

Audited Financial Statements and  
Other Financial Information

Town of Farmington, Maine

December 31, 2018



*Proven Expertise and Integrity*

TOWN OF FARMINGTON, MAINE

CONTENTS

DECEMBER 31, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
NOTES TO FINANCIAL STATEMENTS	24 - 68
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	69
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	70

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	71
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	72
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	73
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	74
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	75
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	76
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	77
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	78
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	79 - 81
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	82
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	83
SPECIAL REVENUE FUNDS DESCRIPTION	84
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	85 - 88
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	89 - 92
CAPITAL PROJECTS FUNDS DESCRIPTION	93
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	94 - 97
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	98 - 101

PERMANENT FUNDS DESCRIPTION	102
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	103 - 106
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	107 - 110
GENERAL CAPITAL ASSETS DESCRIPTION	111
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	112
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	113
<u>FEDERAL COMPLIANCE</u>	
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>	114 - 115



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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Farmington  
Farmington, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Farmington, 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 an opinion 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 from 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

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made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB related information on pages 4 through 12 and 70 through 76 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 Farmington, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and relate 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2019, on our consideration of the Town of Farmington, 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 Farmington, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
July 8, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Farmington, Maine's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2018. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Farmington's 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, pension and OPEB information 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 Farmington 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, health and welfare, recreation and culture, education, public works, community services and unclassified.
- *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. The activity for the Town of Farmington includes the sewer fund and sewer reserves.

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds is \$10,406,852 compared to \$10,297,456 in the prior year, an increase of \$109,396. For the business-type activities, total net position is \$5,413,177 as compared to \$5,342,560 in the prior year, an increase of \$70,617.

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 \$2,702,027 at the end of this year for governmental activities and increased to \$3,388,444 for the business-type activities.

**Table 1**  
**Town of Farmington, Maine**  
**Net Position**  
**December 31,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017 (Restated)</u>	<u>2018</u>	<u>2017</u>
<b>Assets:</b>				
Current Assets	\$ 5,620,220	\$ 5,379,409	\$ 3,459,458	\$ 3,179,512
Capital Assets	6,750,218	7,138,551	2,608,668	2,866,801
Total Assets	<u>12,370,438</u>	<u>12,517,960</u>	<u>6,068,126</u>	<u>6,046,313</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to OPEB	40,672	-	-	-
Deferred Outflows Related to Pensions	209,449	595,652	14,684	41,758
Total Deferred Outflows of Resources	<u>250,121</u>	<u>595,652</u>	<u>14,684</u>	<u>41,758</u>
<b>Liabilities:</b>				
Current Liabilities	517,913	415,056	33,526	35,489
Long-term Debt Outstanding	1,380,422	1,809,745	621,358	678,194
Total Liabilities	<u>1,898,335</u>	<u>2,224,801</u>	<u>654,884</u>	<u>713,683</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	15,866	54,004	-	-
Deferred Police Revenue	7,242	1,445	-	-
Advance Payment of LRAP Funding	80,850	81,910	-	-
Deferred Revenues	1,034	-	-	-
Deferred Inflows Related to Pensions	210,380	453,996	14,749	31,828
Total Deferred Inflows of Resources	<u>315,372</u>	<u>591,355</u>	<u>14,749</u>	<u>31,828</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	6,238,750	6,495,612	2,024,733	2,260,056
Restricted: Special Revenue Funds	593,198	578,977	-	-
Permanent Funds	872,877	922,914	-	-
Unrestricted	2,702,027	2,299,953	3,388,444	3,082,504
Total Net Position	<u>\$ 10,406,852</u>	<u>\$ 10,297,456</u>	<u>\$ 5,413,177</u>	<u>\$ 5,342,560</u>

**Table 2**  
**Town of Farmington, Maine**  
**Change in Net Position**  
**For the Years Ended December 31,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 145,925	\$ 148,735	\$ 1,058,418	\$ 931,269
Operating grants and contributions	220,413	1,170,575	-	-
<i>General Revenues:</i>				
Taxes	10,007,682	10,022,102	-	-
Grants and contributions not restricted to specific programs	982,726	862,589	-	-
Miscellaneous	141,579	198,113	2,486	5,117
<b>Total Revenues</b>	<b>11,498,325</b>	<b>12,402,114</b>	<b>1,060,904</b>	<b>936,386</b>
<b>Expenses</b>				
General government	771,550	760,597	-	-
Public safety	2,098,316	2,373,063	-	-
Health and welfare	20,208	26,164	-	-
Recreation and culture	354,264	318,835	-	-
Education	4,643,630	4,573,466	-	-
Public works	2,021,082	1,774,777	-	-
County tax	556,810	534,807	-	-
Community services	225,014	213,807	-	-
Unclassified	472,580	917,602	-	-
Unallocated depreciation (Note 4)	32,792	29,139	-	-
Interest on long-term debt	5,730	21,930	-	-
Sewer department	-	-	990,287	1,006,318
<b>Total Expenses</b>	<b>11,388,929</b>	<b>11,544,187</b>	<b>990,287</b>	<b>1,006,318</b>
<b>Change in Net Position</b>	<b>109,396</b>	<b>857,927</b>	<b>70,617</b>	<b>(69,932)</b>
<b>Net Position - January 1, Restated</b>	<b>10,297,456</b>	<b>9,439,529</b>	<b>5,342,560</b>	<b>5,412,492</b>
<b>Net Position - December 31</b>	<b>\$ 10,406,852</b>	<b>\$ 10,297,456</b>	<b>\$ 5,413,177</b>	<b>\$ 5,342,560</b>

**Revenues and Expenses**

Revenues for the Town's governmental activities decreased by 7.29%, while total expenses decreased by 1.35%. The Town's revenues decreased primarily due to operating grants and contributions. The decrease in expenses was mainly the result of public safety and unclassified offset by an increase in public works.

For the business-type activities, revenues increased by \$124,518 or 13.30% from the prior year. The decrease in expenses for the business-type activities was \$16,031 or 1.59% from the prior year. The increase in revenues was primarily the result of charges for services and the decrease in expenses was mainly due to payroll and taxes.

### 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 Farmington, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	<b>2018</b>	<b>2017</b>
Major Funds:		
General Fund:		
Nonspendable	\$ 19,619	\$ 14,814
Assigned	14,477	7,919
Unassigned	2,135,021	1,945,104
Total General Fund	\$ 2,169,117	\$ 1,967,837
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 593,198	\$ 578,977
Committed	218,853	174,273
Unassigned	(90)	(45)
Capital Projects Funds:		
Restricted	2,532	-
Committed	615,207	647,087
Unassigned	-	(2,075)
Permanent Funds:		
Restricted	872,877	922,914
Unassigned	(2,836)	(2,854)
Total Nonmajor Funds	\$ 2,299,741	\$ 2,318,277

The general fund total fund balance increased by \$201,280 from the prior year and was mainly due to revenues exceeding expenditures and transfers to other funds. The nonmajor funds total fund balance decreased by \$18,536. The largest decrease in

total nonmajor funds balance was in the Permanent Funds and was the result of unrealized losses on investments as well as transfers to other funds.

### **Budgetary Highlights**

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

The general fund actual revenues were over budget by \$115,858. This was a result of all revenue categories being receipted in excess of budgeted amounts with the exception of property taxes.

The general fund actual expenditures were under budget by \$85,422. All expenditure categories were within or under budget with the exception of public works.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of December 31, 2018, the net book value of capital assets recorded by the Town decreased by \$646,466. This decrease was a result of capital additions of \$16,400 less current year depreciation expense of \$662,866.

**Table 4  
Town of Farmington  
Capital Assets (Net of Depreciation)  
For the Years Ended December 31,**

	<b>2018</b>	<b>2017</b>
Land and improvements	\$ 863,493	\$ 869,667
Buildings and improvements	1,250,073	1,314,959
Machinery and equipment	853,772	956,213
Vehicles	1,111,901	1,263,534
Art works and historical treasures	15,000	15,000
Infrastructure	5,264,647	5,585,979
Total	<b>\$ 9,358,886</b>	<b>\$ 10,005,352</b>

#### **Debt**

At December 31, 2018, the Town had \$1,045,268 in bonds outstanding versus \$1,150,745 last year. Other obligations include capital leases payable, accrued compensated absences, net OPEB liability and net pension liability. Refer to Note 6 of Notes to Financial Statements for more detailed information.

## **Economic Factors and Next Year's Budgets and Rates**

The Town maintains a sufficient unassigned fund balance to sustain government operations for a period of approximately two months. The Town also maintains significant reserve accounts for future capital and program needs.

## **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at 153 Farmington Falls Road, Farmington, Maine 04938.



## STATEMENT A

## TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,978,940	\$ -	\$ 4,978,940
Investments	1,436,418	1,202,951	2,639,369
Accounts receivable (net of allowance for uncollectibles):			
Taxes	704,358	-	704,358
Liens	185,010	-	185,010
Notes	210,470	-	210,470
Other	35,702	306,210	341,912
Prepaid items	19,619	-	19,619
Internal balances	(1,950,297)	1,950,297	-
Total current assets	<u>5,620,220</u>	<u>3,459,458</u>	<u>9,079,678</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	731,729	37,500	769,229
Depreciable assets, net of accumulated depreciation	6,018,489	2,571,168	8,589,657
Total noncurrent assets	<u>6,750,218</u>	<u>2,608,668</u>	<u>9,358,886</u>
<b>TOTAL ASSETS</b>	<u>12,370,438</u>	<u>6,068,126</u>	<u>18,438,564</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	40,672	-	40,672
Deferred outflows related to pensions	209,449	14,684	224,133
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>250,121</u>	<u>14,684</u>	<u>264,805</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 12,620,559</u>	<u>\$ 6,082,810</u>	<u>\$ 18,703,369</u>

STATEMENT A (CONTINUED)  
TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 265,881	\$ -	\$ 265,881
Payroll related liabilities	32,962	-	32,962
Due to other governments	19,183	-	19,183
Accrued expenses	8,894	4,930	13,824
Accrued payroll	15,155	-	15,155
Current portion of long-term obligations	175,838	28,596	204,434
<b>Total current liabilities</b>	<b>517,913</b>	<b>33,526</b>	<b>551,439</b>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	378,666	560,076	938,742
Accrued compensated absences	129,107	14,211	143,318
Net OPEB liability	201,213	-	201,213
Net pension liability	671,436	47,071	718,507
<b>Total noncurrent liabilities</b>	<b>1,380,422</b>	<b>621,358</b>	<b>2,001,780</b>
<b>TOTAL LIABILITIES</b>	<b>1,898,335</b>	<b>654,884</b>	<b>2,553,219</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	15,866	-	15,866
Deferred police revenue	7,242	-	7,242
Advance payment of LRAP funding	80,850	-	80,850
Deferred revenue	1,034	-	1,034
Deferred inflows related to pensions	210,380	14,749	225,129
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>315,372</b>	<b>14,749</b>	<b>330,121</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,238,750	2,024,733	8,263,483
Restricted: Special revenue funds	593,198	-	593,198
Permanent funds	872,877	-	872,877
Unrestricted	2,702,027	3,388,444	6,090,471
<b>TOTAL NET POSITION</b>	<b>10,406,852</b>	<b>5,413,177</b>	<b>15,820,029</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 12,620,559</b>	<b>\$ 6,082,810</b>	<b>\$ 18,703,369</b>

