

Federal Compliance Audit

Town of Livermore Falls, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF LIVERMORE FALLS, MAINE

CONTENTS

JUNE 30, 2021

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 61

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	62
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	63
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	64
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	65
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	66
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - OPEB	67
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	68

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	69
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	70
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	71 - 72
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	73
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	74
SPECIAL REVENUE FUNDS DESCRIPTION	75
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	76
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	77

CAPITAL PROJECTS FUNDS DESCRIPTION	78
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	79 - 80
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	81 - 82
PERMANENT FUNDS DESCRIPTION	83
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	84
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	85
GENERAL CAPITAL ASSETS DESCRIPTION	86
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	87
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	88
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	89
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	90
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	91 - 92
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	93 - 95
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	96 - 103



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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Livermore Falls
Livermore Falls, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Livermore Falls, Maine, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Livermore Falls, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Livermore Falls, Maine as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 11 and 63 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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 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 October 24, 2023, on our consideration of the Town of Livermore Falls, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Livermore Falls, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
October 24, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(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, 2021. 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 one proprietary fund, the sewer fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$434,991 from \$4,209,550 to \$4,644,541. The business-type activities increased by \$100,520 from \$494,301 to \$594,821.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$2,217,780 at the end of this year for the governmental activities. The business-type activities unrestricted net position increased to a balance of \$754,660.

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

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Assets:				
Current Assets	\$ 2,964,091	\$ 2,673,648	\$ 1,038,982	\$ 653,635
Noncurrent Assets:				
Capital Assets	2,520,207	2,360,780	1,389,073	719,156
Other Assets	400,000	406,948	-	-
Total Assets	5,884,298	5,441,376	2,428,055	1,372,791
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	69,418	82,965	-	-
Deferred Outflows Related to OPEB	6,901	7,042	-	-
Total Deferred Outflows of Resources	76,319	90,007	-	-
Liabilities:				
Current Liabilities	366,198	290,512	1,218,924	176,758
Noncurrent Liabilities	896,585	958,900	614,310	701,732
Total Liabilities	1,262,783	1,249,412	1,833,234	878,490
Deferred Inflows of Resources:				
Prepaid Taxes	13,411	11,918	-	-
Deferred Inflows Related to Pensions	21,546	52,137	-	-
Deferred Inflows Related to OPEB	18,336	8,366	-	-
Total Deferred Inflows of Resources	53,293	72,421	-	-
Net Position:				
Net Investment in Capital Assets	1,849,506	1,591,896	(159,839)	(66,582)
Restricted	577,255	569,166	-	-
Unrestricted	2,217,780	2,048,488	754,660	560,883
Total Net Position	\$ 4,644,541	\$ 4,209,550	\$ 594,821	\$ 494,301

Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.95%, while total expenses increased by 1.03%. The largest increase in revenues was in grants and contributions not restricted to specific programs. The largest increase in expenses was in education.

For the business-type activities revenues decreased by 8.24%, while total expenses decreased by 8.22%.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 64,440	\$ 48,139	\$ 617,137	\$ 623,488
Operating grants and contributions	-	57,078	-	-
Capital grants and contributions	-	-	-	37,367
<i>General Revenues:</i>				
Taxes	4,153,153	4,014,375	-	-
Grants and contributions not restricted to specific programs	864,105	631,691	-	-
Investment income	128,239	54,381	11,438	20,540
Miscellaneous	53,670	25,559	20,576	26,049
Total revenues	<u>5,263,607</u>	<u>4,831,223</u>	<u>649,151</u>	<u>707,444</u>
Expenses				
General government	348,991	434,796	-	-
Public safety	1,026,697	1,088,867	-	-
Public works	535,115	514,292	-	-
Transfer station	146,061	123,411	-	-
Buildings	77,788	59,271	-	-
Library	83,412	80,938	-	-
Grounds care	4,800	4,800	-	-
Recreation	16,300	62,483	-	-
General assistance	12,088	22,636	-	-
Education	2,156,820	2,024,355	-	-
County tax	221,250	211,693	-	-
Insurance	109,562	88,717	-	-
Other	26,814	8,655	-	-
Interest on long-term debt	21,453	21,354	-	-
Program expenses	41,465	32,958	548,631	597,742
Total expenses	<u>4,828,616</u>	<u>4,779,226</u>	<u>548,631</u>	<u>597,742</u>
Change in Net Position	434,991	51,997	100,520	109,702
Net Position - July 1	<u>4,209,550</u>	<u>4,157,553</u>	<u>494,301</u>	<u>384,599</u>
Net Position - June 30	<u>\$ 4,644,541</u>	<u>\$ 4,209,550</u>	<u>\$ 594,821</u>	<u>\$ 494,301</u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 252,337	\$ -	\$ 252,337
Assigned	-	32,863	(32,863)
Unassigned	1,766,675	1,765,616	1,059
Total General Fund	<u>\$ 2,019,012</u>	<u>\$ 1,798,479</u>	<u>\$ 220,533</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 537,805	\$ 537,074	\$ 731
Committed	7,569	7,569	-
Capital Projects Funds:			
Assigned	145,815	286,205	(140,390)
Permanent Funds:			
Restricted	39,450	32,092	7,358
Total Nonmajor Funds	<u>\$ 730,639</u>	<u>\$ 862,940</u>	<u>\$ (132,301)</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 \$109,227.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$119,386. All revenue categories were receipted in excess of budgeted amounts with the exception of property taxes and miscellaneous revenues.

The general fund actual expenditures were under budgeted amounts by \$337,477. All expenditure categories were within or under budgeted amounts with the exception of transfer station and general assistance.

Capital Asset and Long-term Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$829,344 from the prior fiscal year. This increase was a result of capital additions of \$1,161,313 less current year depreciation of \$331,969.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 387,517	\$ 387,517
Construction in progress	850,509	-
Buildings	165,092	235,087
Building improvements	760,445	741,172
Machinery and equipment	470,882	402,447
Vehicles	221,462	333,379
Infrastructure	1,053,373	980,334
Total	<u>\$ 3,909,280</u>	<u>\$ 3,079,936</u>

Long-term Debt

At June 30, 2021, the Town had \$1,369,104 in bonds and notes from direct borrowings payable versus \$1,554,622 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

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

Contacting the Town's Financial Management

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,776,245	\$ 553,026	\$ 2,329,271	\$ -
Investments	389,917	-	389,917	-
Accounts receivable (net of allowance for uncollectibles):				
Taxes	354,226	101,497	455,723	-
Liens	-	51,906	51,906	-
Other	191,366	8,826	200,192	26,815
Due from other governments	-	323,727	323,727	274,914
Prepaid items	252,337	-	252,337	-
Total current assets	<u>2,964,091</u>	<u>1,038,982</u>	<u>4,003,073</u>	<u>301,729</u>
Noncurrent assets:				
Capital assets:				
Land and other assets not being depreciated	387,517	850,509	1,238,026	282,005
Depreciable assets, net of accumulated depreciation	2,132,690	538,564	2,671,254	5,062,193
Other assets:				
Restricted cash	-	-	-	243,066
Notes receivable	400,000	-	400,000	-
Total noncurrent assets	<u>2,920,207</u>	<u>1,389,073</u>	<u>4,309,280</u>	<u>5,587,264</u>
TOTAL ASSETS	<u>5,884,298</u>	<u>2,428,055</u>	<u>8,312,353</u>	<u>5,888,993</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	69,418	-	69,418	-
Deferred outflows related to OPEB	6,901	-	6,901	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>76,319</u>	<u>-</u>	<u>76,319</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,960,617</u>	<u>\$ 2,428,055</u>	<u>\$ 8,388,672</u>	<u>\$ 5,888,993</u>

