Transfer station	163,694	163,694	151,680	12,014
Buildings	93,253	93,253	102,734	(9,481)
Library	105,717	105,717	96,192	9,525
Grounds care	4,725	4,725	3,900	825
Recreation	85,907	85,907	62,689	23,218
General assistance	8,960	8,960	21,273	(12,313)
Education	2,323,950	2,323,950	2,323,950	-
County tax	231,352	231,352	231,352	-
Insurance	118,000	118,000	115,715	2,285
Other	123,325	123,325	17,281	106,044
Debt service:				
Principal	15,055	15,055	15,055	-
Interest	43,718	43,718	19,520	24,198
Transfers to other funds	113,000	113,000	113,000	-
Total Charges to Appropriations (Outflows)	<u>5,688,889</u>	<u>5,688,889</u>	<u>5,351,847</u>	<u>337,042</u>
Budgetary Fund Balance, June 30	<u>\$ 2,265,114</u>	<u>\$ 2,265,114</u>	<u>\$ 3,041,109</u>	<u>\$ 775,995</u>
Utilization of assigned fund balance	\$ 84,853	\$ 84,853	\$ -	\$ (84,853)
Utilization of unassigned fund balance	29,103	29,103	-	(29,103)
	<u>\$ 113,956</u>	<u>\$ 113,956</u>	<u>\$ -</u>	<u>\$ (113,956)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Proportion of the net pension liability/(asset)	0.06%	0.06%	0.06%	0.07%	0.07%	0.06%	0.07%	0.07%	0.06%
Proportionate share of the net pension liability	\$ 158,712	\$ (18,998)	\$ 236,401	\$ 208,151	\$ 181,380	\$ 255,210	\$ 382,277	\$ 207,617	\$ 87,571
Covered payroll	\$ 554,782	\$ 491,472	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937	\$ 545,672
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	28.61%	-3.87%	45.52%	36.51%	22.79%	51.54%	62.89%	32.39%	16.05%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.26%	100.86%	88.35%	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 auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<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	\$ 59,310	\$ 46,049	\$ 37,131	\$ 38,368	\$ 41,861	\$ 34,705	\$ 31,810	\$ 34,175	\$ 5,849
Contributions in relation to the contractually required contribution	<u>(59,310)</u>	<u>(46,049)</u>	<u>(37,131)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 652,340	\$ 554,782	\$ 491,472	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937
Contributions as a percentage of covered payroll	9.09%	8.30%	7.56%	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 auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

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

	2023	2022	2021	2020	2019	2018	2017
<u>PLD Life Insurance:</u>							
Proportion of the net OPEB liability	0.16%	0.17%	0.18%	0.17%	0.16%	0.17%	0.18%
Town's proportionate share of the net OPEB liability	\$ 23,840	\$ 17,573	\$ 23,093	\$ 37,030	\$ 33,196	\$ 40,606	\$ -
Total	<u>\$ 23,840</u>	<u>\$ 17,573</u>	<u>\$ 23,093</u>	<u>\$ 37,030</u>	<u>\$ 33,196</u>	<u>\$ 40,606</u>	<u>\$ -</u>
Covered payroll	\$ 554,782	\$ 491,472	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.30%	3.58%	4.45%	6.49%	4.17%	8.20%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	56.15%	48.68%	55.40%	43.18%	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 auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 652,340	\$ 554,782	\$ 491,472	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	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 auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes in Assumptions

MEPERS Pension Plan:

There were no changes of assumptions.

MEPERS OPEB Plan:

There were no changes to assumptions.