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

TOWN OF FARMINGTON, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 771,550	\$ 48,630	\$ -	\$ -	\$ (722,920)	\$ -	\$ (722,920)
Public safety	2,098,316	22,681	-	-	(2,075,635)	-	(2,075,635)
Health and welfare	20,208	-	-	-	(20,208)	-	(20,208)
Recreation and culture	354,264	29,437	-	-	(324,827)	-	(324,827)
Education	4,643,630	-	-	-	(4,643,630)	-	(4,643,630)
Public works	2,021,082	45,177	158,780	-	(1,817,125)	-	(1,817,125)
County tax	556,810	-	-	-	(556,810)	-	(556,810)
Community services	225,014	-	-	-	(225,014)	-	(225,014)
Unclassified	472,580	-	61,633	-	(410,947)	-	(410,947)
Unallocated depreciation (Note 4)*	32,792	-	-	-	(32,792)	-	(32,792)
Capital outlay	186,953	-	-	-	(186,953)	-	(186,953)
Interest on long-term debt	5,730	-	-	-	(5,730)	-	(5,730)
<b>Total governmental activities</b>	<b>11,388,929</b>	<b>145,925</b>	<b>220,413</b>	<b>-</b>	<b>(11,022,591)</b>	<b>-</b>	<b>(11,022,591)</b>
Business-type activities:							
Sewer department	990,287	1,058,418	-	-	-	68,131	68,131
<b>Total business-type activities</b>	<b>990,287</b>	<b>1,058,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,131</b>	<b>68,131</b>
<b>Total government</b>	<b>\$ 12,379,216</b>	<b>\$ 1,204,343</b>	<b>\$ 220,413</b>	<b>\$ -</b>	<b>(11,022,591)</b>	<b>68,131</b>	<b>(10,954,460)</b>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF FARMINGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(11,022,591)	68,131	(10,954,460)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,948,978	-	8,948,978
Excise taxes	1,058,704	-	1,058,704
Interest on taxes	55,876	-	55,876
Intergovernmental	982,726	-	982,726
Investment income, net of unrealized gains/(losses)	(32,777)	-	(32,777)
Miscellaneous	118,480	2,486	120,966
Total general revenues	11,131,987	2,486	11,134,473
Change in net position	109,396	70,617	180,013
NET POSITION - JANUARY 1, RESTATED	10,297,456	5,342,560	15,640,016
NET POSITION - DECEMBER 31	\$ 10,406,852	\$ 5,413,177	\$ 15,820,029

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

## TOWN OF FARMINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,785,771	\$ 193,169	\$ 4,978,940
Investments	572,479	863,939	1,436,418
Accounts receivable (net of allowance for uncollectibles):			
Taxes	704,358	-	704,358
Liens	185,010	-	185,010
Notes	-	210,470	210,470
Other	35,702	-	35,702
Prepaid items	19,619	-	19,619
Due from other funds	294,847	1,256,495	1,551,342
<b>TOTAL ASSETS</b>	<b>\$ 6,597,786</b>	<b>\$ 2,524,073</b>	<b>\$ 9,121,859</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 265,881	\$ -	\$ 265,881
Payroll related payables	32,962	-	32,962
Due to other governments	19,183	-	19,183
Accrued expenses	8,894	-	8,894
Accrued payroll	15,155	-	15,155
Due to other funds	3,277,307	224,332	3,501,639
<b>TOTAL LIABILITIES</b>	<b>3,619,382</b>	<b>224,332</b>	<b>3,843,714</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	15,866	-	15,866
Deferred police revenue	7,242	-	7,242
Advance payment of LRAP funding	80,850	-	80,850
Deferred revenue	1,034	-	1,034
Deferred tax revenues	704,295	-	704,295
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>809,287</b>	<b>-</b>	<b>809,287</b>
<b>FUND BALANCES</b>			
Nonspendable - prepaid items	19,619	-	19,619
Restricted	-	1,468,607	1,468,607
Committed	-	834,060	834,060
Assigned	14,477	-	14,477
Unassigned	2,135,021	(2,926)	2,132,095
<b>TOTAL FUND BALANCES</b>	<b>2,169,117</b>	<b>2,299,741</b>	<b>4,468,858</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,597,786</b>	<b>\$ 2,524,073</b>	<b>\$ 9,121,859</b>

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

## TOWN OF FARMINGTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 4,468,858
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	6,750,218
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	40,672
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	209,449
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	704,295
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(461,333)
Capital leases payable	(50,135)
Accrued compensated absences	(172,143)
Net OPEB liability	(201,213)
Net pension liability	(671,436)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(210,380)
Net position of governmental activities	<u>\$ 10,406,852</u>

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

## TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 8,948,978	\$ -	\$ 8,948,978
Excise taxes	1,058,704	-	1,058,704
Interest on taxes	55,876	-	55,876
Intergovernmental	1,141,506	61,633	1,203,139
Charges for services	145,925	-	145,925
Investment income, net of unrealized gains/(losses)	-	(32,777)	(32,777)
Miscellaneous revenues	50,347	68,133	118,480
TOTAL REVENUES	<u>11,401,336</u>	<u>96,989</u>	<u>11,498,325</u>
EXPENDITURES			
Current:			
General government	836,413	-	836,413
Public safety	2,077,096	-	2,077,096
Health and welfare	20,208	-	20,208
Recreation and culture	346,004	-	346,004
Education	4,643,630	-	4,643,630
Public works	1,848,658	-	1,848,658
County tax	556,810	-	556,810
Community services	225,014	-	225,014
Unclassified	59,035	413,545	472,580
Debt service:			
Principal	96,485	-	96,485
Interest	5,730	-	5,730
Capital outlay	-	186,953	186,953
TOTAL EXPENDITURES	<u>10,715,083</u>	<u>600,498</u>	<u>11,315,581</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>686,253</u>	<u>(503,509)</u>	<u>182,744</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	499,973	514,973
Transfers (out)	(499,973)	(15,000)	(514,973)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(484,973)</u>	<u>484,973</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	201,280	(18,536)	182,744
FUND BALANCES - JANUARY 1	<u>1,967,837</u>	<u>2,318,277</u>	<u>4,286,114</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,169,117</u>	<u>\$ 2,299,741</u>	<u>\$ 4,468,858</u>

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

## TOWN OF FARMINGTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 182,744</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Depreciation expense	<u>(388,333)</u>
Deferred outflows of resources related to OPEB are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>40,672</u>
Deferred outflows of resources related to pensions are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(386,203)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(42,081)
Net OPEB liability	(58,384)
Net pension liability	<u>385,894</u>
	<u>285,429</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>131,471</u>
Deferred inflows of resources related to pensions 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	<u>243,616</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 109,396</u></u>

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



## TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2018

	Enterprise Fund		
	Sewer	Sewer Reserves	Total
<b>ASSETS</b>			
Current assets:			
Investments	\$ -	\$ 1,202,951	\$ 1,202,951
Accounts receivable (net of allowance for uncollectibles)	306,210	-	306,210
Due from other funds	1,426,418	523,879	1,950,297
Total current assets	<u>1,732,628</u>	<u>1,726,830</u>	<u>3,459,458</u>
Noncurrent assets:			
Capital assets:			
Land and buildings	9,893,516	-	9,893,516
Vehicles and equipment	2,015,073	-	2,015,073
Plant/infrastructure	7,940,149	-	7,940,149
Less: accumulated depreciation	(17,240,070)	-	(17,240,070)
Total noncurrent assets	<u>2,608,668</u>	<u>-</u>	<u>2,608,668</u>
<b>TOTAL ASSETS</b>	<u>4,341,296</u>	<u>1,726,830</u>	<u>6,068,126</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	14,684	-	14,684
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>14,684</u>	<u>-</u>	<u>14,684</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,355,980</u>	<u>\$ 1,726,830</u>	<u>\$ 6,082,810</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accrued interest	\$ 4,930	\$ -	\$ 4,930
Current portion of long-term obligations	28,596	-	28,596
Total current liabilities	<u>33,526</u>	<u>-</u>	<u>33,526</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	560,076	-	560,076
Accrued compensated absences	14,211	-	14,211
Net pension liability	47,071	-	47,071
Total noncurrent liabilities	<u>621,358</u>	<u>-</u>	<u>621,358</u>
<b>TOTAL LIABILITIES</b>	<u>654,884</u>	<u>-</u>	<u>654,884</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	14,749	-	14,749
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>14,749</u>	<u>-</u>	<u>14,749</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,024,733	-	2,024,733
Unrestricted	1,661,614	1,726,830	3,388,444
<b>TOTAL NET POSITION</b>	<u>3,686,347</u>	<u>1,726,830</u>	<u>5,413,177</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 4,355,980</u>	<u>\$ 1,726,830</u>	<u>\$ 6,082,810</u>

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

## TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Fund		
	Sewer	Sewer Reserves	Total
OPERATING REVENUES			
Charges for services	\$ 1,057,223	\$ -	\$ 1,057,223
Other	1,195	-	1,195
TOTAL OPERATING REVENUES	<u>1,058,418</u>	<u>-</u>	<u>1,058,418</u>
OPERATING EXPENSES			
Payroll and taxes	307,389	-	307,389
Treatment plant	222,518	-	222,518
Professional services	166,163	-	166,163
Depreciation	274,533	-	274,533
TOTAL OPERATING EXPENSES	<u>970,603</u>	<u>-</u>	<u>970,603</u>
OPERATING INCOME (LOSS)	<u>87,815</u>	<u>-</u>	<u>87,815</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	2,486	2,486
Interest (expense)	(19,684)	-	(19,684)
Transfers in (out)	(185,000)	185,000	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(204,684)</u>	<u>187,486</u>	<u>(17,198)</u>
CHANGE IN NET POSITION	(116,869)	187,486	70,617
NET POSITION - JANUARY 1	<u>3,803,216</u>	<u>1,539,344</u>	<u>5,342,560</u>
NET POSITION - DECEMBER 31	<u>\$ 3,686,347</u>	<u>\$ 1,726,830</u>	<u>\$ 5,413,177</u>

