

Audited Financial Statements and  
Other Financial Information

**Town of Farmington, Maine**

December 31, 2022



*Proven Expertise & Integrity*

TOWN OF FARMINGTON, MAINE

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## INDEPENDENT AUDITOR'S REPORT

Selectboard  
Town of Farmington  
Farmington, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the 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, 2022 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Town of Farmington, Maine as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Farmington, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Farmington, Maine's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 66 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2023, on our consideration of the Town of Farmington, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Farmington, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Farmington, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
August 9, 2023

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**(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, 2022. 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 regard 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 are the sewer fund and sewer reserves fund.

### **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 two proprietary funds, the sewer fund and the sewer reserve 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, 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 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 activities is \$17,028,047 compared to \$15,984,078 in the prior year, an increase of \$1,043,969. For the business-type activities, total net position is \$5,397,123 as compared to \$5,422,440 in the prior year, a decrease of \$25,317.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased to \$4,755,654 at the end of this year for governmental activities and increased to \$4,185,496 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>2022</u>	<u>2021 (Restated)</u>	<u>2022</u>	<u>2021 (Restated)</u>
<b>Assets:</b>				
Current Assets	\$ 8,531,037	\$ 8,821,826	\$ 4,280,084	\$ 4,173,372
Noncurrent Assets:				
Capital Assets	10,245,480	9,289,763	1,695,462	1,845,971
Other	168,725	181,114	-	5,386
Total Assets	<u>18,945,242</u>	<u>18,292,703</u>	<u>5,975,546</u>	<u>6,024,729</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to OPEB	64,086	79,371	-	-
Deferred Outflows Related to Pensions	324,050	432,249	16,982	26,296
Total Deferred Outflows of Resources	<u>388,136</u>	<u>511,620</u>	<u>16,982</u>	<u>26,296</u>
<b>Liabilities:</b>				
Current Liabilities	577,285	888,570	51,945	45,587
Noncurrent Liabilities	1,330,319	807,510	522,806	506,062
Total Liabilities	<u>1,907,604</u>	<u>1,696,080</u>	<u>574,751</u>	<u>551,649</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	25,463	20,013	-	-
Deferred Inflows Related to OPEB	93,143	64,453	-	-
Deferred Inflows Related to Pensions	279,121	1,039,699	20,654	76,936
Total Deferred Inflows of Resources	<u>397,727</u>	<u>1,124,165</u>	<u>20,654</u>	<u>76,936</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	9,764,814	8,676,430	1,211,627	1,335,761
Restricted	2,507,579	2,398,373	-	-
Unrestricted	4,755,654	4,909,275	4,185,496	4,086,679
Total Net Position	<u>\$ 17,028,047</u>	<u>\$ 15,984,078</u>	<u>\$ 5,397,123</u>	<u>\$ 5,422,440</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>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 215,798	\$ 238,998	\$ 1,059,545	\$ 1,116,265
Operating grants and contributions	640,839	823,347	-	-
<i>General Revenues:</i>				
Taxes	11,077,405	10,768,367	-	-
Grants and contributions not restricted to specific programs	2,449,165	1,998,158	-	-
Miscellaneous	368,786	370,631	11,625	2,720
<b>Total Revenues</b>	<b>14,751,993</b>	<b>14,199,501</b>	<b>1,071,170</b>	<b>1,118,985</b>
<b>Expenses</b>				
General government	982,118	735,824	-	-
Public safety	3,770,772	2,566,090	-	-
Health and welfare	16,066	7,030	-	-
Recreation and culture	383,904	339,426	-	-
Education	4,775,032	4,713,685	-	-
Public works	2,040,859	2,009,354	-	-
County tax	661,179	627,883	-	-
Community services	263,212	241,374	-	-
Unclassified	766,823	903,986	-	-
Unallocated depreciation (Note 6)	31,289	33,681	-	-
Interest on long-term debt	16,770	29,862	-	-
Sewer department	-	-	1,096,487	1,177,086
<b>Total Expenses</b>	<b>13,708,024</b>	<b>12,208,195</b>	<b>1,096,487</b>	<b>1,177,086</b>
<b>Change in Net Position</b>	<b>1,043,969</b>	<b>1,991,306</b>	<b>(25,317)</b>	<b>(58,101)</b>
<b>Net Position - January 1, Restated</b>	<b>15,984,078</b>	<b>13,992,772</b>	<b>5,422,440</b>	<b>5,480,541</b>
<b>Net Position - December 31</b>	<b>\$ 17,028,047</b>	<b>\$ 15,984,078</b>	<b>\$ 5,397,123</b>	<b>\$ 5,422,440</b>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 3.89%, while total expenses increased by 12.29%. The Town's revenues increased primarily in taxes and grants and contributions not restricted to specific programs. The increase in expenses was mainly from public safety.