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, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 3,926,320	\$ 3,926,320	\$ 3,945,743	\$ 19,423
Vehicle excise taxes	430,000	430,000	481,268	51,268
Boat excise taxes	1,500	1,500	1,228	(272)
Intergovernmental revenues:				
State revenue sharing	800,000	800,000	891,265	91,265
Homestead exemption	241,962	241,962	194,341	(47,621)
Local road assistance	-	-	44,039	44,039
Veteran's exemption	-	-	1,713	1,713
Tree growth	-	-	9,492	9,492
BETE reimbursement	119,451	119,451	119,504	53
General assistance	-	-	4,973	4,973
Other	-	-	249	249
Charges for services:				
Admin fees	10,700	10,700	13,347	2,647
Clerk fees	-	-	3,856	3,856
Vital stats	6,500	6,500	6,028	(472)
Police department	-	-	43,741	43,741
Code enforcement	-	-	1,817	1,817
Public works	-	-	5,290	5,290
Recreation	-	-	21,144	21,144
Municipal solid waste	-	-	19,652	19,652
Investment income:				
Investment income, net of unrealized gains/(losses)	14,000	14,000	59,025	45,025
Misc. other income:				
Interest/fees on taxes	24,000	24,000	27,024	3,024
Rental income	-	-	14,796	14,796
Sales of assets	-	-	20,027	20,027
Insurance refunds	-	-	6,106	6,106
Misc. income	500	500	78,218	77,718
TOTAL REVENUES	\$ 5,574,933	\$ 5,574,933	\$ 6,013,886	\$ 438,953

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Assistance	8,960	-	8,960	21,273	(12,313)
Education	2,323,950	-	2,323,950	2,323,950	-
County Tax	231,352	-	231,352	231,352	-
Insurance	118,000	-	118,000	115,715	2,285
Debt Service -					
Principal	15,055	-	15,055	15,055	(4,465)
Interest	43,718	-	43,718	19,520	24,198
Subtotal Debt Service	58,773	-	58,773	34,575	19,733
Other -					
Overlay	97,196	-	97,196	-	97,196
Ministerial	1,000	-	1,000	1,000	-
AVCOG	3,469	-	3,469	3,470	(1)
Rural Community Action	1,000	-	1,000	1,000	-
Kennebec Humane Society	5,650	-	5,650	5,067	583
Chamber of Commerce	60	-	60	60	-
Town clock	950	-	950	975	(25)
Senior Plus	1,500	-	1,500	1,500	-
AYS Heat & Insurance	2,000	-	2,000	2,000	-
Jug Hill Snowmobile loan	500	-	500	500	-
Contingency	10,000	-	10,000	1,709	8,291
Subtotal Other	123,325	-	123,325	17,281	106,044
Transfers to Other Funds -					
Reserves	113,000	-	113,000	113,000	-
Subtotal Transfers to Other Funds	113,000	-	113,000	113,000	-

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Assistance	8,960	-	8,960	21,273	(12,313)
Education	2,323,950	-	2,323,950	2,323,950	-
County Tax	231,352	-	231,352	231,352	-
Insurance	118,000	-	118,000	115,715	2,285
Debt Service -					
Principal	15,055	-	15,055	15,055	(4,465)
Interest	43,718	-	43,718	19,520	24,198
Subtotal Debt Service	58,773	-	58,773	34,575	19,733
Other -					
Overlay	97,196	-	97,196	-	97,196
Ministerial	1,000	-	1,000	1,000	-
AVCOG	3,469	-	3,469	3,470	(1)
Rural Community Action	1,000	-	1,000	1,000	-
Kennebec Humane Society	5,650	-	5,650	5,067	583
Chamber of Commerce	60	-	60	60	-
Town clock	950	-	950	975	(25)
Senior Plus	1,500	-	1,500	1,500	-
AYS Heat & Insurance	2,000	-	2,000	2,000	-
Jug Hill Snowmobile loan	500	-	500	500	-
Contingency	10,000	-	10,000	1,709	8,291
Subtotal Other	123,325	-	123,325	17,281	106,044
Transfers to Other Funds -					
Reserves	113,000	-	113,000	113,000	-
Subtotal Transfers to Other Funds	113,000	-	113,000	113,000	-
Total Departmental Operations	\$ 5,688,889	\$ -	\$ 5,688,889	\$ 5,351,847	\$ 332,577