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 259,985	\$ 277,005	\$ 536,990	\$ 166,955
Short-term note payable	-	850,509	850,509	-
Accrued payroll	25,550	598	26,148	-
Due to other governments	1,464	-	1,464	251,397
Current portion of long-term obligations	79,199	90,812	170,011	18,959
Total current liabilities	<u>366,198</u>	<u>1,218,924</u>	<u>1,585,122</u>	<u>437,311</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	600,620	610,951	1,211,571	-
Accrued compensated absences	36,471	3,359	39,830	-
Net pension liability	236,401	-	236,401	-
Net OPEB liability	23,093	-	23,093	-
Total noncurrent liabilities	<u>896,585</u>	<u>614,310</u>	<u>1,510,895</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,262,783</u>	<u>1,833,234</u>	<u>3,096,017</u>	<u>437,311</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	13,411	-	13,411	-
Deferred inflows related to pensions	21,546	-	21,546	-
Deferred inflows related to OPEB	18,336	-	18,336	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>53,293</u>	<u>-</u>	<u>53,293</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,849,506	(159,839)	1,689,667	5,344,198
Restricted	577,255	-	577,255	312,300
Unrestricted	2,217,780	754,660	2,972,440	(204,816)
TOTAL NET POSITION	<u>4,644,541</u>	<u>594,821</u>	<u>5,239,362</u>	<u>5,451,682</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,960,617</u>	<u>\$ 2,428,055</u>	<u>\$ 8,388,672</u>	<u>\$ 5,888,993</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 348,991	\$ 19,523	\$ -	\$ -	\$ (329,468)	\$ -	\$ (329,468)	\$ -
Public safety	1,026,697	8,763	-	-	(1,017,934)	-	(1,017,934)	-
Public works	535,115	-	-	-	(535,115)	-	(535,115)	-
Transfer station	146,061	16,751	-	-	(129,310)	-	(129,310)	-
Buildings	77,788	-	-	-	(77,788)	-	(77,788)	-
Library	83,412	-	-	-	(83,412)	-	(83,412)	-
Grounds care	4,800	-	-	-	(4,800)	-	(4,800)	-
Recreation	16,300	-	-	-	(16,300)	-	(16,300)	-
General assistance	12,088	-	-	-	(12,088)	-	(12,088)	-
Education	2,156,820	-	-	-	(2,156,820)	-	(2,156,820)	-
County tax	221,250	-	-	-	(221,250)	-	(221,250)	-
Insurance	109,562	-	-	-	(109,562)	-	(109,562)	-
Other	26,814	-	-	-	(26,814)	-	(26,814)	-
Interest on long-term debt	21,453	-	-	-	(21,453)	-	(21,453)	-
Program expenditures	41,465	19,403	-	-	(22,062)	-	(22,062)	-
Total governmental activities	4,828,616	64,440	-	-	(4,764,176)	-	(4,764,176)	-
Business-type activities:								
Sewer department	548,631	617,137	-	-	-	68,506	68,506	-
Total business-type activities	548,631	617,137	-	-	-	68,506	68,506	-
Total government	\$ 5,377,247	\$ 681,577	\$ -	\$ -	(4,764,176)	68,506	(4,695,670)	-
Component Units:								
Sewerage Treatment Plant	\$ 536,758	\$ 396,754	\$ -	\$ -	\$ -	-	-	(140,004)
Total component units	\$ 536,758	\$ 396,754	\$ -	\$ -	\$ -	-	-	(140,004)

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net (expense) revenue	<u>(4,764,176)</u>	<u>68,506</u>	<u>(4,695,670)</u>	<u>(140,004)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes	3,684,161	-	3,684,161	-
Excise taxes	468,992	-	468,992	-
Grants and contributions not restricted to specific programs	864,105	-	864,105	-
Interest income	128,239	11,438	139,677	-
Miscellaneous	<u>53,670</u>	<u>20,576</u>	<u>74,246</u>	<u>49,928</u>
Total general revenues	<u>5,199,167</u>	<u>32,014</u>	<u>5,231,181</u>	<u>49,928</u>
Change in net position	434,991	100,520	535,511	(90,076)
NET POSITION - JULY 1	<u>4,209,550</u>	<u>494,301</u>	<u>4,703,851</u>	<u>5,541,758</u>
NET POSITION - JUNE 30	<u>\$ 4,644,541</u>	<u>\$ 594,821</u>	<u>\$ 5,239,362</u>	<u>\$ 5,451,682</u>

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

TOWN OF LIVERMORE FALLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,539,766	\$ 236,479	\$ 1,776,245
Investments	389,917	-	389,917
Accounts receivable (net of allowance for uncollectibles):			
Taxes	354,226	-	354,226
Other	191,366	-	191,366
Notes receivable	-	400,000	400,000
Prepaid items	252,337	-	252,337
Due from other funds	152,046	173,591	325,637
TOTAL ASSETS	<u>\$ 2,879,658</u>	<u>\$ 810,070</u>	<u>\$ 3,689,728</u>
LIABILITIES			
Accounts payable	\$ 259,985	\$ -	\$ 259,985
Accrued payroll	25,550	-	25,550
Due to other governments	1,464	-	1,464
Due to other funds	246,206	79,431	325,637
TOTAL LIABILITIES	<u>533,205</u>	<u>79,431</u>	<u>612,636</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	13,411	-	13,411
Deferred tax revenues	314,030	-	314,030
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>327,441</u>	<u>-</u>	<u>327,441</u>
FUND BALANCES			
Nonspendable	252,337	-	252,337
Restricted	-	577,255	577,255
Committed	-	7,569	7,569
Assigned	-	145,815	145,815
Unassigned	1,766,675	-	1,766,675
TOTAL FUND BALANCES	<u>2,019,012</u>	<u>730,639</u>	<u>2,749,651</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,879,658</u>	<u>\$ 810,070</u>	<u>\$ 3,689,728</u>