For the business-type activities, revenues decreased by \$47,815 or 4.27% from the prior year. The decrease in expenses for the business-type activities was \$80,599 or 6.85% from the prior year. The decrease in revenues was primarily the result of miscellaneous and the decrease in expenses was mainly due to a decrease in depreciation expense.

### 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,**

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>	<u>Increase/ (Decrease)</u>
Major Fund:			
General Fund:			
Nonspendable	\$ 19,167	\$ -	\$ 19,167
Unassigned	4,161,337	4,068,205	93,132
Total Major Fund	<u>\$ 4,180,504</u>	<u>\$ 4,068,205</u>	<u>\$ 112,299</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,496,160	\$ 1,127,831	\$ 368,329
Committed	415,514	393,083	22,431
Assigned	1,144	394	750
Unassigned	(5,750)	(1)	(5,749)
Capital Projects Funds:			
Restricted	-	138,136	(138,136)
Committed	606,863	616,882	(10,019)
Unassigned	(211,069)	-	(211,069)
Permanent Funds:			
Restricted	1,011,419	1,114,906	(103,487)
Unassigned	(2,788)	(2,807)	19
Total Nonmajor Funds	<u>\$ 3,311,493</u>	<u>\$ 3,388,424</u>	<u>\$ (76,931)</u>

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

## Budgetary Highlights

The difference between the original and final budget for the general fund was the utilization of unassigned fund balance.

The general fund actual revenues were over budgeted amounts by \$599,875. This was a result of all revenue categories being receipted in excess of budgeted amounts with the exception of interest on taxes and transfers from other funds.

The general fund actual expenditures were under budgeted amounts by \$355,201. All expenditure categories were within or under budget with the exception of public works and transfers to other funds.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2022, the net book value of capital assets recorded by the Town increased by \$805,208. This increase was a result of capital additions of \$1,548,536, less current year depreciation expense of \$741,328.

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

	<b>2022</b>	<b>2021</b> <b>(Restated)</b>
Land and improvements	\$ 893,783	\$ 861,314
Art works and historical treasures	30,000	30,000
Buildings and improvements	1,577,707	1,665,577
Machinery and equipment	1,185,426	1,130,461
Vehicles	1,430,271	1,616,101
Infrastructure	6,823,755	5,832,281
Total	<u>\$ 11,940,942</u>	<u>\$ 11,135,734</u>

### Debt

At December 31, 2022, the Town had \$964,501 in bonds outstanding versus \$1,123,543 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

## **Currently Known Facts, Decisions or Conditions**

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

The Town maintains a sufficient unassigned fund balance to sustain government operations for a period of approximately four 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 Town Manager at 153 Farmington Falls Road, Farmington, Maine 04938.

## TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,494,286	\$ -	\$ 8,494,286
Investments	1,599,121	1,582,985	3,182,106
Accounts receivable (net of allowance for uncollectibles):			
Taxes	541,373	-	541,373
Liens	255,329	-	255,329
Current portion of notes	34,793	-	34,793
Other	2,196	281,871	284,067
Prepaid items	19,167	-	19,167
Internal balances	(2,415,228)	2,415,228	-
Total current assets	<u>8,531,037</u>	<u>4,280,084</u>	<u>12,811,121</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	746,729	37,500	784,229
Depreciable assets, net of accumulated depreciation	9,498,751	1,657,962	11,156,713
Noncurrent portion of notes receivable	95,935	-	95,935
Net pension asset	72,790	-	72,790
Total noncurrent assets	<u>10,414,205</u>	<u>1,695,462</u>	<u>12,109,667</u>
TOTAL ASSETS	<u>18,945,242</u>	<u>5,975,546</u>	<u>24,920,788</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	64,086	-	64,086
Deferred outflows related to pensions	324,050	16,982	341,032
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>388,136</u>	<u>16,982</u>	<u>405,118</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,333,378</u>	<u>\$ 5,992,528</u>	<u>\$ 25,325,906</u>

STATEMENT A (CONTINUED)  
TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 304,739	\$ -	\$ 304,739
Payroll related liabilities	135,563	15,132	150,695
Current portion of long-term obligations	136,983	36,813	173,796
Total current liabilities	<u>577,285</u>	<u>51,945</u>	<u>629,230</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	398,000	456,568	854,568
Accrued compensated absences	162,949	28,636	191,585
Net OPEB liability	188,438	-	188,438
Net pension liability	580,932	37,602	618,534
Total noncurrent liabilities	<u>1,330,319</u>	<u>522,806</u>	<u>1,853,125</u>
<b>TOTAL LIABILITIES</b>	<u>1,907,604</u>	<u>574,751</u>	<u>2,482,355</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	25,463	-	25,463
Deferred inflows related to OPEB	93,143	-	93,143
Deferred inflows related to pensions	279,121	20,654	299,775
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>397,727</u>	<u>20,654</u>	<u>418,381</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,764,814	1,211,627	10,976,441
Restricted	2,507,579	-	2,507,579
Unrestricted	4,755,654	4,185,496	8,941,150
<b>TOTAL NET POSITION</b>	<u>17,028,047</u>	<u>5,397,123</u>	<u>22,425,170</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 19,333,378</u>	<u>\$ 5,992,528</u>	<u>\$ 25,325,906</u>