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

## TOWN OF FARMINGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Fund		
	Sewer	Sewer Reserves	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,016,355	\$ -	\$ 1,016,355
Internal activity - receipts (payments) from/to other funds	(1,248,187)	1,012,979	(235,208)
Payments to employees	(324,448)	-	(324,448)
Payments to suppliers	(400,291)	-	(400,291)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(956,571)</b>	<b>1,012,979</b>	<b>56,408</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	-	2,486	2,486
Invested cash	1,200,465	(1,200,465)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>1,200,465</b>	<b>(1,197,979)</b>	<b>2,486</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital asset purchases	(16,400)	-	(16,400)
Transfers from/to other funds	(185,000)	185,000	-
Principal payments on bond payable	(22,810)	-	(22,810)
Interest payments on bond payable	(19,684)	-	(19,684)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(243,894)</b>	<b>185,000</b>	<b>(58,894)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 87,815	\$ -	\$ 87,815
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	274,533	-	274,533
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(42,063)	-	(42,063)
(Increase) decrease in due from other funds	(1,248,187)	1,012,979	(235,208)
(Decrease) increase in accrued payroll	(2,675)	-	(2,675)
(Increase) decrease in deferred outflows related to pensions	27,074	-	27,074
(Decrease) increase in accrued interest	(672)	-	(672)
(Decrease) increase in accrued compensated absences	(8,263)	-	(8,263)
(Decrease) increase in net pension liability	(27,054)	-	(27,054)
(Decrease) increase in deferred inflows related to pensions	(17,079)	-	(17,079)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (956,571)</b>	<b>\$ 1,012,979</b>	<b>\$ 56,408</b>

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Farmington was incorporated under the laws of the State of Maine. The Town operates under the Board of Selectmen-Manager form of government and provides the following services: general government, public safety, health and welfare, recreation and culture, education, public works, community services and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended December 31, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "*Omnibus 2017.*" The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 86, "*Certain Debt Extinguishment Issues.*" The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

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

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

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

1. Governmental Funds:

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

Major Fund

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

Nonmajor Funds

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds

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

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

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

**Basis of Accounting**

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

1. Accrual

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

**Budget**

The Town of Farmington'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 basic financial statements:

1. Late in the prior year, the Town prepared a budget for the year beginning January 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town of Farmington was then called for the purpose of adopting the proposed budget after public notice of the meeting had been given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. No supplemental budgetary appropriations were necessary during the year.

**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



TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

It is the policy of the Town of Farmington, Maine to invest public funds in a manner that will provide preservation of capital and safety of principal, seek to maximize the return on the portfolio, but avoid assuming unreasonable investment risk, while conforming to all state and local statutes governing the investment of public funds.

**Receivables**

Receivables include amounts due for services provided. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$552,382 for the year ended December 31, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2018.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Interfund Receivables and Payables**

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	38 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, accrued compensated absences, net OPEB liability and net pension liability.

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2018, the Town's liability for compensated absences is \$191,091.

**OPEB**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Pensions**

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 Balances**

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

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

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

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 committed funds, then assigned funds, and finally 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 these items, deferred outflows related to OPEB and deferred outflows related to pensions. 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. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes, deferred police revenue, advance payment of LRAP funding and deferred revenue also qualify for reporting in this category. These items are reported in both the statement of net position and the governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is 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 FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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 on September 5, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on November 1, 2018. Interest on unpaid taxes commenced on November 2, 2018, at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$35,288 for the year ended December 31, 2018.

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

**Program Revenues**

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

**Operating/Nonoperating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

The Town's investment policies, which follow state statutes, require that all investments be made considering 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 December 31, 2018, the Town's cash balances amounting to \$4,978,940 were comprised of bank deposits and cash equivalents of \$5,011,904. Of these bank deposits, \$250,000 was insured by federal depository insurance and consequently not exposed to custodial credit risk, \$4,749,643 was covered by irrevocable stand-by letter of credits and \$12,261 was covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 4,999,643
Cash equivalents	12,261
	<u>\$ 5,011,904</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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. The Town's investment in common stock, corporate bonds and notes and mutual funds for \$646,914, is not exposed to custodial credit risk because those securities were registered in the Town's name or were covered by the Securities Investor Protection Corporation (SIPC). Of the Town's investment in certificates of deposit of \$1,992,455, \$250,000 was covered by federal depository insurance and consequently was not exposed to custodial credit risk and the remaining investments of \$1,742,455 were covered by irrevocable stand-by letter of credits. At December 31, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Certificates of deposit	\$ 1,992,455	\$ -	\$ -	\$ 1,992,455
Equity securities:				
Common stock	97,587	97,587	-	-
Corporate bonds and notes	48,257	-	-	48,257
Mutual funds	501,070	501,070	-	-
	\$ 2,639,369	\$ 598,657	\$ -	\$ 2,040,712

**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 of December 31, 2018:



TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	December 31, 2018 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Common stock - domestic	\$ 97,587	\$ 97,587	\$ -	\$ -
Corporate bonds and notes	48,257	-	48,257	-
Mutual funds - domestic and foreign	501,070	501,070	-	-
Total equity securities	<u>646,914</u>	<u>598,657</u>	<u>48,257</u>	<u>-</u>
Total investments by fair value level	<u>646,914</u>	<u>\$ 598,657</u>	<u>\$ 48,257</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>12,261</u>			
Total cash equivalents measured at the NAV	<u>12,261</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 659,175</u>			

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 2 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 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of December 31, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$1,992,455 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

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. Certain long-term trust funds

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of December 31, 2018, the Town's investments in corporate bonds were rated BBB (\$24,560) and BBB- (\$23,697) by Standard & Poor's Rating Service.

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

NOTE 3 - NOTES RECEIVABLE

Amounts recorded as notes receivable represent loans made under an economic development program to local businesses. Management has determined that no allowance for loan losses is necessary at December 31, 2018. Bad debt expense for the year ended December 31, 2018 was \$0. Any future adjustments to the allowance for uncollectible amounts are not known at this time.

The following is a summary of changes in notes receivable for the year ended December 31, 2018:

	Balance, 1/1/18	Additions	Deletions	Balance, 12/31/18
<u>Governmental Activities:</u>				
Revolving Loan	\$ 266,951	\$ -	\$ (53,102)	\$ 213,849
Totals	<u>\$ 266,951</u>	<u>\$ -</u>	<u>\$ (53,102)</u>	<u>\$ 213,849</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2018 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 294,847	\$ 3,277,307
Enterprise funds	1,950,297	-
Nonmajor special revenue funds	464,346	43,763
Nonmajor capital project funds	763,937	146,198
Nonmajor permanent funds	28,212	34,371
	<u>\$ 3,501,639</u>	<u>\$ 3,501,639</u>

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	Balance, 1/1/18	Additions	Disposals	Balance, 12/31/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 716,729	\$ -	\$ -	\$ 716,729
Art works and historical treasures	15,000	-	-	15,000
	<u>731,729</u>	<u>-</u>	<u>-</u>	<u>731,729</u>
Depreciated assets:				
Buildings and improvements	3,637,907	-	-	3,637,907
Land improvements	308,886	-	-	308,886
Machinery and equipment	1,869,042	-	-	1,869,042
Vehicles	3,665,778	-	-	3,665,778
Infrastructure	11,048,540	-	-	11,048,540
	<u>20,530,153</u>	<u>-</u>	<u>-</u>	<u>20,530,153</u>
Less: accumulated depreciation				
Buildings and improvements	(2,500,709)	(54,795)	-	(2,555,504)
Land improvements	(193,448)	(6,174)	-	(199,622)
Machinery and equipment	(1,332,151)	(58,204)	-	(1,390,355)
Vehicles	(2,432,145)	(146,650)	-	(2,578,795)
Infrastructure	(7,664,878)	(122,510)	-	(7,787,388)
Total accumulated depreciation	<u>(14,123,331)</u>	<u>(388,333)</u>	<u>-</u>	<u>(14,511,664)</u>
Net depreciated assets	<u>6,406,822</u>	<u>(388,333)</u>	<u>-</u>	<u>6,018,489</u>
Net capital assets	<u>\$ 7,138,551</u>	<u>\$ (388,333)</u>	<u>\$ -</u>	<u>\$ 6,750,218</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 1/1/18	Additions	Disposals	Balance, 12/31/18
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 37,500	\$ -	\$ -	\$ 37,500
	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
Depreciated assets:				
Buildings and improvements	9,856,016	-	-	9,856,016
Machinery and equipment	1,897,620	-	-	1,897,620
Vehicles	117,453	-	-	117,453
Infrastructure	7,923,749	16,400	-	7,940,149
	<u>19,794,838</u>	<u>16,400</u>	<u>-</u>	<u>19,811,238</u>
Less: accumulated depreciation				
Buildings and improvements	(9,678,255)	(10,091)	-	(9,688,346)
Machinery and equipment	(1,478,298)	(44,237)	-	(1,522,535)
Vehicles	(87,552)	(4,983)	-	(92,535)
Infrastructure	(5,721,432)	(215,222)	-	(5,936,654)
Total accumulated depreciation	<u>(16,965,537)</u>	<u>(274,533)</u>	<u>-</u>	<u>(17,240,070)</u>
Net depreciated assets	<u>2,829,301</u>	<u>(258,133)</u>	<u>-</u>	<u>2,571,168</u>
Net capital assets	<u>\$ 2,866,801</u>	<u>\$ (258,133)</u>	<u>\$ -</u>	<u>\$ 2,608,668</u>
<u>Current year depreciation</u>				
General government				\$ 3,663
Public works				242,822
Parks and recreation				14,119
Public safety				94,937
Town-wide				<u>32,792</u>
Total governmental activities depreciation expense				388,333
Sewer				<u>274,533</u>
Total depreciation expense				<u>\$ 662,866</u>

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2018:

	Balance, 1/1/18 (Restated)	Additions	Deletions	Balance, 12/31/18	Current Year Portion
<u>Governmental Activities:</u>					
Bonds payable	\$ 544,000	\$ -	\$ (82,667)	\$ 461,333	\$ 82,667
Capital leases payable	98,939	-	(48,804)	50,135	50,135
Accrued compensated absences	130,062	42,081	-	172,143	43,036
Net OPEB liability	142,829	60,569	(2,185)	201,213	-
Net pension liability	1,057,330	-	(385,894)	671,436	-
Totals	<u>\$ 1,973,160</u>	<u>\$ 102,650</u>	<u>\$ (519,550)</u>	<u>\$ 1,556,260</u>	<u>\$ 175,838</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 606,745	\$ -	\$ (22,810)	\$ 583,935	\$ 23,859
Accrued compensated absences	27,211	-	(8,263)	18,948	4,737
Net pension liability	74,125	-	(27,054)	47,071	-
Totals	<u>\$ 708,081</u>	<u>\$ -</u>	<u>\$ (58,127)</u>	<u>\$ 649,954</u>	<u>\$ 28,596</u>

The following is a summary of outstanding bonds payable:

	Governmental Activities	Business-type Activities
Police Dept. building - \$490,000 2012 General Obligation Bond with interest rate of 3.90% per annum. Due in annual principal payments of \$32,667 plus interest. Maturity in 2026.	\$ 261,333	\$ -
Police garage - \$500,000 2011 General Obligation Bond with interest rates from 0.860% - 2.680% per annum. Due in annual principal payments of \$50,000 plus interest. Maturity in 2022.	200,000	-
\$215,000 2005 General Obligation Bond with interest rate of 4.125% per annum. Annual principal and interest payments of \$12,849. Maturity in 2034.	-	147,823
\$204,000 2006 General Obligation Bond with interest rate of 4.25% per annum. Annual principal and interest payments of \$12,371. Maturity in 2035.	-	147,207

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business-type Activities
\$143,000 2009 General Obligation Bond with interest rate of 2.625% per annum. Annual principal and interest payments of \$7,106. Maturity in 2038.	-	109,380
\$131,000 2010 General Obligation Bond with interest rate of 2.250% per annum. Annual principal and interest payments of \$6,201. Maturity in 2039.	-	102,704
\$98,000 2010 General Obligation Bond with interest rate of 2.250% per annum. Annual principal and interest payments of \$4,639. Maturity in 2039.	-	76,821
Total bonds payable	\$ 461,333	\$ 583,935

The following is a summary of outstanding bond principal and interest requirements for the following years ending December 31:

Governmental Activities:

	Principal	Interest	Total Debt Service
2019	\$ 82,667	\$ 14,997	\$ 97,664
2020	82,667	12,683	95,350
2021	82,667	10,244	92,911
2022	82,667	7,710	90,377
2023	32,667	5,096	37,763
2024-2028	97,998	7,644	105,642
	\$ 461,333	\$ 58,374	\$ 519,707

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Business-type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 23,859	\$ 20,712	\$ 44,571
2020	24,687	19,849	44,536
2021	25,516	18,766	44,282
2022	26,376	17,942	44,318
2023	27,267	17,415	44,682
2024-2028	150,866	73,353	224,219
2029-2033	178,530	47,201	225,731
2034-2038	116,423	20,876	137,299
2039-2043	10,411	286	10,697
	<u>\$ 583,935</u>	<u>\$ 236,400</u>	<u>\$ 820,335</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended December 31, 2018 was \$19,684.

The following is a summary of the outstanding capital leases payable:

The Town leases a sidewalk plow from Kansas State Bank of Manhattan under a non-cancelable agreement dated April of 2014. The term of the lease is for five years ending in April of 2019. Annual payments are \$21,025.

The Town leases a front-end loader from TD Equipment Finance under a non-cancelable agreement dated December of 2014. The term of the lease is for five years ending in January of 2019. Annual payments are \$30,477.

The following is a summary of outstanding capital lease requirements for the following fiscal years ending December 31:

<u>Year Ending December 31:</u>	
2019	\$ 51,502
Total minimum lease payments	51,502
Less amount representing interest	(1,367)
Present value of future minimum lease payments	<u>\$ 50,135</u>

TOWN OF FARMINGTON, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 7 - NONSPENDABLE FUND BALANCES

At December 31, 2018, the Town had the following nonspendable fund balances:

General Fund:	
Prepaid items	\$ 19,619
	<u>                    </u>

NOTE 8 - RESTRICTED FUND BALANCES

At December 31, 2018, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 593,198
Nonmajor Capital Projects Funds (Schedule G)	2,532
Nonmajor Permanent Funds (Schedule I)	872,877
	<u>                    </u>
	<u>\$ 1,468,607</u>

NOTE 9 - COMMITTED FUND BALANCES

At December 31, 2018, the Town had the following committed fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 218,853
Nonmajor Capital Projects Funds (Schedule G)	615,207
	<u>                    </u>
	<u>\$ 834,060</u>

NOTE 10 - ASSIGNED FUND BALANCES

At December 31, 2018, the Town had the following assigned fund balances:

General Fund:	
Mechanical work	\$ 3,827
Trio upgrade to sequal	2,650
Community Center gymnasium floor fix	2,000
Motor and VFD	6,000
	<u>                    </u>
	<u>\$ 14,477</u>



TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - DEFICIT FUND BALANCES

At December 31, 2018, the following funds had deficit fund balances:

Ice Skate Reserve	\$	10
Wellness Works Grant		2
Snowmobile Grant		78
Hippach Field		2,836
	\$	<u>2,926</u>

NOTE 12 - RISK MANAGEMENT

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 carries commercial insurance. Specific insurance related to these categories includes general, law enforcement and public officials' liability coverage, employment practices and automobile insurance. The Town is liable for deductibles ranging up to \$50,000 for settlements exceeding the limits of coverage, which range from \$1,500 to \$28,427,705.

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 December 31, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.40%.

**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 employees are part of the PLD plans "AC" and "1C" and are required to contribute 8% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 10.0% for plan "AC" and 16.3% for plan "1C" (which includes police department employees) 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 December 31, 2018 was \$144,758.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2018, the Town reported a liability of \$718,507 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the Town's proportion was 0.262538%, which was a decrease of 0.014254% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized net pension revenue of \$260,366. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,250	\$ 7,892
Changes of assumptions	114,679	-
Net difference between projected and actual earnings on pension plan investments	-	173,491
Changes in proportion and differences between contributions and proportionate share of contributions	33,532	43,746
Contributions subsequent to the measurement date	73,672	-
Total	<u>\$ 224,133</u>	<u>\$ 225,129</u>

\$73,672 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
	<hr/>
Plan year ended June 30:	
2019	\$ 103,326
2020	(15,131)
2021	(118,023)
2022	(44,840)
2023	-
Thereafter	-

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of twenty years.

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

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

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

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

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2018 are summarized in the following table.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Discount Rate*

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

The following table shows how the collective net pension liability(asset) as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the PLD Consolidated Plan.

TOWN OF FARMINGTON, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.750%	6.750%	7.750%
Town's proportionate share of the net pension liability	\$ 1,693,426	\$ 718,507	\$ (192,774)

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2018, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

**Changes in Net Pension Liability**

*Differences between Projected 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.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT PENSION 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 were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

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

NOTE 14 - DEFERRED COMPENSATION PENSION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION  
RETIREMENT CORPORATION

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all full-time, year round employees, permits the employee to defer a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.



TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 14 - DEFERRED COMPENSATION PENSION PLAN (CONTINUED)

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. Generally, the Town will match an employee up to 6.5%. If the employee defers an amount equal or greater than 6.5% the Town contributes 9%. The Town contributes 12% for the Town Manager.

The Town's contributions to the plan for 2018 was \$58,602.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Employees Covered by Benefit Terms**

At January 1, 2018, the following employees were covered by the benefit terms:

Active members	29
Retirees and spouses	<u>2</u>
Total	<u><u>31</u></u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

	<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS A		\$1,186.59	\$2,661.70
POS 200		\$956.96	\$2,146.58
POS C		\$1,044.20	\$2,342.30
	<u>Medicare</u>		
Medicare-Eligible Retirees		\$527.65	\$1,055.29

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

At December 31, 2018, the Town reported a liability of \$201,213 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended December 31, 2018, the Town recognized OPEB expense of \$17,712. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,160	\$ -
Changes of assumptions	29,512	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
<b>Total</b>	<b>\$ 40,672</b>	<b>\$ -</b>

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

	MMEHT
Plan year ended December 31:	
2019	\$ 5,084
2020	5,084
2021	5,084
2022	5,084
2023	5,084
Thereafter	15,252

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of January 1, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.44% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 238,044	\$ 201,213	\$ 171,674
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 238,044</u>	<u>\$ 201,213</u>	<u>\$ 171,674</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	<u>1% Decrease</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 171,020	\$ 201,213	\$ 239,743
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 171,020</u>	<u>\$ 201,213</u>	<u>\$ 239,743</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

*Assumptions*

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 3.44% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weight as listed below.

FYE	Non-Medicare		Medicare		Non-Medicare	Medicare
	Medical	Drug	Medical	Drug	Blended	Blended
2018	8.20%	9.60%	4.93%	9.60%	8.46%	8.27%
2019	7.90%	9.20%	4.87%	9.20%	8.15%	8.00%
2020	7.60%	8.80%	4.80%	8.80%	7.83%	7.72%
2021	7.30%	8.40%	4.73%	8.40%	7.51%	7.44%
2022	7.00%	8.00%	4.67%	8.00%	7.20%	7.15%
2023	6.70%	7.60%	4.60%	7.60%	6.88%	6.85%
2024	6.40%	7.20%	4.53%	7.20%	6.56%	6.55%
2025	6.10%	6.80%	4.47%	6.80%	6.24%	6.24%
2026	5.80%	6.40%	4.40%	6.40%	5.92%	5.93%
2027	5.50%	6.00%	4.33%	6.00%	5.60%	5.61%
2028	5.20%	5.60%	4.27%	5.60%	5.28%	5.29%
2029	4.90%	5.20%	4.20%	5.20%	4.96%	4.97%
2030	4.60%	4.80%	4.13%	4.80%	4.64%	4.65%
2031	4.30%	4.40%	4.07%	4.40%	4.32%	4.33%
2032	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Age	Tier 1 (Those hired before 7/1/14)		Tier 2 (Those hired on or after 7/1/14)	
	No Additional Employer Payment	With Additional Employer Payment	No Additional Employer Payment	With Additional Employer Payment
55	5%	5%	5%	5.5%
56	5%	5%	5%	5.5%
57	5%	5%	5%	5.5%
58	5%	5%	5%	5.5%
59	20%	20%	5%	5.5%
60	20%	25%	5%	5.5%
61	20%	25%	5%	5.5%
62	20%	25%	5%	5.5%
63	20%	25%	5%	5.5%
64	20%	25%	20%	25%
65	25%	45%	20%	40%
66	25%	30%	20%	25%
67	25%	30%	20%	25%
68	25%	30%	20%	25%
69	25%	30%	20%	25%
70	100%	100%	100%	100%

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Years of Service	Revised
0	25.0%
1	20.0%
2	15.0%
3	12.0%
4	10.0%
5	9.0%
6	6.0%
7+	4.0%

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Participation Rates -

Age	No Additional Employer Payment	With Additional Employer Payment
55	5%	80%
56	8%	80%
57	11%	80%
58	14%	80%



TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	No Additional Employer Payment	With Additional Employer Payment
59	17%	80%
60	20%	80%
61	22%	90%
62	24%	90%
63	26%	90%
64	29%	90%
65	32%	90%
66	34%	90%
67	36%	90%
68	38%	90%
69	40%	90%
70	50%	90%

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Significant actuarial assumptions employed by the actuary for Claim and Expense Assumptions as of January 1, 2018 are as follows