See accompanying independent auditor's report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,473	\$ 236,297	\$ 6,138	\$ 248,908
Note receivable	400,000	-	-	400,000
Due from other funds	402,863	63,040	28,596	494,499
TOTAL ASSETS	\$ 809,336	\$ 299,337	\$ 34,734	\$ 1,143,407
LIABILITIES				
Due to other funds	\$ 369	\$ 37,272	\$ 11	\$ 37,652
TOTAL LIABILITIES	369	37,272	11	37,652
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenues	263,043	-	-	263,043
TOTAL DEFERRED INFLOWS OF RESOURCES	263,043	-	-	263,043
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	538,355	-	34,723	573,078
Committed	7,569	262,065	-	269,634
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	545,924	262,065	34,723	842,712
TOTAL LIABILITIES AND FUND BALANCES	\$ 809,336	\$ 299,337	\$ 34,734	\$ 1,143,407

See accompanying independent auditor's 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, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 70,773	\$ -	\$ -	\$ 70,773
Charges for services	-	-	17,894	17,894
Interest income	36	1,288	33	1,357
TOTAL REVENUES	<u>70,809</u>	<u>1,288</u>	<u>17,927</u>	<u>90,024</u>
EXPENDITURES				
Other	<u>70,773</u>	-	<u>23,985</u>	<u>94,758</u>
TOTAL EXPENDITURES	<u>70,773</u>	-	<u>23,985</u>	<u>94,758</u>
NET CHANGE IN FUND BALANCES	36	114,288	(6,058)	108,266
FUND BALANCES - JULY 1, RESTATED	<u>545,888</u>	<u>147,777</u>	<u>40,781</u>	<u>734,446</u>
FUND BALANCES - JUNE 30	<u>\$ 545,924</u>	<u>\$ 262,065</u>	<u>\$ 34,723</u>	<u>\$ 842,712</u>

See accompanying independent auditor's 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, 2023

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Dangerous Buildings	Pass Through LAMB Grant	ARPA	Total
ASSETS								
Cash and cash equivalents	\$ 6,018	\$ 455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,473
Note receivable	-	-	-	-	-	400,000	-	400,000
Due from other funds	-	-	120,477	11,774	7,569	-	263,043	402,863
TOTAL ASSETS	\$ 6,018	\$ 455	\$ 120,477	\$ 11,774	\$ 7,569	\$ 400,000	\$ 263,043	\$ 809,336
LIABILITIES								
Due to other funds	\$ 369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 369
TOTAL LIABILITIES	369	-	-	-	-	-	-	369
DEFERRED INFLOWS OF RESOURCES								
Deferred tax revenues	-	-	-	-	-	-	263,043	263,043
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	263,043	263,043
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	5,649	455	120,477	11,774	-	400,000	-	538,355
Committed	-	-	-	-	7,569	-	-	7,569
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	5,649	455	120,477	11,774	7,569	400,000	-	545,924
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,018	\$ 455	\$ 120,477	\$ 11,774	\$ 7,569	\$ 400,000	\$ 263,043	\$ 809,336

See accompanying independent auditor's 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, 2023

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Dangerous Buildings	Pass Through LAMB Grant	ARPA	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,773	\$ 70,773
Interest income	33	3	-	-	-	-	-	36
TOTAL REVENUES	<u>33</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,773</u>	<u>70,809</u>
EXPENDITURES								
Other	-	-	-	-	-	-	70,773	70,773
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,773</u>	<u>70,773</u>
NET CHANGE IN FUND BALANCES	33	3	-	-	-	-	-	36
FUND BALANCES - JULY 1, RESTATED	<u>5,616</u>	<u>452</u>	<u>120,477</u>	<u>11,774</u>	<u>7,569</u>	<u>400,000</u>	<u>-</u>	<u>545,888</u>
FUND BALANCES - JUNE 30	<u>\$ 5,649</u>	<u>\$ 455</u>	<u>\$ 120,477</u>	<u>\$ 11,774</u>	<u>\$ 7,569</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 545,924</u>