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

## TOWN OF FARMINGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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	\$ 982,118	\$ 88,062	\$ -	\$ -	\$ (894,056)	\$ -	\$ (894,056)
Public safety	3,770,772	17,977	-	-	(3,752,795)	-	(3,752,795)
Health and welfare	16,066	-	-	-	(16,066)	-	(16,066)
Recreation and culture	383,904	34,029	-	-	(349,875)	-	(349,875)
Education	4,775,032	-	-	-	(4,775,032)	-	(4,775,032)
Public works	2,040,859	75,730	166,272	-	(1,798,857)	-	(1,798,857)
County tax	661,179	-	-	-	(661,179)	-	(661,179)
Community services	263,212	-	-	-	(263,212)	-	(263,212)
Unclassified	766,823	-	474,567	-	(292,256)	-	(292,256)
Unallocated depreciation (Note 6)*	31,289	-	-	-	(31,289)	-	(31,289)
Interest on long-term debt	16,770	-	-	-	(16,770)	-	(16,770)
Total governmental activities	<u>13,708,024</u>	<u>215,798</u>	<u>640,839</u>	<u>-</u>	<u>(12,851,387)</u>	<u>-</u>	<u>(12,851,387)</u>
Business-type activities:							
Sewer department	<u>1,096,487</u>	<u>1,059,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,942)</u>	<u>(36,942)</u>
Total business-type activities	<u>1,096,487</u>	<u>1,059,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,942)</u>	<u>(36,942)</u>
Total government	<u>\$ 14,804,511</u>	<u>\$ 1,275,343</u>	<u>\$ 640,839</u>	<u>\$ -</u>	<u>(12,851,387)</u>	<u>(36,942)</u>	<u>(12,888,329)</u>

\* 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, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(12,851,387)</u>	<u>(36,942)</u>	<u>(12,888,329)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	9,916,110	-	9,916,110
Excise taxes	1,161,295	-	1,161,295
Interest on taxes	38,070	-	38,070
Intergovernmental	2,449,165	-	2,449,165
Investment income, net of unrealized gains/(losses)	(42,612)	-	(42,612)
Miscellaneous	<u>373,328</u>	<u>11,625</u>	<u>384,953</u>
Total general revenues	<u>13,895,356</u>	<u>11,625</u>	<u>13,906,981</u>
Change in net position	1,043,969	(25,317)	1,018,652
NET POSITION - JANUARY 1, RESTATED	<u>15,984,078</u>	<u>5,422,440</u>	<u>21,406,518</u>
NET POSITION - DECEMBER 31	<u>\$ 17,028,047</u>	<u>\$ 5,397,123</u>	<u>\$ 22,425,170</u>

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

## TOWN OF FARMINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,238,066	\$ 256,220	\$ 8,494,286
Investments	579,957	1,019,164	1,599,121
Accounts receivable (net of allowance for uncollectibles):			
Taxes	541,373	-	541,373
Liens	255,329	-	255,329
Notes	-	130,728	130,728
Other	2,196	-	2,196
Prepaid items	19,167	-	19,167
Due from other funds	255,246	2,160,627	2,415,873
<b>TOTAL ASSETS</b>	<b>\$ 9,891,334</b>	<b>\$ 3,566,739</b>	<b>\$ 13,458,073</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 304,739	\$ -	\$ 304,739
Payroll related payables	135,563	-	135,563
Due to other funds	4,575,855	255,246	4,831,101
<b>TOTAL LIABILITIES</b>	<b>5,016,157</b>	<b>255,246</b>	<b>5,271,403</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	25,463	-	25,463
Deferred tax revenues	669,210	-	669,210
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>694,673</b>	<b>-</b>	<b>694,673</b>
<b>FUND BALANCES</b>			
Nonspendable	19,167	-	19,167
Restricted	-	2,507,579	2,507,579
Committed	-	1,022,377	1,022,377
Assigned	-	1,144	1,144
Unassigned (deficit)	4,161,337	(219,607)	3,941,730
<b>TOTAL FUND BALANCES</b>	<b>4,180,504</b>	<b>3,311,493</b>	<b>7,491,997</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,891,334</b>	<b>\$ 3,566,739</b>	<b>\$ 13,458,073</b>