Monthly Per Capita Claims and Expense Cost - For all medical and prescription drug benefits for the year 2018 is expressed per adult covered beneficiary.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	POS A				POS 200			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$311	\$565	\$99	\$122	\$296	\$538	\$95	\$118
45	\$411	\$585	\$128	\$146	\$391	\$557	\$123	\$141
50	\$539	\$674	\$163	\$173	\$513	\$641	\$157	\$166
55	\$694	\$824	\$203	\$202	\$660	\$784	\$195	\$195
60	\$878	\$971	\$248	\$234	\$835	\$923	\$239	\$226
64	\$1,045	\$986	\$288	\$262	\$993	\$938	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	POS C				PPO 500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$306	\$556	\$99	\$122	\$289	\$524	\$95	\$118
45	\$404	\$575	\$128	\$146	\$381	\$542	\$123	\$141
50	\$530	\$662	\$163	\$173	\$499	\$624	\$157	\$166
55	\$683	\$811	\$203	\$202	\$643	\$764	\$195	\$195
60	\$863	\$955	\$248	\$234	\$813	\$899	\$239	\$226
64	\$1,027	\$969	\$288	\$262	\$968	\$913	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 1000				PPO 1500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$281	\$510	\$95	\$118	\$273	\$495	\$95	\$118
45	\$371	\$528	\$123	\$141	\$360	\$512	\$123	\$141
50	\$486	\$608	\$157	\$166	\$472	\$589	\$157	\$166
55	\$627	\$744	\$195	\$195	\$608	\$722	\$195	\$195
60	\$792	\$876	\$239	\$226	\$768	\$850	\$239	\$226
64	\$943	\$890	\$278	\$253	\$914	\$863	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	PPO 2500			
	Medical		Rx	
	Male	Female	Male	Female
40	\$261	\$474	\$95	\$118
45	\$345	\$491	\$123	\$141
50	\$452	\$565	\$157	\$166
55	\$583	\$692	\$195	\$195
60	\$737	\$815	\$239	\$226
64	\$877	\$828	\$278	\$253
65	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432

Claims reflect all medical and prescription plans offered based on completed incurred experience through June 30, 2017 and projected to 2018 and associate enrollment in the various programs' options offered.

Annual administrative and claims adjudication expenses are assumed to be \$430 per period for the year 2018.

Claims below age 65 have been loaded 4.3% for medical and 2.8% for drugs for the cost of children enrolled as dependent of eligible retirees. This figure is based on the expected cost for children of the current retirees. This assumption implicitly assumes that future retirees will have the same child distribution as current retirees.

No covered persons under 65 are assumed to be on Medicare and participants age 65 or older are assumed to be enrolled in Medicare.

Affordable Care Act (ACA) and Healthcare Marketplace - A 2.5% load has been built in to reflect the potential impact of changes from the ACA and its impact on the marketplace and program costs. Some key items are PCORI fees, the extra government subsidies for Medicare Part D that can be enrolled in through an Employer Group Waiver Program, minimum loss ratio requirements that impacted some fully insured programs, federal premium taxes, taxes and requirements on providers in the healthcare system, dynamics of the marketplace with Exchanges, Accountable Care Organizations, etc., and the potential impact of the Excise Tax associated with high-costs employer sponsored health plans.

Medical Plan Election - employees will continue in their current medical plan for their entire career.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Second-to-Die Spousal Life Insurance - not explicitly valued and was estimated to impact roughly 0.2% of the Plan's total liability.

Dependent Children - no liability assumed for dependent children's benefits.

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended December 31, 2018 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience 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 difference between expected and actual experience as of January 1, 2018 was \$11,160.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 153 Farmington Falls Road, Farmington, Maine 04938.

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

As of December 31, 2018, the Town had the following overspent appropriations:

	<u>Excess</u>
Other protection (Article 9)	\$ 8,462
Highway (Article 11)	8,296
Recycling department (Article 13)	10,453
Capital improvement for roads (Article 16)	<u>56,272</u>
	<u>\$ 83,483</u>

NOTE 17 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt and debt associated with its participating School District. As of December 31, 2018, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Franklin	\$ 427,230	10.31%	\$ 44,066
RSU #9	46,656,597	34.25%	<u>16,250,198</u>
			<u>\$ 16,294,264</u>

NOTE 18 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS

**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 Farmington, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program and to finance future expansion.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 18 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

Downtown Municipal Tax Increment Financing District and Downtown Omnibus Development Program

On October 29, 2013, the Farmington Board of Selectmen, as well as the Maine Department of Economic and Community Development, approved the creation of the Downtown Municipal Tax Increment Financing District for development in the Farmington area. The area of the District is approximately 229.56 acres. The TIF District was created to encourage and enable the redevelopment of a number of properties, stimulate new businesses and employment opportunities and establish a funding program for the development of new or improved infrastructure in the Town of Farmington's downtown. The original assessed value of the property is \$52,747,100. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$30,146,361 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$500,414. 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 thirty years from April 1, 2014 to March 31, 2044. The expenditures from this development project will be recouped in future years via an incremental tax levied upon the TIF District's captured assessed value. The Town, through its Board of Selectmen, may allocate a portion of TIF revenues generated on a parcel of land within the TIF District, under a credit enhancement agreement (CEA), to the developer of that project. The Town expects that the future CEAs approved by the Board will allocate between 0% and 100% of the tax increment generated by the project to the developer. The remaining amount will be retained by the Town and used to fund the development plan of the District. The actual percentage will be negotiated on a case by case basis at the Board's discretion. The CEA will continue for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 18 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

**Abatements**

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has one tax abatement agreement, the Woodlands Senior Living of Farmington, LLC, which is summarized below:

*Woodlands Senior Living of Farmington, LLC.*

On April 1, 2017, the Town of Farmington, Maine entered into a credit enhancement agreement with Woodlands Senior Living of Farmington, LLC for the development of a memory care facility. The agreement is effective for 10 years. The original valuation of the property was \$118,000 on 3/31/2016. 100% of the property taxes to be generated on the improvements within the District will be returned to the developer for 10 years.

For the year ended December 31, 2018, the Town abated property taxes for the following program:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Downtown Municipal Tax Increment Financing District:		
Woodlands Senior Living of Farmington, LLC	100%	<u>\$ 148,673</u>

NOTE 19 - CONTINGENCIES

With regard 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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 20 - LETTER OF CREDIT

At December 31, 2018, the Town had four outstanding irrevocable standby letter of credits issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. These letter of credits, which expire at the close of business on January 23, 2019, each authorizes one draw only up to the amount of \$2,600,000, \$1,000,000, \$3,000,000 and \$750,000. There were no draws for the year ended December 31, 2018.

NOTE 21 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 22 - RESTATEMENTS

The net position of the governmental activities has been restated at January 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$142,829.

The net position of the governmental activities has been restated at January 1, 2018 to correct the outstanding capital lease amount for the Case wheel loader. The beginning net position was restated by \$28,974.

The resulting restatements decreased net position by \$171,803 from \$10,469,259 to \$10,297,456.



## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF FARMINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 1,967,837	\$ 1,967,837	\$ 1,967,837	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	8,972,204	8,972,204	8,948,978	(23,226)
Excise taxes	969,650	969,650	1,058,704	89,054
Interest on taxes	55,000	55,000	55,876	876
Intergovernmental	1,097,074	1,097,074	1,141,506	44,432
Charges for services	141,900	141,900	145,925	4,025
Miscellaneous revenues	49,650	49,650	50,347	697
Transfers from other funds	15,000	15,000	15,000	-
Amounts Available for Appropriation	<u>13,268,315</u>	<u>13,268,315</u>	<u>13,384,173</u>	<u>115,858</u>
Charges to Appropriations (Outflows):				
General government	893,116	848,316	836,413	11,903
Public safety	2,243,733	2,146,733	2,077,096	69,637
Health and welfare	25,000	25,000	20,208	4,792
Recreation and culture	389,232	360,232	346,004	14,228
Education	4,643,630	4,643,630	4,643,630	-
Public works	1,831,737	1,787,737	1,848,658	(60,921)
County tax	556,810	556,810	556,810	-
Community services	233,929	233,929	225,014	8,915
Unclassified	368,961	95,288	59,035	36,253
Debt service:				
Principal	96,485	96,485	96,485	-
Interest	6,345	6,345	5,730	615
Transfers to other funds	11,500	499,973	499,973	-
Total Charges to Appropriations	<u>11,300,478</u>	<u>11,300,478</u>	<u>11,215,056</u>	<u>85,422</u>
Budgetary Fund Balance, December 31	<u>\$ 1,967,837</u>	<u>\$ 1,967,837</u>	<u>\$ 2,169,117</u>	<u>\$ 201,280</u>

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

TOWN OF FARMINGTON, MAINE

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability (asset)	0.26%	0.28%	0.25%	0.26%
Proportionate share of the net pension liability (asset)	\$ 718,507	\$ 1,131,455	\$ 1,332,737	\$ 818,119
Covered-employee payroll	1,365,064	1,108,392	989,572	906,039
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.64%	102.08%	134.68%	90.30%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.40%	81.61%	88.27%

\* 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 FARMINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 144,758	\$ 139,804	\$ 128,555	\$ 114,322
Contributions in relation to the contractually required contribution	<u>(144,758)</u>	<u>(139,804)</u>	<u>(128,555)</u>	<u>(114,322)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,259,345	\$ 1,162,190	\$ 1,083,863	\$ 970,374
Contributions as a percentage of covered-employee payroll	11.49%	12.03%	11.86%	11.78%

\* 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 FARMINGTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 142,829	\$ -	\$ 142,829
Changes for the year:			
Service cost	9,111	-	9,111
Interest	5,702	-	5,702
Changes of benefits	-	-	-
Differences between expected and actual experience	12,555	-	12,555
Changes of assumptions	33,201	-	33,201
Contributions - employer	-	2,185	(2,185)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,185)	(2,185)	-
Administrative expense	-	-	-
Net changes	<u>58,384</u>	<u>-</u>	<u>58,384</u>
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 201,213</u>	<u>\$ -</u>	<u>\$ 201,213</u>

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

## TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*

	2018
<u>Total OPEB liability</u>	
Service cost (BOY)	9,111
Interest (includes interest on service cost)	5,702
Changes of benefit terms	-
Differences between expected and actual experience	12,555
Changes of assumptions	33,201
Benefit payments, including refunds of member contributions	(2,185)
Net change in total OPEB liability	\$ 58,384
Total OPEB liability - beginning	\$ 142,829
Total OPEB liability - ending	\$ 201,213
<u>Plan fiduciary net position</u>	
Contributions - employer	2,185
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(2,185)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 201,213
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 1,317,336
Net OPEB liability as a percentage of covered payroll	15.3%

\* 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 FARMINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ -
Benefit payments	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 1,317,336
Contributions as a percentage of covered- employee payroll	0%

\* 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 FARMINGTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Changes of Assumptions**

Maine Municipal Employee Health Trust:

The funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

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



## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor 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 FARMINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 8,956,404	\$ 8,956,404	\$ 8,918,397	\$ (38,007)
Payment in lieu	15,800	15,800	30,581	14,781
Excise taxes	969,650	969,650	1,058,704	89,054
Interest on taxes	55,000	55,000	55,876	876
Total Taxes	<u>9,996,854</u>	<u>9,996,854</u>	<u>10,063,558</u>	<u>66,704</u>
Intergovernmental Revenues:				
State revenue sharing	450,000	450,000	489,724	39,724
Homestead exemption	350,669	350,669	350,669	-
GA reimbursement	15,000	15,000	20,508	5,508
Local road assistance	158,780	158,780	158,780	-
BETE reimbursement	94,025	94,025	93,996	(29)
Veteran reimbursement	6,600	6,600	7,290	690
Tree growth reimbursement	22,000	22,000	20,539	(1,461)
Total Intergovernmental Revenues	<u>1,097,074</u>	<u>1,097,074</u>	<u>1,141,506</u>	<u>44,432</u>
Charges for Services:				
Code enforcement fees	2,000	2,000	3,654	1,654
Motor vehicle fees	19,500	19,500	19,944	444
Inland fisheries fees	2,200	2,200	1,747	(453)
Parks and recreation fees	-	-	29,437	29,437
Assessor	19,500	19,500	32	(19,468)
Dog fees	-	-	1,111	1,111
Rental of town property	5,000	5,000	5,640	640
Police department	-	-	21,570	21,570
Recycling fees	28,750	28,750	34,037	5,287
Cemetery fees	16,500	16,500	11,140	(5,360)
Misc fees/licenses	48,450	48,450	17,613	(30,837)
Total Charges for Services	<u>141,900</u>	<u>141,900</u>	<u>145,925</u>	<u>4,025</u>
Miscellaneous Revenues:				
Misc sales	-	-	10,225	10,225
Tax lien fees	15,450	15,450	11,793	(3,657)
Misc revenues	34,200	34,200	28,329	(5,871)
Total Miscellaneous Revenues	<u>49,650</u>	<u>49,650</u>	<u>50,347</u>	<u>697</u>
Amounts Available for Appropriation	<u>\$ 11,285,478</u>	<u>\$ 11,285,478</u>	<u>\$ 11,401,336</u>	<u>\$ 115,858</u>

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>General government:</b>					
Administration	\$ 240,299	\$ -	\$ 240,299	\$ 231,556	\$ 8,743
Assessor	137,101	(42,000)	95,101	96,761	(1,660)
Clerk treasurer	253,713	-	253,713	261,386	(7,673)
Municipal building	101,527	(2,000)	99,527	93,246	6,281
CEO	153,676	-	153,676	149,030	4,646
Committees	6,800	(800)	6,000	4,434	1,566
	<u>893,116</u>	<u>(44,800)</u>	<u>848,316</u>	<u>836,413</u>	<u>11,903</u>
<b>Public safety:</b>					
Police department	1,306,052	(8,500)	1,297,552	1,240,534	57,018
Fire department	524,407	(88,500)	435,907	418,861	17,046
Hydrants	276,380	-	276,380	293,654	(17,274)
Street lights	85,000	-	85,000	88,704	(3,704)
Traffic lights	11,000	-	11,000	867	10,133
Ambulance	40,894	-	40,894	34,476	6,418
	<u>2,243,733</u>	<u>(97,000)</u>	<u>2,146,733</u>	<u>2,077,096</u>	<u>69,637</u>
<b>Health and welfare:</b>					
General assistance	25,000	-	25,000	20,208	4,792
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>20,208</u>	<u>4,792</u>
<b>Recreation and culture:</b>					
Parks and recreation	175,560	(5,000)	170,560	163,225	7,335
Community center	120,680	(18,000)	102,680	100,335	2,345
Cemeteries	92,992	(6,000)	86,992	82,444	4,548
	<u>389,232</u>	<u>(29,000)</u>	<u>360,232</u>	<u>346,004</u>	<u>14,228</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Education	4,643,630	-	4,643,630	4,643,630	-
Public works:					
Highway department	1,305,672	(40,000)	1,265,672	1,273,968	(8,296)
Recycling department	96,549	(4,000)	92,549	103,002	(10,453)
Local roads	158,780	-	158,780	144,680	14,100
Capital improvement for roads	270,736	-	270,736	327,008	(56,272)
	<u>1,831,737</u>	<u>(44,000)</u>	<u>1,787,737</u>	<u>1,848,658</u>	<u>(60,921)</u>
County tax	556,810	-	556,810	556,810	-
Debt service:					
Principal	96,485	-	96,485	96,485	-
Interest	6,345	-	6,345	5,730	615
	<u>102,830</u>	<u>-</u>	<u>102,830</u>	<u>102,215</u>	<u>615</u>
Community services:					
Animal shelter	15,520	-	15,520	15,520	-
Public library	199,409	-	199,409	199,409	-
Social services / economic development	18,000	-	18,000	9,085	8,915
Gay cemetery	1,000	-	1,000	1,000	-
	<u>233,929</u>	<u>-</u>	<u>233,929</u>	<u>225,014</u>	<u>8,915</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Unclassified:					
Insurances	55,000	-	55,000	59,035	(4,035)
TAN interest	5,000	-	5,000	-	5,000
TIF	273,673	(273,673)	-	-	-
Overlay	35,288	-	35,288	-	35,288
	<u>368,961</u>	<u>(273,673)</u>	<u>95,288</u>	<u>59,035</u>	<u>36,253</u>
Transfers to other funds:					
Revaluation	-	42,000	42,000	42,000	-
Legal reserve	10,000	-	10,000	10,000	-
Community center	-	18,000	18,000	18,000	-
ADA	1,500	-	1,500	1,500	-
Police department	-	8,500	8,500	8,500	-
Municipal landfill	-	4,000	4,000	4,000	-
Public works	-	20,000	20,000	20,000	-
Sidewalks	-	20,000	20,000	20,000	-
Municipal building	-	2,000	2,000	2,000	-
Fire department	-	88,500	88,500	88,500	-
Cemeteries	-	6,000	6,000	6,000	-
Parks and recreation	-	5,000	5,000	5,000	-
Conservation committee	-	800	800	800	-
TIF	-	273,673	273,673	273,673	-
	<u>11,500</u>	<u>488,473</u>	<u>499,973</u>	<u>499,973</u>	<u>-</u>
 Total Departmental Operations	 <u>\$ 11,300,478</u>	 <u>\$ -</u>	 <u>\$ 11,300,478</u>	 <u>\$ 11,215,056</u>	 <u>\$ 85,422</u>

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

## TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 180,908	\$ -	\$ 12,261	\$ 193,169
Investments	-	-	863,939	863,939
Notes receivable	210,470	-	-	210,470
Due from other funds	464,346	763,937	28,212	1,256,495
<b>TOTAL ASSETS</b>	<u>\$ 855,724</u>	<u>\$ 763,937</u>	<u>\$ 904,412</u>	<u>\$ 2,524,073</u>
<b>LIABILITIES</b>				
Due to other funds	<u>\$ 43,763</u>	<u>\$ 146,198</u>	<u>\$ 34,371</u>	<u>\$ 224,332</u>
<b>TOTAL LIABILITIES</b>	<u>43,763</u>	<u>146,198</u>	<u>34,371</u>	<u>224,332</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	593,198	2,532	872,877	1,468,607
Committed	218,853	615,207	-	834,060
Assigned	-	-	-	-
Unassigned	(90)	-	(2,836)	(2,926)
<b>TOTAL FUND BALANCES</b>	<u>811,961</u>	<u>617,739</u>	<u>870,041</u>	<u>2,299,741</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 855,724</u>	<u>\$ 763,937</u>	<u>\$ 904,412</u>	<u>\$ 2,524,073</u>

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

## TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ (32,777)	\$ (32,777)
Intergovernmental	57,653	3,980	-	61,633
Other income	65,733	200	2,200	68,133
<b>TOTAL REVENUES</b>	<u>123,386</u>	<u>4,180</u>	<u>(30,577)</u>	<u>96,989</u>
<b>EXPENDITURES</b>				
Capital outlay	-	186,953	-	186,953
Other	409,103	-	4,442	413,545
<b>TOTAL EXPENDITURES</b>	<u>409,103</u>	<u>186,953</u>	<u>4,442</u>	<u>600,498</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(285,717)</u>	<u>(182,773)</u>	<u>(35,019)</u>	<u>(503,509)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	344,473	155,500	-	499,973
Transfers (out)	-	-	(15,000)	(15,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>344,473</u>	<u>155,500</u>	<u>(15,000)</u>	<u>484,973</u>
<b>NET CHANGE IN FUND BALANCES</b>	58,756	(27,273)	(50,019)	(18,536)
<b>FUND BALANCES, JANUARY 1</b>	<u>753,205</u>	<u>645,012</u>	<u>920,060</u>	<u>2,318,277</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 811,961</u>	<u>\$ 617,739</u>	<u>\$ 870,041</u>	<u>\$ 2,299,741</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 expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.



## TOWN OF FARMINGTON, MAINE

## COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2018

	Revolving Loan Fund	Franklin Printing TIF Reserve	Downtown TIF Reserve	Woodland TIF Reserve	Composting Funds	Revaluation Reserve
<b>ASSETS</b>						
Cash and cash equivalents	\$ 180,908	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	210,470	-	-	-	-	-
Due from other funds	-	115,379	35,522	-	9,515	135,597
<b>TOTAL ASSETS</b>	<b>\$ 391,378</b>	<b>\$ 115,379</b>	<b>\$ 35,522</b>	<b>\$ -</b>	<b>\$ 9,515</b>	<b>\$ 135,597</b>
<b>LIABILITIES</b>						
Due to other funds	\$ 43,673	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>43,673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	347,705	115,379	35,522	-	-	-
Committed	-	-	-	-	9,515	135,597
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>347,705</b>	<b>115,379</b>	<b>35,522</b>	<b>-</b>	<b>9,515</b>	<b>135,597</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 391,378</b>	<b>\$ 115,379</b>	<b>\$ 35,522</b>	<b>\$ -</b>	<b>\$ 9,515</b>	<b>\$ 135,597</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Cable Franchise	Legal Reserve	Regional Radio Assessment	Conservation Committee	Community Resolution	Transportation Advisory	Community Center
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-	-
Due from other funds	29,516	6,761	4,632	6,398	977	288	22,487
<b>TOTAL ASSETS</b>	<b>\$ 29,516</b>	<b>\$ 6,761</b>	<b>\$ 4,632</b>	<b>\$ 6,398</b>	<b>\$ 977</b>	<b>\$ 288</b>	<b>\$ 22,487</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	29,516	6,761	4,632	6,398	977	288	22,487
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>29,516</b>	<b>6,761</b>	<b>4,632</b>	<b>6,398</b>	<b>977</b>	<b>288</b>	<b>22,487</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 29,516</b>	<b>\$ 6,761</b>	<b>\$ 4,632</b>	<b>\$ 6,398</b>	<b>\$ 977</b>	<b>\$ 288</b>	<b>\$ 22,487</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Wellness Works Grant	Police Drug Eradication	COPS Grants	Police Training	Byrne Grant	Byrne Grant II	Animal Control
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	16,185	12,166	56,666	-	6,104	2,013
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 16,185</b>	<b>\$ 12,166</b>	<b>\$ 56,666</b>	<b>\$ -</b>	<b>\$ 6,104</b>	<b>\$ 2,013</b>
<b>LIABILITIES</b>							
Due to other funds	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	16,185	12,166	56,666	-	6,104	2,013
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(2)	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(2)</b>	<b>16,185</b>	<b>12,166</b>	<b>56,666</b>	<b>-</b>	<b>6,104</b>	<b>2,013</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 16,185</b>	<b>\$ 12,166</b>	<b>\$ 56,666</b>	<b>\$ -</b>	<b>\$ 6,104</b>	<b>\$ 2,013</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Fire Fighters Grant	Church Street	Bowen Ice Skate Propane	Ice Skate Reserve	Snowmobile Grant	Tree Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,908
Notes receivable	-	-	-	-	-	-	210,470
Due from other funds	1,458	322	139	-	-	2,221	464,346
<b>TOTAL ASSETS</b>	<b>\$ 1,458</b>	<b>\$ 322</b>	<b>\$ 139</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,221</b>	<b>\$ 855,724</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ 10	\$ 78	\$ -	\$ 43,763
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>78</b>	<b>-</b>	<b>43,763</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,458	-	-	-	-	-	593,198
Committed	-	322	139	-	-	2,221	218,853
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(10)	(78)	-	(90)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,458</b>	<b>322</b>	<b>139</b>	<b>(10)</b>	<b>(78)</b>	<b>2,221</b>	<b>811,961</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,458</b>	<b>\$ 322</b>	<b>\$ 139</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,221</b>	<b>\$ 855,724</b>