See accompanying independent auditor's 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, 2023

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
ASSETS					
Cash and cash equivalents	\$ 59,981	\$ 1,906	\$ 826	\$ 2,386	\$ 79,724
Due from other funds	40,701	-	59	5,172	13,952
TOTAL ASSETS	\$ 100,682	\$ 1,906	\$ 885	\$ 7,558	\$ 93,676
LIABILITIES					
Due to other funds	\$ -	\$ 9	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	9	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	100,682	1,897	885	7,558	93,676
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	100,682	1,897	885	7,558	93,676
TOTAL LIABILITIES AND FUND BALANCES	\$ 100,682	\$ 1,906	\$ 885	\$ 7,558	\$ 93,676

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2023

	Minni Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Substation	Total
ASSETS						
Cash and cash equivalents	\$ 4,789	\$ 19,834	\$ -	\$ 66,851	\$ -	\$ 236,297
Due from other funds	-	-	156	-	3,000	63,040
TOTAL ASSETS	<u>\$ 4,789</u>	<u>\$ 19,834</u>	<u>\$ 156</u>	<u>\$ 66,851</u>	<u>\$ 3,000</u>	<u>\$ 299,337</u>
LIABILITIES						
Due to other funds	\$ 23	\$ 7,059	\$ -	\$ 30,181	\$ -	\$ 37,272
TOTAL LIABILITIES	<u>23</u>	<u>7,059</u>	<u>-</u>	<u>30,181</u>	<u>-</u>	<u>37,272</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	4,766	12,775	156	36,670	3,000	262,065
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,766</u>	<u>12,775</u>	<u>156</u>	<u>36,670</u>	<u>3,000</u>	<u>262,065</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,789</u>	<u>\$ 19,834</u>	<u>\$ 156</u>	<u>\$ 66,851</u>	<u>\$ 3,000</u>	<u>\$ 299,337</u>

See accompanying independent auditor's 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, 2023

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
REVENUES					
Interest income	\$ 315	\$ 11	\$ 5	\$ 13	\$ 440
TOTAL REVENUES	<u>315</u>	<u>11</u>	<u>5</u>	<u>13</u>	<u>440</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>315</u>	<u>11</u>	<u>5</u>	<u>13</u>	<u>440</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	55,000	-	-	28,000	12,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	55,315	11	5	28,013	12,440
FUND BALANCES (DEFICITS) - JULY 1	<u>45,367</u>	<u>1,886</u>	<u>880</u>	<u>(20,455)</u>	<u>81,236</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 100,682</u>	<u>\$ 1,897</u>	<u>\$ 885</u>	<u>\$ 7,558</u>	<u>\$ 93,676</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, 2023

	Minni Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Substation	Total
REVENUES						
Interest income	\$ 26	\$ 109	\$ -	\$ 369	\$ -	\$ 1,288
TOTAL REVENUES	<u>26</u>	<u>109</u>	<u>-</u>	<u>369</u>	<u>-</u>	<u>1,288</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>26</u>	<u>109</u>	<u>-</u>	<u>369</u>	<u>-</u>	<u>1,288</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	15,000	3,000	113,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>3,000</u>	<u>113,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	26	109	-	15,369	3,000	114,288
FUND BALANCES (DEFICITS) - JULY 1	<u>4,740</u>	<u>12,666</u>	<u>156</u>	<u>21,301</u>	<u>-</u>	<u>147,777</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 4,766</u>	<u>\$ 12,775</u>	<u>\$ 156</u>	<u>\$ 36,670</u>	<u>\$ 3,000</u>	<u>\$ 262,065</u>

See accompanying independent auditor's 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, 2023