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

TOWN OF LIVERMORE FALLS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,749,651
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	2,520,207
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	314,030
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	69,418
OPEB	6,901
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	(615,201)
Notes from direct borrowings payable	(55,500)
Accrued compensated absences	(45,589)
Net pension liability	(236,401)
Net OPEB liability	(23,093)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(21,546)
OPEB	<u>(18,336)</u>
Net position of governmental activities	<u>\$ 4,644,541</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 3,595,817	\$ -	\$ 3,595,817
Excise	468,992	-	468,992
Intergovernmental revenues	836,507	27,598	864,105
Charges for services	45,037	19,403	64,440
Investment income	127,286	953	128,239
Miscellaneous revenues	51,170	2,500	53,670
TOTAL REVENUES	5,124,809	50,454	5,175,263
EXPENDITURES			
Current:			
General government	340,088	-	340,088
Public safety	1,005,086	-	1,005,086
Public works	618,076	-	618,076
Transfer station	141,117	-	141,117
Buildings	77,788	-	77,788
Library	83,412	-	83,412
Grounds care	4,800	-	4,800
Recreation	16,300	-	16,300
General assistance	12,088	-	12,088
Education	2,156,820	-	2,156,820
County tax	221,250	-	221,250
Insurance	109,562	-	109,562
Other	26,814	-	26,814
Program expenditures	-	41,465	41,465
Debt service:			
Principal	69,622	-	69,622
Interest	21,453	-	21,453
Capital outlay	-	141,290	141,290
TOTAL EXPENDITURES	4,904,276	182,755	5,087,031
NET CHANGE IN FUND BALANCES	220,533	(132,301)	88,232
FUND BALANCES - JULY 1	1,798,479	862,940	2,661,419
FUND BALANCES - JUNE 30	\$ 2,019,012	\$ 730,639	\$ 2,749,651

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

TOWN OF LIVERMORE FALLS, MAINE

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (Statement E) \$ 88,232

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	310,804
Depreciation expense	<u>(151,377)</u>
	<u>159,427</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	(13,547)
OPEB	<u>(141)</u>
	<u>(13,688)</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

98,183

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	30,591
OPEB	<u>(9,970)</u>
	<u>20,621</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>88,344</u>
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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	8,185
Net pension liability	(28,250)
Net OPEB liability	<u>13,937</u>
	<u>(6,128)</u>

Change in net position of governmental activities (Statement B) \$ 434,991

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	Enterprise		Total
	Sewer Fund	Wastewater Treatment Upgrade	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 553,026	\$ -	\$ 553,026
Accounts receivable (net of allowance for uncollectibles):			
Taxes	101,497	-	101,497
Liens	51,906	-	51,906
Other	8,826	-	8,826
Due from other governments	251,112	72,615	323,727
Due from other funds	72,615	-	72,615
Total current assets	<u>1,038,982</u>	<u>72,615</u>	<u>1,111,597</u>
Noncurrent assets:			
Capital assets:			
Property and equipment	4,139,961	850,509	4,990,470
Less: accumulated depreciation	(3,601,397)	-	(3,601,397)
Subtotal capital assets	<u>538,564</u>	<u>850,509</u>	<u>1,389,073</u>
Total noncurrent assets	<u>538,564</u>	<u>850,509</u>	<u>1,389,073</u>
TOTAL ASSETS	<u>\$ 1,577,546</u>	<u>\$ 923,124</u>	<u>\$ 2,500,670</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 277,005	\$ -	\$ 277,005
Short-term note payable	-	850,509	850,509
Accrued payroll	598	-	598
Due to other funds	-	72,615	72,615
Current portion of long-term obligations	90,812	-	90,812
Total current liabilities	<u>368,415</u>	<u>923,124</u>	<u>1,291,539</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	610,951	-	610,951
Accrued compensated absences	3,359	-	3,359
Total noncurrent liabilities	<u>614,310</u>	<u>-</u>	<u>614,310</u>
TOTAL LIABILITIES	<u>982,725</u>	<u>923,124</u>	<u>1,905,849</u>
NET POSITION			
Net investment in capital assets	(159,839)	-	(159,839)
Unrestricted	754,660	-	754,660
TOTAL NET POSITION	<u>594,821</u>	<u>-</u>	<u>594,821</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,577,546</u>	<u>\$ 923,124</u>	<u>\$ 2,500,670</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise		Total
	Sewer Fund	Wastewater Treatment Upgrade	
OPERATING REVENUES			
Charges for services	\$ 617,137	\$ -	\$ 617,137
Other income	20,576	-	20,576
TOTAL OPERATING REVENUES	<u>637,713</u>	<u>-</u>	<u>637,713</u>
OPERATING EXPENSES			
Treatment plant costs	19,923	-	19,923
Payroll and benefits	13,620	-	13,620
Professional services	186,181	-	186,181
Outside labor	95,337	-	95,337
Supplies	7,988	-	7,988
Utilities	4,564	-	4,564
Depreciation	180,592	-	180,592
Other expense	20,281	-	20,281
TOTAL OPERATING EXPENSES	<u>528,486</u>	<u>-</u>	<u>528,486</u>
OPERATING INCOME (LOSS)	<u>109,227</u>	<u>-</u>	<u>109,227</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	11,438	-	11,438
Interest expense	(20,145)	-	(20,145)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(8,707)</u>	<u>-</u>	<u>(8,707)</u>
CHANGE IN NET POSITION	100,520	-	100,520
NET POSITION - JULY 1	<u>494,301</u>	<u>-</u>	<u>494,301</u>
NET POSITION - JUNE 30	<u>\$ 594,821</u>	<u>\$ -</u>	<u>\$ 594,821</u>

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

TOWN OF LIVERMORE FALLS, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise		
	Sewer Fund	Wastewater Treatment Upgrade	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 605,790	\$ -	\$ 605,790
Other income	20,576	-	20,576
Payments to employees and suppliers	(318,237)	-	(318,237)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	308,129	-	308,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	11,438	-	11,438
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	11,438	-	11,438
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Short-term bond proceeds	-	850,509	\$ 850,509
Capital purchases	-	(850,509)	(850,509)
Principal paid on capital debt	(87,335)	-	(87,335)
Interest paid on capital debt	(20,145)	-	(20,145)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(107,480)	-	(107,480)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,087	-	212,087
CASH AND CASH EQUIVALENTS - JULY 1	340,939	-	340,939
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 553,026	\$ -	\$ 553,026
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 109,227	\$ -	\$ 109,227
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	180,592	-	180,592
Changes in operating assets and liabilities:			
(Increase) decrease in taxes receivable	3,203	-	3,203
(Increase) decrease in liens receivable	(14,835)	-	(14,835)
(Increase) decrease in other receivables	285	-	285
(Increase) decrease in due from other funds	(72,615)	-	(72,615)
(Increase) decrease in due from other governments	(89,298)	(72,615)	(161,913)
Increase (decrease) in accounts payable	191,570	-	191,570
Increase (decrease) in due to other funds	-	72,615	72,615
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 308,129	\$ -	\$ 308,129

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)". The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund:

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

Nonmajor Funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

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

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of 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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$523,919 for the year ended June 30, 2021.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

Pensions

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

Other Postemployment Benefits (OPEB)

For purposes of measuring the Town's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

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

Fund Balance

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

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

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Selectboard.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 1, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on in two installments on October 21, 2020 and March 26, 2021. Interest on unpaid taxes commenced on October 22, 2020 and March 26, 2021, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$43,417 for the year ended June 30, 2021.

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

At June 30, 2021, the Town's deposits amounting to \$2,353,684 were comprised of bank deposits of \$2,345,742. 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	\$ 21,842
Savings accounts	105
ICS accounts	2,087,050
Sweep accounts	231,271
Cash equivalents	5,474
	<u>\$ 2,345,742</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. Of the Town's investments of \$389,917, \$277,395 were covered by the Securities Investor Protection Corporation (SIPC) and therefore not exposed to custodial credit risk. The remaining investments of \$112,522 of mutual funds were registered in the client's name through the Direct Registration System and consequently was not exposed to custodial credit risk.