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Revolving Loan Fund	Franklin Printing TIF Reserve	Downtown TIF Reserve	Woodland TIF Reserve	Composting Funds	Revaluation Reserve
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	10,871	-	-	-	2,047	-
TOTAL REVENUES	<u>10,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,047</u>	<u>-</u>
EXPENDITURES						
Other	-	17,795	131,006	148,673	302	-
TOTAL EXPENDITURES	<u>-</u>	<u>17,795</u>	<u>131,006</u>	<u>148,673</u>	<u>302</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,871</u>	<u>(17,795)</u>	<u>(131,006)</u>	<u>(148,673)</u>	<u>1,745</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	125,000	148,673	-	42,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>148,673</u>	<u>-</u>	<u>42,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	10,871	(17,795)	(6,006)	-	1,745	42,000
FUND BALANCES (DEFICITS), JANUARY 1	<u>336,834</u>	<u>133,174</u>	<u>41,528</u>	<u>-</u>	<u>7,770</u>	<u>93,597</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 347,705</u>	<u>\$ 115,379</u>	<u>\$ 35,522</u>	<u>\$ -</u>	<u>\$ 9,515</u>	<u>\$ 135,597</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Cable Franchise	Legal Reserve	Regional Radio Assessment	Conservation Commission	Community Resolution	Transportation Advisory	Community Center
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	51,992	-	-	-	-	-	-
TOTAL REVENUES	<u>51,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Other	51,513	23,342	-	2,956	-	-	2,146
TOTAL EXPENDITURES	<u>51,513</u>	<u>23,342</u>	<u>-</u>	<u>2,956</u>	<u>-</u>	<u>-</u>	<u>2,146</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>479</u>	<u>(23,342)</u>	<u>-</u>	<u>(2,956)</u>	<u>-</u>	<u>-</u>	<u>(2,146)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	10,000	-	800	-	-	18,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	479	(13,342)	-	(2,156)	-	-	15,854
FUND BALANCES (DEFICITS), JANUARY 1	<u>29,037</u>	<u>20,103</u>	<u>4,632</u>	<u>8,554</u>	<u>977</u>	<u>288</u>	<u>6,633</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 29,516</u>	<u>\$ 6,761</u>	<u>\$ 4,632</u>	<u>\$ 6,398</u>	<u>\$ 977</u>	<u>\$ 288</u>	<u>\$ 22,487</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Wellness Works Grant	Police Drug Eradication	COPS Grants	Police Training	Byrne Grant	Byrne Grant II	Animal Control
REVENUES							
Intergovernmental	\$ -	\$ 15,137	\$ -	\$ 30,000	\$ -	\$ 2,144	\$ -
Other income	823	-	-	-	-	-	-
TOTAL REVENUES	<u>823</u>	<u>15,137</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>2,144</u>	<u>-</u>
EXPENDITURES							
Other	790	9,260	-	-	1,525	9,345	-
TOTAL EXPENDITURES	<u>790</u>	<u>9,260</u>	<u>-</u>	<u>-</u>	<u>1,525</u>	<u>9,345</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>33</u>	<u>5,877</u>	<u>-</u>	<u>30,000</u>	<u>(1,525)</u>	<u>(7,201)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	33	5,877	-	30,000	(1,525)	(7,201)	-
FUND BALANCES (DEFICITS), JANUARY 1	<u>(35)</u>	<u>10,308</u>	<u>12,166</u>	<u>26,666</u>	<u>1,525</u>	<u>13,305</u>	<u>2,013</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ (2)</u>	<u>\$ 16,185</u>	<u>\$ 12,166</u>	<u>\$ 56,666</u>	<u>\$ -</u>	<u>\$ 6,104</u>	<u>\$ 2,013</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Fire Fighters Grant	Church Street	Bowen Ice Skate Propane	Ice Skate Reserve	Snowmobile Grant	Tree Fund	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 10,372	\$ -	\$ 57,653
Other income	-	-	-	-	-	-	65,733
TOTAL REVENUES	-	-	-	-	10,372	-	123,386
EXPENDITURES							
Other	-	-	-	-	10,450	-	409,103
TOTAL EXPENDITURES	-	-	-	-	10,450	-	409,103
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(78)	-	(285,717)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	344,473
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	344,473
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	(78)	-	58,756
FUND BALANCES (DEFICITS), JANUARY 1	1,458	322	139	(10)	-	2,221	753,205
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 1,458	\$ 322	\$ 139	\$ (10)	\$ (78)	\$ 2,221	811,961

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 FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2018

	<u>Municipal Facilities</u>	<u>Election Equipment</u>	<u>Computer</u>	<u>Treasurer Computer</u>	<u>Cable Equipment</u>	<u>CEO Equipment</u>	<u>ADA Reserve</u>
ASSETS							
Due from other funds	\$ 9,544	\$ 469	\$ 1,643	\$ 5,938	\$ 18,696	\$ 891	\$ 14,350
TOTAL ASSETS	<u>\$ 9,544</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ 5,938</u>	<u>\$ 18,696</u>	<u>\$ 891</u>	<u>\$ 14,350</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	9,544	469	1,643	5,938	18,696	891	14,350
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>9,544</u>	<u>469</u>	<u>1,643</u>	<u>5,938</u>	<u>18,696</u>	<u>891</u>	<u>14,350</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 9,544</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ 5,938</u>	<u>\$ 18,696</u>	<u>\$ 891</u>	<u>\$ 14,350</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2018

	Police Computer Reserve	Police Vehicle	Police Facilities	Fire Equipment	Public Works Facilities	Public Works Equipment
ASSETS						
Due from other funds	\$ 40,348	\$ 4,110	\$ 18,000	\$ 279,552	\$ 50,519	\$ 197,680
TOTAL ASSETS	<u>\$ 40,348</u>	<u>\$ 4,110</u>	<u>\$ 18,000</u>	<u>\$ 279,552</u>	<u>\$ 50,519</u>	<u>\$ 197,680</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,198
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,198</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	40,348	4,110	18,000	279,552	50,519	51,482
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>40,348</u>	<u>4,110</u>	<u>18,000</u>	<u>279,552</u>	<u>50,519</u>	<u>51,482</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 40,348</u>	<u>\$ 4,110</u>	<u>\$ 18,000</u>	<u>\$ 279,552</u>	<u>\$ 50,519</u>	<u>\$ 197,680</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2018

	Sidewalk Reserves	Municipal Landfill	Local Road Assistance	Hippach Field Project	Walton Dam Project	Walton Mill Pond	Rail Trail Bridge
ASSETS							
Due from other funds	\$ 19,373	\$ 52,844	\$ 2,532	\$ 4,071	\$ 5,389	\$ 2,809	\$ 5,012
TOTAL ASSETS	<u>\$ 19,373</u>	<u>\$ 52,844</u>	<u>\$ 2,532</u>	<u>\$ 4,071</u>	<u>\$ 5,389</u>	<u>\$ 2,809</u>	<u>\$ 5,012</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	2,532	-	-	-	-
Committed	19,373	52,844	-	4,071	5,389	2,809	5,012
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>19,373</u>	<u>52,844</u>	<u>2,532</u>	<u>4,071</u>	<u>5,389</u>	<u>2,809</u>	<u>5,012</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 19,373</u>	<u>\$ 52,844</u>	<u>\$ 2,532</u>	<u>\$ 4,071</u>	<u>\$ 5,389</u>	<u>\$ 2,809</u>	<u>\$ 5,012</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2018

	FFSWD Trail Crossing	Parks and Rec Reserve	Hippach Field Lights	Playground	Cemetery Infrastructure	Total
ASSETS						
Due from other funds	\$ 906	\$ 15,421	\$ 890	\$ 3,150	\$ 9,800	\$ 763,937
TOTAL ASSETS	<u>\$ 906</u>	<u>\$ 15,421</u>	<u>\$ 890</u>	<u>\$ 3,150</u>	<u>\$ 9,800</u>	<u>\$ 763,937</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,198
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,198</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	2,532
Committed	906	15,421	890	3,150	9,800	615,207
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>906</u>	<u>15,421</u>	<u>890</u>	<u>3,150</u>	<u>9,800</u>	<u>617,739</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 906</u>	<u>\$ 15,421</u>	<u>\$ 890</u>	<u>\$ 3,150</u>	<u>\$ 9,800</u>	<u>\$ 763,937</u>

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Municipal Facilities	Election Equipment	Computer	Treasurer Computer	Cable Equipment	CEO Equipment	ADA Reserve
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	2,000	-	-	-	-	-	1,500
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,000	-	-	-	-	-	1,500
NET CHANGE IN FUND BALANCES (DEFICITS)	2,000	-	-	-	-	-	1,500
FUND BALANCES (DEFICITS), JANUARY 1	7,544	469	1,643	5,938	18,696	891	12,850
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 9,544	\$ 469	\$ 1,643	\$ 5,938	\$ 18,696	\$ 891	\$ 14,350