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
ASSETS					
Cash and cash equivalents	\$ 404	\$ 407	\$ 5,327	\$ -	\$ 6,138
Due from other funds	-	-	-	28,596	28,596
TOTAL ASSETS	\$ 404	\$ 407	\$ 5,327	\$ 28,596	\$ 34,734
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 11	\$ -	\$ 11
TOTAL LIABILITIES	-	-	11	-	11
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	404	407	5,316	28,596	34,723
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	404	407	5,316	28,596	34,723
TOTAL LIABILITIES AND FUND BALANCES	\$ 404	\$ 407	\$ 5,327	\$ 28,596	\$ 34,734

See accompanying independent auditor's 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, 2023

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ 17,894	\$ 17,894
Interest income	2	2	29	-	33
TOTAL REVENUES	<u>2</u>	<u>2</u>	<u>29</u>	<u>17,894</u>	<u>17,927</u>
EXPENDITURES					
Other	-	-	-	23,985	23,985
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,985</u>	<u>23,985</u>
NET CHANGE IN FUND BALANCES	2	2	29	(6,091)	(6,058)
FUND BALANCES - JULY 1	<u>402</u>	<u>405</u>	<u>5,287</u>	<u>34,687</u>	<u>40,781</u>
FUND BALANCES - JUNE 30	<u>\$ 404</u>	<u>\$ 407</u>	<u>\$ 5,316</u>	<u>\$ 28,596</u>	<u>\$ 34,723</u>

See accompanying independent auditor's 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, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Machinery, Equipment and Vehicles	Infrastructure	Total
Administration	\$ 32,200	\$ 362,200	\$ 25,400	\$ -	\$ 419,800
Dispatch	-	3,000	50,723	-	53,723
Public safety	21,500	857,348	1,047,519	-	1,926,367
Public works	23,200	88,631	1,312,388	1,231,497	2,655,716
Library	19,600	304,826	-	-	324,426
Parks and recreation	50,000	-	-	-	50,000
Sewer	8,899,959	1,398,500	1,557,118	918,979	12,774,556
Transfer station	114,800	24,200	60,000	85,517	284,517
Town wide	138,217	25,000	11,946	-	175,163
Total General Capital Assets	9,299,476	3,063,705	4,065,094	2,235,993	18,664,268
Less: Accumulated Depreciation	-	(2,328,887)	(3,480,661)	(1,258,534)	(7,068,082)
Net General Capital Assets	<u>\$ 9,299,476</u>	<u>\$ 734,818</u>	<u>\$ 584,433</u>	<u>\$ 977,459</u>	<u>\$ 11,596,186</u>

See accompanying independent auditor's 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, 2023

	General Capital Assets 7/1/22 (Restated)	Additions	Deletions	General Capital Assets 6/30/23
Administration	\$ 419,800	\$ -	\$ -	\$ 419,800
Dispatch	53,723	-	-	53,723
Public safety	1,851,550	74,817	-	1,926,367
Public works	2,655,716	-	-	2,655,716
Library	317,700	6,726	-	324,426
Parks and recreation	50,000	-	-	50,000
Sewer	9,340,462	3,434,094	-	12,774,556
Transfer station	284,517	-	-	284,517
Town wide	175,163	-	-	175,163
Total General Capital Assets	15,148,631	3,515,637	-	18,664,268
Less: Accumulated Depreciation	(6,773,473)	(294,609)	-	(7,068,082)
Net General Capital Assets	<u>\$ 8,375,158</u>	<u>\$ 3,221,028</u>	<u>\$ -</u>	<u>\$ 11,596,186</u>