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

At June 30, 2021, the Town had the following investments:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Equity securities:					
Mutual funds:					
Equities	\$ 7,021	\$ 7,021	\$ -	\$ -	\$ -
Exchange traded funds	270,374	270,374	-	-	-
Debt securities:					
Mutual funds	112,522	112,522	-	-	-
	\$ 389,917	\$ 389,917	\$ -	\$ -	\$ -

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, 2021:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2021 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	\$ 112,522	\$ -	\$ 112,522	\$ -
Total debt securities	112,522	-	112,522	-
Equity securities:				
Mutual funds and exchange traded funds	\$ 277,395	\$ 277,395	\$ -	\$ -
Total equity securities	277,395	277,395	-	-
Total investments by fair value level	389,917	\$ 277,395	\$ 112,522	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	5,474			
Total cash equivalents measured at the NAV	5,474			
Total investments and cash equivalents measured at fair value	\$ 395,391			

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, 2021 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 152,046	\$ 246,206
Nonmajor special revenue funds	139,820	369
Nonmajor capital projects funds	401	79,052
Nonmajor permanent funds	33,370	10
	<u>\$ 398,252</u>	<u>\$ 325,637</u>

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

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 387,517	\$ -	\$ -	\$ 387,517
	<u>387,517</u>	<u>-</u>	<u>-</u>	<u>387,517</u>
Depreciated assets:				
Buildings	866,200	-	-	866,200
Building improvements	759,531	21,000	-	780,531
Machinery and equipment	1,153,995	121,076	-	1,275,071
Vehicles	1,612,612	-	-	1,612,612
Infrastructure	1,004,072	168,728	-	1,172,800
	5,396,410	310,804	-	5,707,214
Less: accumulated depreciation	<u>(3,423,147)</u>	<u>(151,377)</u>	<u>-</u>	<u>(3,574,524)</u>
	<u>1,973,263</u>	<u>159,427</u>	<u>-</u>	<u>2,132,690</u>
Net capital assets	<u>\$ 2,360,780</u>	<u>\$ 159,427</u>	<u>\$ -</u>	<u>\$ 2,520,207</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/20	Additions	Disposals	Balance, 6/30/21
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ -	\$ 850,509	\$ -	\$ 850,509
	-	850,509	-	850,509
Depreciated assets:				
Buildings	\$ 1,398,500	\$ -	\$ -	\$ 1,398,500
Machinery and equipment	1,775,043	-	-	1,775,043
Vehicles	47,439	-	-	47,439
Infrastructure	918,979	-	-	918,979
	4,139,961	-	-	4,139,961
Less: accumulated depreciation	(3,420,805)	(180,592)	-	(3,601,397)
	719,156	(180,592)	-	538,564
Net capital assets	<u>\$ 719,156</u>	<u>\$ 669,917</u>	<u>\$ -</u>	<u>\$ 1,389,073</u>
<u>Current year depreciation</u>				
Administration				\$ 7,513
Public Safety				50,172
Public Works				86,553
Transfer Station				4,944
Town-wide				2,195
Subtotal governmental activities depreciation expense				<u>151,377</u>
Sewer				<u>180,592</u>
Total depreciation expense				<u>\$ 331,969</u>

NOTE 5 - LONG-TERM NOTE RECEIVABLES

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

At the June 12, 2018 Town Meeting, the Town voted to loan \$9,000 from unassigned fund balance to the Livermore Falls Jug Hill Riders Snowmobile Club to purchase a snowmobile to groom trails. The loan will be repaid over four years from the Club and snowmobile reimbursements from the State of Maine. The balance outstanding as of June 30, 2021 was \$1,748.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21
<u>Business-type activities</u>				
Note payable - short term	\$ -	\$ 850,509	\$ -	\$ 850,509

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 2022.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities</u>					
Bond payable	\$ 629,322	\$ -	\$ (14,121)	\$ 615,201	\$ 14,581
Notes from direct borrowings payable	139,562	-	(84,062)	55,500	55,500
	<u>\$ 768,884</u>	<u>\$ -</u>	<u>\$ (98,183)</u>	<u>\$ 670,701</u>	<u>\$ 70,081</u>
<u>Business-type activities</u>					
Bonds payable	\$ 785,738	\$ -	\$ (87,335)	\$ 698,403	\$ 87,452

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bonds and notes from direct borrowings outstanding as of June 30, 2021:

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. \$ 615,201

Business-type activities:

\$250,000, 2007 Sewer Bond due in annual principal payments of \$16,667 through November of 2022. Interest varies from a fixed rate of 2.00% to 5.95% per annum. \$ 33,334

\$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. 585,508

\$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. 79,561

698,403

Total bonds payable \$1,313,604

Governmental activities:

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

Total notes from direct borrowings payable \$ 55,500

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7- LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Governmental Activities				
	Bonds		Note from direct borrowings		Total
	Principal	Interest	Principal	Interest	
2022	\$ 14,581	\$ 19,994	\$ 55,500	\$ -	\$ 90,075
2023	15,055	19,520	-	-	34,575
2024	15,544	19,031	-	-	34,575
2025	16,049	18,526	-	-	34,575
2026	16,571	18,004	-	-	34,575
2027-2031	91,292	81,583	-	-	172,875
2032-2036	107,123	65,752	-	-	172,875
2037-2041	125,699	47,176	-	-	172,875
2042-2046	147,497	25,378	-	-	172,875
2047-2051	65,790	3,222	-	-	69,012
	<u>\$ 615,201</u>	<u>\$ 318,186</u>	<u>\$ 55,500</u>	<u>\$ -</u>	<u>\$ 988,887</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 87,452	\$ 18,617	\$ 106,069
2023	87,541	16,992	104,533
2024	70,966	15,262	86,228
2025	71,060	13,428	84,488
2026	71,158	11,507	82,665
2027-2031	179,500	32,787	212,287
2032-2036	63,843	18,205	82,048
2037-2041	66,883	6,480	73,363
	<u>\$ 698,403</u>	<u>\$ 133,278</u>	<u>\$ 831,681</u>

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2021 is as follows:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities</u>					
Accrued compensated absences	\$ 53,774	\$ -	\$ (8,185)	\$ 45,589	\$ 9,118
Net pension liability	208,151	78,928	(50,678)	236,401	-
Net OPEB liability	37,030	-	(13,937)	23,093	-
Totals	<u>\$ 298,955</u>	<u>\$ 78,928</u>	<u>\$ (72,800)</u>	<u>\$ 305,083</u>	<u>\$ 9,118</u>
<u>Business-type activities</u>					
Accrued compensated absences	<u>\$ 6,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,719</u>	<u>\$ 3,360</u>

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

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2021, the Town's liability for compensated absences is \$52,308.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2021, the Town had the following restricted net position and fund balances:

Special revenue funds (Schedule E):	
D.A.R.E.	\$ 5,103
CDBG fund	451
TIF	120,477
Homeland security grant	11,774
Pass through LAMB grant	400,000
Permanent funds (Schedule I):	
Haines corner cemetery	401
Richardson cemetery	405
Ministerial school fund	5,275
Library trust	33,369
	<u>\$ 577,255</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 252,337</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 7,569</u>
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NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

Nonmajor capital projects funds (Schedule G)	<u>\$ 145,815</u>
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TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OVERSPENT APPROPRIATIONS

At June 30, 2021, the Town had the following overspent appropriations:

Health officer (Article 18)	\$	3
Contracted services (Article 16)		5,593
Transfer station (Article 21)		4,221
		<u>12,945</u>
	<u>\$</u>	<u>12,945</u>

NOTE 15 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School District debt. As of June 30, 2021, the County of Androscoggin had no outstanding debt. The Town's share of school debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 73	\$ 6,509,192	35.73%	<u>\$ 2,325,734</u>

NOTE 16 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2021.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

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

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

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

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 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, 2020, there were 301 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 1.92%.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's AN plan members are required to contribute 7.8% 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, 2021 was \$37,131.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2021, the Town reported a liability of \$236,401 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 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, 2020, the Town's proportion was 0.059499%, which was a decrease of 0.00860% from its proportion measured as of June 30, 2019.

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

For the year ended June 30, 2021, the Town recognized total pension expense of \$11,206 for the PLD plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,186	\$ 2,599
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	15,382	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,719	18,947
Contributions subsequent to the measurement date	<u>37,131</u>	<u>-</u>
Total	<u>\$ 69,418</u>	<u>\$ 21,546</u>

\$37,131 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, 2022. 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:	
2021	\$ (16,003)
2022	583
2023	13,066
2024	13,095
2025	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2020 compounded annually.

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%

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, 2020 are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 496,820	\$ 236,401	\$ 23,229

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, 2020 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, 2020 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2019, this was four years; for 2018, this was four years; prior to 2018, this was three years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - 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, 2020, 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.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

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

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS' Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage i. 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, 2021 was \$0.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - 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, 2021, the Town reported a liability of \$23,093 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2020 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, 2020, the Town's proportion was 0.175051%, which was an increase of 0.00199% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized net OPEB revenue of \$3,826. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>PLD Life Insurance</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,851	\$ -
Changes of assumptions	2,404	16,458
Net difference between projected and actual earnings on OPEB plan investments	-	577
Changes in proportion and differences between contributions and proportionate share of contributions	1,646	1,301
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 6,901</u>	<u>\$ 18,336</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, 2022. 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, 2021

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

	<u>PLD Life Insurance</u>	
Plan year ended June 30:		
2021	\$	(3,456)
2022		(3,105)
2023		(861)
2024		(1,660)
2025		(2,354)
Thereafter		-

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2020, 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, 2021

NOTE 18 - 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, 2020, there were 10 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2020 and June 30, 2019 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

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

Inflation Rate - 2.75%

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

Mortality Rates - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

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

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

Form of Benefit Payment - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - 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, 2020 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 6.75% for 2020. 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, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance:			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net OPEB benefits liability	\$ 31,102	\$ 23,093	\$ 16,656

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - 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, 2020 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, 2020 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The differences between expected and actual experience was \$2,851 as of June 30, 2020.

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. For the fiscal year ended June 30, 2020, the discount rate used for the PLD Consolidated Plan was increased from 4.98% to 6.75%.

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2020.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 19 - 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, 2021, the most recent information available, the balance in the reserve account was \$312,300. 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, 2021

NOTE 20 - 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, 2021

NOTE 20 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

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

NOTE 21 - 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 22 - COMPARATIVE DATA/RECLASSIFICATIONS

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

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, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,798,479	\$ 1,798,479	\$ 1,798,479	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	3,680,796	3,680,796	3,595,817	(84,979)
Excise taxes	409,500	409,500	468,992	59,492
Intergovernmental revenues	740,419	740,419	836,507	96,088
Charges for services	7,100	7,100	45,037	37,937
Investment income	38,700	38,700	127,286	88,586
Miscellaneous revenues	99,000	128,908	51,170	(77,738)
Amounts Available for Appropriation	<u>6,773,994</u>	<u>6,803,902</u>	<u>6,923,288</u>	<u>119,386</u>
Charges to Appropriations (Outflows)				
General government	400,016	408,116	340,088	68,028
Public safety	1,057,156	1,057,156	1,005,086	52,070
Public works	584,425	690,815	618,076	72,739
Transfer station	126,490	136,896	141,117	(4,221)
Buildings	98,505	98,505	77,788	20,717
Library	88,366	88,366	83,412	4,954
Grounds care	5,625	5,625	4,800	825
Recreation	29,553	29,553	16,300	13,253
General assistance	8,960	8,960	12,088	(3,128)
Education	2,156,820	2,156,820	2,156,820	-
County tax	221,250	221,250	221,250	-
Insurance	125,000	125,000	109,562	15,438
Other	59,267	80,231	26,814	53,417
Debt service:				
Principal	69,622	69,622	69,622	-
Interest	24,878	24,878	21,453	3,425
Capital outlay	39,960	39,960	-	39,960
Total Charges to Appropriations (Outflows)	<u>5,095,893</u>	<u>5,241,753</u>	<u>4,904,276</u>	<u>337,477</u>
Budgetary Fund Balance, June 30	<u>\$ 1,678,101</u>	<u>\$ 1,562,149</u>	<u>\$ 2,019,012</u>	<u>\$ 456,863</u>
Utilization of unassigned fund balance	\$ 126,000	\$ 190,191	\$ -	\$ (190,191)
Utilization of assigned fund balance	-	30,797	-	(30,797)
	<u>\$ 126,000</u>	<u>\$ 220,988</u>	<u>\$ -</u>	<u>\$ (220,988)</u>

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

TOWN OF LIVERMORE FALLS, MAINE

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

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Proportion of the net pension liability	0.06%	0.07%	0.07%	0.06%	0.07%	0.07%	0.06%
Proportionate share of the net pension liability	\$ 236,401	\$ 208,151	\$ 181,380	\$ 255,210	\$ 382,277	\$ 207,617	\$ 87,571
Covered payroll	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937	\$ 545,672
Proportionate share of the net pension liability as a percentage of its covered payroll	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	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 auditors' report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<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	\$ 37,131	\$ 38,368	\$ 41,861	\$ 34,705	\$ 31,810	\$ 34,175	\$ 5,849
Contributions in relation to the contractually required contribution	<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>
Covered payroll	\$ 491,472	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161	\$ 607,892	\$ 640,937
Contributions as a percentage of covered payroll	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 auditors' report and notes to financial statements.