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Police Equipment	Police Vehicle	Police Facilities	Fire Equipment	Public Works Facilities	Public Works Equipment
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	9,260	-	-	-	177,693
TOTAL EXPENDITURES	-	9,260	-	-	-	177,693
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(9,260)	-	-	-	(177,693)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,500	3,500	3,500	88,500	20,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,500	3,500	3,500	88,500	20,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	1,500	(5,760)	3,500	88,500	20,000	(177,693)
FUND BALANCES (DEFICITS), JANUARY 1,	38,848	9,870	14,500	191,052	30,519	229,175
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 40,348	\$ 4,110	\$ 18,000	\$ 279,552	\$ 50,519	\$ 51,482

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Sidewalk Reserves	Municipal Landfill	Local Road Assistance	Hippach Field Project	Walton Dam Project	Walton Mill Pond	Rail Trail Bridge
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 3,980	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	200	-	-
TOTAL REVENUES	-	-	3,980	-	200	-	-
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	3,980	-	200	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	20,000	4,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,000	4,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	20,000	4,000	3,980	-	200	-	-
FUND BALANCES (DEFICITS), JANUARY 1,	(627)	48,844	(1,448)	4,071	5,189	2,809	5,012
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 19,373	\$ 52,844	\$ 2,532	\$ 4,071	\$ 5,389	\$ 2,809	\$ 5,012



TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	FFSWD Trail Crossing	Parks and Rec Reserve	Hippach Field Lights	Playground	Cemetery Infrastructure	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,980
Other income	-	-	-	-	-	200
TOTAL REVENUES	-	-	-	-	-	4,180
EXPENDITURES						
Capital outlay	-	-	-	-	-	186,953
TOTAL EXPENDITURES	-	-	-	-	-	186,953
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	(182,773)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,000	-	-	6,000	155,500
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	5,000	-	-	6,000	155,500
NET CHANGE IN FUND BALANCES (DEFICITS)	-	5,000	-	-	6,000	(27,273)
FUND BALANCES (DEFICITS), JANUARY 1	906	10,421	890	3,150	3,800	645,012
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 906	\$ 15,421	\$ 890	\$ 3,150	\$ 9,800	\$ 617,739

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 Farmington, 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 Unit or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries and scholarships.

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2018

	Hippach Field	LA Smith	Cemetery	Weymouth	Webster
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,105	\$ -	\$ -	\$ -	\$ -
Investments	161,281	17,174	12,003	9,309	1,525
Due from other funds	24,126	-	328	-	-
<b>TOTAL ASSETS</b>	<b>\$ 186,512</b>	<b>\$ 17,174</b>	<b>\$ 12,331</b>	<b>\$ 9,309</b>	<b>\$ 1,525</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 107	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	186,512	17,067	12,331	9,309	1,525
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>186,512</b>	<b>17,067</b>	<b>12,331</b>	<b>9,309</b>	<b>1,525</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 186,512</b>	<b>\$ 17,174</b>	<b>\$ 12,331</b>	<b>\$ 9,309</b>	<b>\$ 1,525</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2018

	Smith Cemetery	Riverside	Butterfield	Blake	Community Meeting House
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	2,463	12,328	1,421	12,707	9,668
Due from other funds	107	1	365	-	604
<b>TOTAL ASSETS</b>	<b>\$ 2,570</b>	<b>\$ 12,329</b>	<b>\$ 1,786</b>	<b>\$ 12,707</b>	<b>\$ 10,272</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 366	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	2,570	12,329	1,786	12,341	10,272
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>2,570</b>	<b>12,329</b>	<b>1,786</b>	<b>12,341</b>	<b>10,272</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,570</b>	<b>\$ 12,329</b>	<b>\$ 1,786</b>	<b>\$ 12,707</b>	<b>\$ 10,272</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2018

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,156
Investments	12,118	21,266	1,139	2,888	49,098	507,646
Due from other funds	-	-	-	-	10	-
<b>TOTAL ASSETS</b>	<b>\$ 12,118</b>	<b>\$ 21,266</b>	<b>\$ 1,139</b>	<b>\$ 2,888</b>	<b>\$ 49,108</b>	<b>\$ 518,802</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,342
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,342</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	12,118	21,266	1,139	2,888	49,108	510,460
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>12,118</b>	<b>21,266</b>	<b>1,139</b>	<b>2,888</b>	<b>49,108</b>	<b>510,460</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 12,118</b>	<b>\$ 21,266</b>	<b>\$ 1,139</b>	<b>\$ 2,888</b>	<b>\$ 49,108</b>	<b>\$ 518,802</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2018

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,261
Investments	21,659	4,164	2,997	210	875	863,939
Due from other funds	-	-	-	-	2,671	28,212
<b>TOTAL ASSETS</b>	<b>\$ 21,659</b>	<b>\$ 4,164</b>	<b>\$ 2,997</b>	<b>\$ 210</b>	<b>\$ 3,546</b>	<b>\$ 904,412</b>
<b>LIABILITIES</b>						
Due to other funds	\$ 18,556	\$ 7,000	\$ -	\$ -	\$ -	\$ 34,371
<b>TOTAL LIABILITIES</b>	<b>18,556</b>	<b>7,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,371</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	3,103	-	2,997	210	3,546	872,877
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(2,836)	-	-	-	(2,836)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>3,103</b>	<b>(2,836)</b>	<b>2,997</b>	<b>210</b>	<b>3,546</b>	<b>870,041</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 21,659</b>	<b>\$ 4,164</b>	<b>\$ 2,997</b>	<b>\$ 210</b>	<b>\$ 3,546</b>	<b>\$ 904,412</b>

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Hippach Field	LA Smith	Cemetery	Weymouth	Webster
REVENUES					
Interest income	\$ 15,120	\$ 75	\$ 53	\$ 41	\$ 7
Investment income, net of unrealized gains/(losses)	(30,863)	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>(15,743)</u>	<u>75</u>	<u>53</u>	<u>41</u>	<u>7</u>
EXPENDITURES					
Other	1,452	-	-	-	-
TOTAL EXPENDITURES	<u>1,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,195)</u>	<u>75</u>	<u>53</u>	<u>41</u>	<u>7</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(17,195)	75	53	41	7
FUND BALANCES (DEFICITS), JANUARY 1	<u>203,707</u>	<u>16,992</u>	<u>12,278</u>	<u>9,268</u>	<u>1,518</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 186,512</u>	<u>\$ 17,067</u>	<u>\$ 12,331</u>	<u>\$ 9,309</u>	<u>\$ 1,525</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Smith Cemetery	Riverside	Butterfield	Blake	Community Meeting House
REVENUES					
Interest income	\$ 11	\$ 54	\$ 6	\$ 56	\$ 42
Investment income, net of unrealized gains/(losses)	-	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>11</u>	<u>54</u>	<u>6</u>	<u>56</u>	<u>42</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11</u>	<u>54</u>	<u>6</u>	<u>56</u>	<u>42</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	11	54	6	56	42
FUND BALANCES (DEFICITS), JANUARY 1	<u>2,559</u>	<u>12,275</u>	<u>1,780</u>	<u>12,285</u>	<u>10,230</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 2,570</u>	<u>\$ 12,329</u>	<u>\$ 1,786</u>	<u>\$ 12,341</u>	<u>\$ 10,272</u>



TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
REVENUES						
Interest income	\$ 53	\$ 93	\$ 5	\$ 13	\$ 225	\$ 96
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	(17,995)
Other income	-	-	-	-	-	2,200
<b>TOTAL REVENUES</b>	<b>53</b>	<b>93</b>	<b>5</b>	<b>13</b>	<b>225</b>	<b>(15,699)</b>
EXPENDITURES						
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	53	93	5	13	225	(15,699)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(15,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,000)</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	53	93	5	13	225	(30,699)
FUND BALANCES (DEFICITS), JANUARY 1	12,065	21,173	1,134	2,875	48,883	541,159
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 12,118	\$ 21,266	\$ 1,139	\$ 2,888	\$ 49,108	\$ 510,460

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
REVENUES						
Interest income	\$ 96	\$ 18	\$ 13	\$ -	\$ 4	\$ 16,081
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	(48,858)
Other income	-	-	-	-	-	2,200
TOTAL REVENUES	<u>96</u>	<u>18</u>	<u>13</u>	<u>-</u>	<u>4</u>	<u>(30,577)</u>
EXPENDITURES						
Other	2,990	-	-	-	-	4,442
TOTAL EXPENDITURES	<u>2,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,442</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,894)</u>	<u>18</u>	<u>13</u>	<u>-</u>	<u>4</u>	<u>(35,019)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,894)	18	13	-	4	(50,019)
FUND BALANCES (DEFICITS), JANUARY 1	<u>5,997</u>	<u>(2,854)</u>	<u>2,984</u>	<u>210</u>	<u>3,542</u>	<u>920,060</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 3,103</u>	<u>\$ (2,836)</u>	<u>\$ 2,997</u>	<u>\$ 210</u>	<u>\$ 3,546</u>	<u>\$ 870,041</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 FARMINGTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 39,600	\$ 1,188,203	\$ 48,520	\$ -	\$ 1,276,323
Public works	111,700	923,104	2,621,782	10,891,966	14,548,552
Parks and recreation	166,700	1,062,230	114,377	-	1,343,307
Public safety	24,600	127,982	2,738,176	-	2,890,758
Sewer	37,500	9,856,016	2,015,073	7,940,149	19,848,738
Town-wide	389,129	645,274	11,965	156,574	1,202,942
Total General Capital Assets	<u>769,229</u>	<u>13,802,809</u>	<u>7,549,893</u>	<u>18,988,689</u>	<u>41,110,620</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(12,443,472)</u>	<u>(5,584,220)</u>	<u>(13,724,042)</u>	<u>(31,751,734)</u>
Net General Capital Assets	<u>\$ 769,229</u>	<u>\$ 1,359,337</u>	<u>\$ 1,965,673</u>	<u>\$ 5,264,647</u>	<u>\$ 9,358,886</u>

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

## TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Capital Assets 1/1/18	Additions	Deletions	General Capital Assets 12/31/18
General government	\$ 1,276,323	\$ -	\$ -	\$ 1,276,323
Public works	14,548,552	-	-	14,548,552
Parks and recreation	1,343,307	-	-	1,343,307
Public safety	2,890,758	-	-	2,890,758
Sewer	19,832,338	16,400	-	19,848,738
Town-wide	1,202,942	-	-	1,202,942
Total General Capital Assets	<u>41,094,220</u>	<u>16,400</u>	<u>-</u>	<u>41,110,620</u>
Less: Accumulated Depreciation	<u>(31,088,868)</u>	<u>(662,866)</u>	<u>-</u>	<u>(31,751,734)</u>
Net General Capital Assets	<u>\$ 10,005,352</u>	<u>\$ (646,466)</u>	<u>\$ -</u>	<u>\$ 9,358,886</u>

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



*Proven Expertise and Integrity*

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

Board of Selectmen  
Town of Farmington  
Farmington, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Maine's basic financial statements, and have issued our report thereon dated July 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Farmington, 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 Farmington, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Farmington, Maine's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Farmington, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
July 8, 2019