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's 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*
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal ALN	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture Passed-through the State of Maine Department of Environmental Protection:				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ -	\$ 1,343,208
Total U.S. Department of Agriculture			-	1,343,208
U.S. Department of Environmental Protection Agency Passed-through the State of Maine Department of Environmental Protection:				
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Funds	66.458	C230094-04	-	3,063
Capitalization Grants for Clean Water State Revolving Funds	66.458	SG-094	-	829,918
Capitalization Grants for Clean Water State Revolving Funds	66.458	C230094-06	-	1,113,571
Capitalization Grants for Clean Water State Revolving Funds	67.458	C230094-07	-	12,689
Subtotal Clean Water State Revolving Fund Cluster			-	1,959,241
Total U.S. Department of Environmental Protection Agency			-	1,959,241
U.S. Department of the Treasury Direct Award:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ -	\$ 25,729
Total U.S. Department of the Treasury			-	25,729
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 3,328,178

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Livermore Falls, Maine under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Livermore Falls, Maine it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Livermore Falls, Maine.

2. Summary of Significant Accounting Policies

a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

b. The Town of Livermore Falls, Maine has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S 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, 2023 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 September 18, 2024.

Report on 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 (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-003 through 2023-007.

Town of Livermore Falls, Maine's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Livermore Falls, Maine's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Livermore Falls, Maine's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Buxton, Maine
September 18, 2024



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Selectboard
Town of Livermore Falls
Livermore Falls, Maine

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the Town of Livermore Falls, Maine's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Livermore Falls, Maine's major federal programs for the year ended June 30, 2023. Town of Livermore Falls, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Water and Waste Disposal Systems for Rural Communities (10.760) and Capitalization Grants for Clean Water State Revolving Funds (66.458)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions section of our report, the Town of Livermore Falls, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Water and Waste Disposal Systems for Rural Communities (10.760) and Capitalization Grants for Clean Water State Revolving Funds (66.458) for the year ended June 30, 2023.

Basis for Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

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We are required to be independent of the Town of Livermore Falls, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Livermore Falls, Maine's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on Water and Waste Disposal Systems for Rural Communities (10.760) and Capitalization Grants for Clean Water State Revolving Funds (66.458)

As described in the accompanying schedule of findings and questioned costs, the Town of Livermore Falls, Maine did not comply with requirements regarding 2023-003 for Allowable Costs/Cost Principles, 2023-004 for Procurement, Suspension and Debarment, 2023-005 for Allowable Costs/Cost Principles, 2023-006 for Cash Management and 2023-007 for Procurement, Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for the Town of Livermore Falls, Maine to comply with the requirements applicable to that program.

Management's Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Livermore Falls, Maine's federal programs.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Town of Livermore Falls, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Livermore Falls, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Livermore Falls, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Livermore Falls, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Livermore Falls, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (2023-003 and 2023-005) to be material weaknesses. A

significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (2023-004, 2023-006 and 2023-007) to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Livermore Falls, Maine's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town of Livermore Falls, Maine's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
September 18, 2024

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities
66.458	Clean Water State Revolving Fund Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

TOWN OF LIVERMORE FALLS, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

MATERIAL WEAKNESSES

2023-001 - Cash Account Reconciliations:

Criteria: The Town currently uses a pooled cash system for several bank accounts in which the total of the bank reconciliations should agree with the total cash recorded in related cash accounts on the trial balance.

Condition: During the audit, we determined that monthly reconciliations were performed for the pooled cash system but the reconciliations were out of balance, sometimes by significant amounts. The total cash per the bank reconciliations did not agree with the total of the included cash accounts on the trial balance.

Cause: We identified several significant issues with the reconciliations, including journal entries that were posted but that were not posted to all of the required accounts, amounts that had cleared the bank account but that had not been included on the books and reconciling items that should not have been identified as reconciling items (e.g. non-cash transactions, such as an interfund transfer).

Effect: As the Town had not reconciled these cash accounts correctly and had unrecorded transactions, the Town was unaware of the actual balances in these accounts. The importance is that significant errors or misappropriations of funds could have gone undetected for months.

Identification of Questioned Costs: None identified.

Context: The reconciliations for the bank accounts with a pooled cash system were reviewed during the audit and it was determined that the reconciliations were out of balance.