TOWN OF LIVERMORE FALLS, MAINE

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>PLD Life Insurance:</u>				
Proportion of the net OPEB liability	0.18%	0.17%	0.16%	0.17%
Town's proportionate share of the net OPEB liability	<u>\$ 23,093</u>	<u>\$ 37,030</u>	<u>\$ 33,196</u>	<u>\$ 40,606</u>
Total	<u><u>\$ 23,093</u></u>	<u><u>\$ 37,030</u></u>	<u><u>\$ 33,196</u></u>	<u><u>\$ 40,606</u></u>
Covered payroll	\$ 519,371	\$ 570,179	\$ 795,757	\$ 495,161
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.45%	6.49%	4.17%	8.20%
Plan fiduciary net position as a percentage of the total OPEB liability	55.40%	43.18%	43.92%	47.42%

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

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

TOWN OF LIVERMORE FALLS, MAINE
 SCHEDULE OF CONTRIBUTIONS - OPEB
 LAST 10 FISCAL YEARS*

	<u>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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 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%

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

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

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes in Assumptions

MEPERS Pension Plan:

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

MEPERS OPEB Plan:

The discount rate was increased from 4.98% to 6.75%.

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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 3,680,796	\$ 3,680,796	\$ 3,595,817	\$ (84,979)
Vehicle excise taxes	408,000	408,000	467,369	59,369
Boat excise taxes	1,500	1,500	1,623	123
Intergovernmental revenues:				
State revenue sharing	393,601	393,601	481,055	87,454
Homestead exemption	255,522	255,522	255,522	-
Veteran's exemption	-	-	1,893	1,893
Tree growth	-	-	5,803	5,803
Snowmobile reimbursement	-	-	894	894
BETE reimbursement	91,296	91,296	91,340	44
Charges for services:				
Admin fees	-	-	11,590	11,590
Clerk fees	1,800	1,800	677	(1,123)
Vital stats	5,300	5,300	7,256	1,956
Police department	-	-	698	698
Fire department	-	-	8,065	8,065
Municipal solid waste	-	-	16,751	16,751
Investment income:				
Investment income	2,700	2,700	93,294	90,594
Interest/fees on taxes	36,000	36,000	33,992	(2,008)
Misc. other income:				
Cable franchise fees	-	20,964	20,964	-
Misc. income	99,000	128,908	30,206	(98,702)
TOTAL REVENUES	\$ 4,975,515	\$ 5,026,387	\$ 5,124,809	\$ 98,422

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Government -					
General government	\$ 39,653	\$ -	\$ 39,653	\$ 39,053	\$ 600
Administration	342,871	-	342,871	284,415	58,456
Health officer	1,292	-	1,292	1,295	(3)
Code enforcement	16,200	8,100	24,300	15,325	8,975
Subtotal General Government	<u>400,016</u>	<u>8,100</u>	<u>408,116</u>	<u>340,088</u>	<u>68,028</u>
Public Safety -					
Police	615,655	-	615,655	587,112	28,543
Fire	132,721	-	132,721	103,601	29,120
Andro County dispatch	38,818	-	38,818	36,619	2,199
Ambulance	30,468	-	30,468	30,468	-
Street lights	36,000	-	36,000	43,369	(7,369)
Hydrant rental	203,494	-	203,494	203,917	(423)
Subtotal Public Safety	<u>1,057,156</u>	<u>-</u>	<u>1,057,156</u>	<u>1,005,086</u>	<u>52,070</u>
Public Works -					
Highway	464,425	-	464,425	454,609	9,816
Paving	120,000	106,390	226,390	163,467	62,923
Subtotal Public Works	<u>584,425</u>	<u>106,390</u>	<u>690,815</u>	<u>618,076</u>	<u>72,739</u>
Transfer Station	<u>126,490</u>	<u>10,406</u>	<u>136,896</u>	<u>141,117</u>	<u>(4,221)</u>
Buildings	<u>98,505</u>	<u>-</u>	<u>98,505</u>	<u>77,788</u>	<u>20,717</u>
Library	<u>88,366</u>	<u>-</u>	<u>88,366</u>	<u>83,412</u>	<u>4,954</u>
Grounds Care	<u>5,625</u>	<u>-</u>	<u>5,625</u>	<u>4,800</u>	<u>825</u>
Recreation	<u>29,553</u>	<u>-</u>	<u>29,553</u>	<u>16,300</u>	<u>13,253</u>

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expended	Variance Positive (Negative)
General Assistance	8,960	-	8,960	12,088	(3,128)
Education	2,156,820	-	2,156,820	2,156,820	-
County Tax	221,250	-	221,250	221,250	-
Insurance	125,000	-	125,000	109,562	15,438
Debt Service -					
Principal	69,622	-	69,622	69,622	-
Interest	24,878	-	24,878	21,453	3,425
Subtotal Debt Service	94,500	-	94,500	91,075	3,425
Other -					
Overlay	43,417	-	43,417	-	43,417
Ministerial	1,000	-	1,000	1,000	-
Rural Community Action	500	-	500	500	-
Lifelight	500	-	500	500	-
Maine Public Radio	50	-	50	50	-
Community Concepts	500	-	500	500	-
Cable franchise fees	-	20,964	20,964	20,964	-
Town clock	825	-	825	825	-
Senior Plus	1,000	-	1,000	1,000	-
Safe Voices	100	-	100	100	-
AYS Heat & Insurance	1,375	-	1,375	1,375	-
Contingency	10,000	-	10,000	-	10,000
Subtotal Other	59,267	20,964	80,231	26,814	53,417
Capital Outlay -					
Reserve	12,000	-	12,000	-	12,000
Capital Outlay - Police Cruiser	15,000	-	15,000	-	-
Capital Outlay - Fire Department	12,960	-	12,960	-	12,960
Subtotal Capital Outlay	39,960	-	39,960	-	24,960
Total Departmental Operations	<u>\$ 5,095,893</u>	<u>\$ 145,860</u>	<u>\$ 5,241,753</u>	<u>\$ 4,904,276</u>	<u>\$ 322,477</u>

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,923	\$ 224,466	\$ 6,090	\$ 236,479
Note receivable	400,000	-	-	400,000
Due from other funds	139,820	401	33,370	173,591
TOTAL ASSETS	<u>\$ 545,743</u>	<u>\$ 224,867</u>	<u>\$ 39,460</u>	<u>\$ 810,070</u>
LIABILITIES				
Due to other funds	\$ 369	\$ 79,052	\$ 10	\$ 79,431
TOTAL LIABILITIES	<u>369</u>	<u>79,052</u>	<u>10</u>	<u>79,431</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	537,805	-	39,450	577,255
Committed	7,569	-	-	7,569
Assigned	-	145,815	-	145,815
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>545,374</u>	<u>145,815</u>	<u>39,450</u>	<u>730,639</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 545,743</u>	<u>\$ 224,867</u>	<u>\$ 39,460</u>	<u>\$ 810,070</u>

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 27,598	\$ -	\$ -	\$ 27,598
Interest income	29	900	24	953
Charges for services	-	-	19,403	19,403
Other income	2,500	-	-	2,500
TOTAL REVENUES	<u>30,127</u>	<u>900</u>	<u>19,427</u>	<u>50,454</u>
EXPENDITURES				
Capital outlay	-	141,290	-	141,290
Other	29,396	-	12,069	41,465
TOTAL EXPENDITURES	<u>29,396</u>	<u>141,290</u>	<u>12,069</u>	<u>182,755</u>
NET CHANGE IN FUND BALANCES	731	(140,390)	7,358	(132,301)
FUND BALANCES, JULY 1	<u>544,643</u>	<u>286,205</u>	<u>32,092</u>	<u>862,940</u>
FUND BALANCES, JUNE 30	<u>\$ 545,374</u>	<u>\$ 145,815</u>	<u>\$ 39,450</u>	<u>\$ 730,639</u>

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

Special Revenue Funds

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Dangerous Buildings	Pass Through LAMB Grant	Total
ASSETS							
Cash and cash equivalents	\$ 5,472	\$ 451	\$ -	\$ -	\$ -	\$ -	\$ 5,923
Note receivable	-	-	-	-	-	400,000	400,000
Due from other funds	-	-	120,477	11,774	7,569	-	139,820
TOTAL ASSETS	\$ 5,472	\$ 451	\$ 120,477	\$ 11,774	\$ 7,569	\$ 400,000	\$ 545,743
LIABILITIES							
Due to other funds	\$ 369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 369
TOTAL LIABILITIES	369	-	-	-	-	-	369
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,103	451	120,477	11,774	-	400,000	537,805
Committed	-	-	-	-	7,569	-	7,569
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	5,103	451	120,477	11,774	7,569	400,000	545,374
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 5,472	\$ 451	\$ 120,477	\$ 11,774	\$ 7,569	\$ 400,000	\$ 545,743

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUES FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	D.A.R.E.	CDBG Fund	TIF	Homeland Security Grant	Dangerous Buildings	Pass Through LAMB Grant	Keep Maine Healthy Grant	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,491	\$ -	\$ -	\$ 26,107	\$ 27,598
Interest income	27	2	-	-	-	-	-	29
Other income	2,500	-	-	-	-	-	-	2,500
TOTAL REVENUES	2,527	2	-	1,491	-	-	26,107	30,127
EXPENDITURES								
Other	3,289	-	-	-	-	-	26,107	29,396
TOTAL EXPENDITURES	3,289	-	-	-	-	-	26,107	29,396
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(762)	2	-	1,491	-	-	-	731
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICIT)	(762)	2	-	1,491	-	-	-	731
FUND BALANCES (DEFICIT) - JULY 1	5,865	449	120,477	10,283	7,569	400,000	-	544,643
FUND BALANCES (DEFICIT) - JUNE 30	\$ 5,103	\$ 451	\$ 120,477	\$ 11,774	\$ 7,569	\$ 400,000	\$ -	\$ 545,374

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

Capital Projects Funds

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
ASSETS					
Cash and cash equivalents	\$ 49,526	\$ 1,891	\$ 820	\$ 2,367	\$ 79,102
Due from other funds	-	-	58	187	-
TOTAL ASSETS	<u>\$ 49,526</u>	<u>\$ 1,891</u>	<u>\$ 878</u>	<u>\$ 2,554</u>	<u>\$ 79,102</u>
LIABILITIES					
Due to other funds	\$ 4,274	\$ 9	\$ -	\$ -	\$ 9,549
TOTAL LIABILITIES	<u>4,274</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>9,549</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	45,252	1,882	878	2,554	69,553
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>45,252</u>	<u>1,882</u>	<u>878</u>	<u>2,554</u>	<u>69,553</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 49,526</u>	<u>\$ 1,891</u>	<u>\$ 878</u>	<u>\$ 2,554</u>	<u>\$ 79,102</u>

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Minni Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
ASSETS					
Cash and cash equivalents	\$ 4,752	\$ 19,679	\$ -	\$ 66,329	\$ 224,466
Due from other funds	-	-	156	-	401
TOTAL ASSETS	\$ 4,752	\$ 19,679	\$ 156	\$ 66,329	\$ 224,867
LIABILITIES					
Due to other funds	\$ 23	\$ 7,057	\$ -	\$ 58,140	\$ 79,052
TOTAL LIABILITIES	23	7,057	-	58,140	79,052
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	4,729	12,622	156	8,189	145,815
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	4,729	12,622	156	8,189	145,815
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,752	\$ 19,679	\$ 156	\$ 66,329	\$ 224,867

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Highway Equipment	Skate Park	Town Clock	Police Cruiser	Capital Improvement Fund
REVENUES					
Interest income	\$ 199	\$ 7	\$ 1	\$ 10	\$ 318
TOTAL REVENUES	<u>199</u>	<u>7</u>	<u>1</u>	<u>10</u>	<u>318</u>
EXPENDITURES					
Capital outlay	-	-	-	-	44,275
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,275</u>
NET CHANGE IN FUND BALANCES	199	7	1	10	(43,957)
FUND BALANCES - JULY 1	<u>45,053</u>	<u>1,875</u>	<u>877</u>	<u>2,544</u>	<u>113,510</u>
FUND BALANCES - JUNE 30	<u>\$ 45,252</u>	<u>\$ 1,882</u>	<u>\$ 878</u>	<u>\$ 2,554</u>	<u>\$ 69,553</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, 2021

	Minni Luciano Youth Fund	Recreation Field Improvement	Geneva Hodgkins Memorial Park	Fire Dept Air Packs	Total
REVENUES					
Interest income	\$ 19	\$ 79	\$ -	\$ 267	\$ 900
TOTAL REVENUES	<u>19</u>	<u>79</u>	<u>-</u>	<u>267</u>	<u>900</u>
EXPENDITURES					
Capital outlay	-	-	-	97,015	141,290
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,015</u>	<u>141,290</u>
NET CHANGE IN FUND BALANCES	19	79	-	(96,748)	(140,390)
FUND BALANCES - JULY 1	<u>4,710</u>	<u>12,543</u>	<u>156</u>	<u>104,937</u>	<u>286,205</u>
FUND BALANCES - JUNE 30	<u>\$ 4,729</u>	<u>\$ 12,622</u>	<u>\$ 156</u>	<u>\$ 8,189</u>	<u>\$ 145,815</u>

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

Permanent Funds

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
ASSETS					
Cash and cash equivalents	\$ 401	\$ 404	\$ 5,285	\$ -	\$ 6,090
Due from other funds	-	1	-	33,369	33,370
TOTAL ASSETS	\$ 401	\$ 405	\$ 5,285	\$ 33,369	\$ 39,460
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 10	\$ -	\$ 10
TOTAL LIABILITIES	-	-	10	-	10
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	401	405	5,275	33,369	39,450
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	401	405	5,275	33,369	39,450
TOTAL LIABILITIES AND FUND BALANCES	\$ 401	\$ 405	\$ 5,285	\$ 33,369	\$ 39,460

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

TOWN OF LIVERMORE FALLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Haines Corner Cemetery	Richardson Cemetery	Ministerial School Fund	Library Trust	Total
REVENUES					
Interest income	\$ 1	\$ 2	\$ 21	\$ -	\$ 24
Charges for services	-	-	-	19,403	19,403
TOTAL REVENUES	<u>1</u>	<u>2</u>	<u>21</u>	<u>19,403</u>	<u>19,427</u>
EXPENDITURES					
Other	-	-	-	12,069	12,069
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,069</u>	<u>12,069</u>
NET CHANGE IN FUND BALANCES	1	2	21	7,334	7,358
FUND BALANCES - JULY 1	<u>400</u>	<u>403</u>	<u>5,254</u>	<u>26,035</u>	<u>32,092</u>
FUND BALANCES - JUNE 30	<u>\$ 401</u>	<u>\$ 405</u>	<u>\$ 5,275</u>	<u>\$ 33,369</u>	<u>\$ 39,450</u>