Repeat Finding: This is a repeat finding of 2022-001.

Recommendation: The Town should identify someone within its staff who can either perform the pooled cash reconciliation correctly, reduce the number of funds and accounts included in the pooled cash system, or eliminate the system and go to a due to due from account structure.

TOWN OF LIVERMORE FALLS, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

MATERIAL WEAKNESSES (CONTINUED)

2023-002 - Material Audit Adjustments:

Criteria: As part of the audit process, the auditors use and rely on reports provided by management to prepare the financial statements. When the auditors prepare the financial statements, management must take responsibility for the financial statements and the records used to prepare them. If it is likely that misstatements may occur in the records and go undetected by management, and these misstatements are more than inconsequential, a significant deficiency exists in the entity's control system.

Condition: Our audit procedures detected significant misstatements and we provided audit entries to correct these misstatements.

Cause: During our audit, we identified material amounts that were not posted correctly or not posted at all and therefore, adjusting entries were required.

Effect: If the Town's accounting records are not materially correct, the Town could rely on incomplete or incorrect information. In addition, the likelihood that a significant error will not be detected or corrected in a timely manner is increased.

Identification of Questioned Costs: None identified.

Context: During the audit of the financial records, there were significant misstatements identified requiring adjusting entries.

Repeat Finding: This is a repeat finding of 2022-002.

Recommendation: The Town should conduct a thorough review of its balances after the fiscal year end and before the audit commences. The Town should reconcile such items as interfund transfers, the pooled cash system, debt service payments, debt service proceeds, grant balances and all balance sheet accounts.

Views of Responsible Officials and Corrective Action Plan: Client agrees with finding and a version of their response can be found in the Corrective Action Plan. Please see the Corrective Action Plan issued by the Town of Livermore Falls.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section III - Findings and Questioned Costs for Federal Awards

MATERIAL WEAKNESSES

2023-003 - Allowable Costs/Cost Principles

Federal Program Information:

ALN - 10.760 - Water and Waste Disposal Systems for Rural Communities

Criteria: The following CFR(s) apply to this finding: 2 CFR 200.303

Condition: During audit procedures, it was identified that the Town does not have invoices and board warrants approved before issuing checks.

Cause: The Town does not have the necessary internal controls over compliance.

Effect: Expenses may not be properly allocated to the grant; this could result in unallowable expenses being charged and subsequently improperly reimbursed by federal funds

Identification of Questioned Costs: None identified.

Context: The sample selection consisted of 11 out of 34 transactions. Of the 11 samples, 2 did not have consistent documented approvals from the Town Manager to ensure that only allowable costs were being charged to the program and 4 out of 11 were lacking Select Board approvals.

Repeat Finding: This is a repeat finding of 2022-003

Recommendation: It is recommended that the Town develop and implement policies and procedures for documented approval process to ensure that only allowable costs are charged to the program.

Views of Responsible Officials and Corrective Action Plan: Client agrees with finding and a version of their response can be found in the Corrective Action Plan. Please see the Corrective Action Plan issued by the Town of Livermore Falls.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section III - Findings and Questioned Costs for Federal Awards

SIGNIFICANT DEFICIENCY

2023-004 - Procurement, Suspension & Debarment

Federal Program Information:

ALN - 10.760 - Water and Waste Disposal Systems for Rural Communities

Criteria: The following CFR(s) apply to this finding: 2 CFR 200.317-200.326.

Condition: During audit procedures, it was identified that the Town did not have a procurement policy in place.

Cause: The Town needs to adopt a procurement policy to comply with Uniform Guidance.

Effect: Procurements might not conform to applicable Federal laws.

Identification of Questioned Costs: None identified.

Context: The entire population.

Repeat Finding: This is a repeat finding of 2022-004.

Recommendation: It is recommended that the Town adopt a procurement policy that follows the Uniform Guidance and that the Town implement internal control processes and procedures to ensure that the adopted policy is followed.