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

General Capital Assets

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Administration	\$ 32,200	\$ 362,200	\$ 20,550	\$ -	\$ 414,950
Dispatch	-	3,000	50,723	-	53,723
Public safety	21,500	845,600	1,199,577	-	2,066,677
Public works	23,200	88,631	1,499,888	1,087,282	2,699,001
Library	19,600	298,100	-	-	317,700
Parks and recreation	50,000	-	-	-	50,000
Sewer	850,509	1,398,500	1,822,482	918,979	4,990,470
Transfer station	114,800	24,200	105,000	85,517	329,517
Town wide	126,217	25,000	11,946	-	163,163
Total General Capital Assets	1,238,026	3,045,231	4,710,166	2,091,778	11,085,201
Less: Accumulated Depreciation	-	(2,119,694)	(4,017,822)	(1,038,405)	(7,175,921)
Net General Capital Assets	<u>\$ 1,238,026</u>	<u>\$ 925,537</u>	<u>\$ 692,344</u>	<u>\$ 1,053,373</u>	<u>\$ 3,909,280</u>

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
Administration	\$ 380,288	\$ 34,662	\$ -	\$ 414,950
Dispatch	53,723	-	-	53,723
Public safety	1,969,662	97,015	-	2,066,677
Public works	2,519,874	179,127	-	2,699,001
Library	317,700	-	-	317,700
Parks and recreation	50,000	-	-	50,000
Sewer	4,139,961	850,509	-	4,990,470
Transfer station	329,517	-	-	329,517
Town wide	163,163	-	-	163,163
Total General Capital Assets	9,923,888	1,161,313	-	11,085,201
Less: Accumulated Depreciation	<u>(6,843,952)</u>	<u>(331,969)</u>	-	<u>(7,175,921)</u>
Net General Capital Assets	<u>\$ 3,079,936</u>	<u>\$ 829,344</u>	<u>\$ -</u>	<u>\$ 3,909,280</u>

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

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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 Environmental Protection				
Rural Development	10.760	N/A	\$ 474,240	\$ -
Total U.S. Department of Agriculture			<u>474,240</u>	<u>-</u>
U.S. Department of Environmental Protection Agency Passed-through the State of Maine Department of Environmental Protection:				
Clean Water State Revolving Fund Cluster:				
Clean Water State Revolving Fund	66.458	N/A	303,654	-
Clean Water State Revolving Fund	66.458	N/A	80,241	-
Subtotal Clean Water State Revolving Fund Cluster			<u>383,895</u>	<u>-</u>
Total U.S. Department of Environmental Protection Agency			<u>383,895</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 858,135</u>	<u>\$ -</u>

TOWN OF LIVERMORE FALLS, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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.



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

Selectboard
Town of Livermore Falls
Livermore Falls, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Livermore Falls, Maine, as of and for the year ended June 30, 2021 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 October 24, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Livermore Falls, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Livermore Falls, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (2021-001 and 2021-002) to be material weaknesses. 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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www.rhrsmith.com

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Livermore Falls, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Livermore Falls, Maine in a separate letter dated September 12, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
October 24, 2023



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INDEPENDENT AUDITORS' 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

We have audited Town of Livermore Falls, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Livermore Falls, Maine's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Livermore Falls, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Livermore Falls, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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Basis for Qualified Opinion on ALN 10.760 - Water and Waste Disposal Systems for Rural Communities and ALN 66.458 - Clean Water State Revolving Funds

As described in the accompanying schedule of findings and questioned costs, the Town of Livermore Falls did not comply with requirements regarding ALN 10.760 - Water and Waste Disposal Systems for Rural Communities and ALN 66.458 - Clean Water State Revolving Funds as described in finding numbers 2021 - 003, 2021 -004, 2021 - 005, 2021 - 006 and 2021 - 007. Compliance with such requirements is necessary, in our opinion, for the Town of Livermore Falls, Maine to comply with the requirements applicable to those programs.

Qualified Opinion on ALN 10.760 - Water and Waste Disposal Systems for Rural Communities and ALN 66.458 - Clean Water State Revolving Funds

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town of Livermore Falls, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the ALN 10.760 – Water and Waste Disposal Systems for Rural Communities and ALN 66.458 – Clean Water State Revolving Funds for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Town of Livermore Falls, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Livermore Falls, Maine’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Livermore Falls, Maine’s internal control over compliance.

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 (2021-003 and 2021-005) 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 (2021-004, 2021-006 and 2021-007) to be significant deficiencies.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 24, 2023

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems For Rural Communities
66.458 & 66.482	Clean Water State Revolving Funds

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, 2021

Section II - Financial Statement Findings

MATERIAL WEAKNESSES

2021-001 - 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 not a repeat finding.

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, 2021

MATERIAL WEAKNESSES (CONTINUED)

2021-002 - 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 not a repeat finding.

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, 2021

Section III - Findings and Questioned Costs for Federal Awards

MATERIAL WEAKNESSES

2021-003 - 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 CRF 200.303

Condition: During audit procedures, it was identified that the Town does not have invoice's 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 5 out of 9 transactions. Of the 5 samples, 5 did not have consistent document approval of invoices and board approvals to ensure that only allowable costs were being charged to the program and 3 out of 5 invoices were paid over 30 days late.

Repeat Finding: This is not a repeat finding.

Recommendation: It is recommended that the Unit 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, 2021

Section III - Findings and Questioned Costs for Federal Awards

SIGNIFICANT DEFICIENCY

2021-004 - 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 Unit's 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 Unit adopt a procurement policy that follows the Uniform Guidance, and that the Unit 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.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section III - Findings and Questioned Costs for Federal Awards

MATERIAL WEAKNESSES

2021-005 – 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 invoice's 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 selection consisted of 12 out of 16 transactions were examined. Of the 12 samples, 12 did not have management approval and 7 did not document board approvals to ensure that only allowable costs were being charged to the program and 8 out of 12 invoices were over 30 days late.

Repeat Finding: This is not a repeat finding.

Recommendation: It is recommended that the Unit 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, 2021

Section III - Findings and Questioned Costs for Federal Awards

SIGNIFICANT DEFICIENCY

2021-006 - 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 4 out of 10 pay requisites deposit of reimbursements from the fiscal year were examined. Out of the 4 selections only 1 deposit had backup documentation. The other 3 were lacking prove that deposits were recorded properly.

Repeat Finding: This is not a repeat finding.

Recommendation: It is recommended that the Unit adopt a cash management policy that follows the Uniform Guidance, and that the Unit 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.

TOWN OF LIVERMORE FALLS, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section III - Findings and Questioned Costs for Federal Awards

SIGNIFICANT DEFICIENCY

2021-007 - 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 Unit's did not have a procurement policy in place.

Cause: The Unit 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 population for the test consisted of 2 contracts. We requested documentation for 1 contractor from the fiscal year were examined.

Repeat Finding: This is not a repeat finding.

Recommendation: It is recommended that the Unit adopt a procurement policy that follows Uniform Guidance, and that the Unit 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.