Views of Responsible Officials and Corrective Action Plan: Client agrees with finding and a version of their response can be found in the Corrective Action Plan. Please see the Corrective Action Plan issued by the Town of Livermore Falls.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section III - Findings and Questioned Costs for Federal Awards

MATERIAL WEAKNESSES

2023-005 - Allowable Costs/Cost Principles

Federal Program Information:

ALN - 66.458 - Clean Water State Revolving Funds

Criteria: The following CFR(s) apply to this finding: 2 CRF 200.303

Condition: During audit procedures, it was identified that the Town does not have invoices and board warrants approved before issuing checks.

Cause: The Town does not have the necessary internal controls over compliance. Lack of supervisory oversight.

Effect: Expenses may not be properly allocated to the grant; this could result in unallowable expenses being charged and subsequently improperly reimbursed by federal funds

Identification of Questioned Costs: None identified.

Context: The population consisted of 12 out of 38 transactions. Of the 12 samples, 4 did not have consistent document approvals from the Town Manager to ensure that only allowable costs were being charged to the program and 7 out of 12 were lacking Select Board approvals.

Repeat Finding: This is a repeat finding of 2022-006.

Recommendation: It is recommended that the Town develop and implement policies and procedures for documented approval process to ensure that only allowable costs are charged to the program.

Views of Responsible Officials and Corrective Action Plan: Client agrees with finding and a version of their response can be found in the Corrective Action Plan. Please see the Corrective Action Plan issued by the Town of Livermore Falls.

TOWN OF LIVERMORE FALLS, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section III - Findings and Questioned Costs for Federal Awards

SIGNIFICANT DEFICIENCY

2023-006 - Cash Management

Federal Program Information:

ALN - 66.458 - Clean Water State Revolving Funds

Criteria: The following CFR(s) apply to this finding: 2 CFR section 200.302(b)(6)) & 2 CFR section 200.305(b) (3).

Condition: During audit procedures, it was identified that the Town did not have a cash management policy in place.

Cause: The Town has experienced turnover in the Treasurer's position over the past few years, which has delayed the policy implementation.

Effect: The Town may not have adequate policy and procedures in place to safeguard its most liquid assets.

Identification of Questioned Costs: None identified.

Context: The population consisted of 6 out of 10 pay requisites deposit of reimbursements from the fiscal year were examined. Out of the 6 selections all 6 were not properly recorded.

Repeat Finding: This is a repeat finding of 2022-007.

Recommendation: It is recommended that the Town adopt a cash management policy that follows the Uniform Guidance and that the Town implement internal control processes and procedures to ensure that the adopted policy is followed.

Views of Responsible Officials and Corrective Action Plan: Client agrees with finding and a version of their response can be found in the Corrective Action Plan. Please see the Corrective Action Plan issued by the Town of Livermore Falls.

TOWN OF LIVERMORE FALLS, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SIGNIFICANT DEFICIENCY

2023-007- Procurement, Suspension & Debarment

Federal Program Information:

ALN - 66.458 - Clean Water State Revolving Funds

Criteria: The following CFR(s) apply to this finding: 2 CFR 200.317 - 200.326.

Condition: During audit procedures, it was identified that the Town did not have a procurement policy in place.

Cause: The Town needs to adopt a procurement policy to comply with Uniform Guidance.

Effect: Procurements might not conform to applicable Federal laws.

Identification of Questioned Costs: None identified.

Context: The entire population

Repeat Finding: This is not a repeat finding

Recommendation: It is recommended that the Town adopt a procurement policy that follows the Uniform Guidance and that the Town implements internal control processes and procedures to ensure that the adopted policy is followed.

Views of Responsible Officials and Corrective Action Plan: Client agrees with finding and a version of their response can be found in the Corrective Action Plan. Please see the Corrective Action Plan issued by the Town of Livermore Falls.