See accompanying independent auditor's 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, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 7,491,997
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	10,245,480
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	64,086
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	324,050
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	669,210
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(480,666)
Accrued compensated absences	(217,266)
Net OPEB liability	(188,438)
Net pension liability (asset)	(508,142)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(93,143)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(279,121)</u>
Net position of governmental activities	<u>\$ 17,028,047</u>

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

## STATEMENT E

## TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 9,982,235	\$ -	\$ 9,982,235
Excise taxes	1,161,295	-	1,161,295
Interest on taxes	38,070	-	38,070
Intergovernmental	2,615,437	474,567	3,090,004
Charges for services	215,798	-	215,798
Investment income, net of unrealized gains/(losses)	-	(42,612)	(42,612)
Miscellaneous revenues	76,121	297,207	373,328
<b>TOTAL REVENUES</b>	<b>14,088,956</b>	<b>729,162</b>	<b>14,818,118</b>
<b>EXPENDITURES</b>			
Current:			
General government	960,235	-	960,235
Public safety	3,593,994	-	3,593,994
Health and welfare	16,066	-	16,066
Recreation and culture	367,559	-	367,559
Education	4,775,032	-	4,775,032
Public works	1,705,510	-	1,705,510
County tax	661,179	-	661,179
Community services	263,212	-	263,212
Unclassified	120,525	646,298	766,823
Debt service:			
Principal	132,667	-	132,667
Interest	16,770	-	16,770
Capital outlay	-	1,523,703	1,523,703
<b>TOTAL EXPENDITURES</b>	<b>12,612,749</b>	<b>2,170,001</b>	<b>14,782,750</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,476,207</b>	<b>(1,440,839)</b>	<b>35,368</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	1,369,936	1,369,936
Transfers (out)	(1,363,908)	(6,028)	(1,369,936)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,363,908)</b>	<b>1,363,908</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>112,299</b>	<b>(76,931)</b>	<b>35,368</b>
<b>FUND BALANCES - JANUARY 1, RESTATED</b>	<b>4,068,205</b>	<b>3,388,424</b>	<b>7,456,629</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 4,180,504</b>	<b>\$ 3,311,493</b>	<b>\$ 7,491,997</b>

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 35,368</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,523,703
Depreciation expense	<u>(567,986)</u>
	<u>955,717</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>(15,285)</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>(108,199)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(66,125)</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	(66,348)
Net OPEB liability	25,218
Net pension liability (asset)	<u>(580,932)</u>
	<u>(622,062)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>132,667</u>
Deferred inflows of resources related to OPEB 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>(28,690)</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>760,578</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,043,969</u>

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

## TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2022

	Enterprise Funds		
	Sewer	Sewer Reserves	Total
<b>ASSETS</b>			
Current assets:			
Investments	\$ -	\$ 1,582,985	\$ 1,582,985
Accounts receivable (net of allowance for uncollectibles)	281,871	-	281,871
Due from other funds	1,834,481	580,747	2,415,228
Total current assets	<u>2,116,352</u>	<u>2,163,732</u>	<u>4,280,084</u>
Noncurrent assets:			
Capital assets:			
Land and buildings	9,893,516	-	9,893,516
Vehicles and equipment	2,048,019	-	2,048,019
Plant/infrastructure	7,982,345	-	7,982,345
Less: accumulated depreciation	(18,228,418)	-	(18,228,418)
Total noncurrent assets	<u>1,695,462</u>	<u>-</u>	<u>1,695,462</u>
<b>TOTAL ASSETS</b>	<u>3,811,814</u>	<u>2,163,732</u>	<u>5,975,546</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	16,982	-	16,982
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>16,982</u>	<u>-</u>	<u>16,982</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 3,828,796</u>	<u>\$ 2,163,732</u>	<u>\$ 5,992,528</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accrued payroll	\$ 15,132	\$ -	\$ 15,132
Current portion of long-term obligations	36,813	-	36,813
Total current liabilities	<u>51,945</u>	<u>-</u>	<u>51,945</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	456,568	-	456,568
Accrued compensated absences	28,636	-	28,636
Net pension liability	37,602	-	37,602
Total noncurrent liabilities	<u>522,806</u>	<u>-</u>	<u>522,806</u>
<b>TOTAL LIABILITIES</b>	<u>574,751</u>	<u>-</u>	<u>574,751</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	20,654	-	20,654
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>20,654</u>	<u>-</u>	<u>20,654</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,211,627	-	1,211,627
Unrestricted	2,021,764	2,163,732	4,185,496
<b>TOTAL NET POSITION</b>	<u>3,233,391</u>	<u>2,163,732</u>	<u>5,397,123</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 3,828,796</u>	<u>\$ 2,163,732</u>	<u>\$ 5,992,528</u>

See accompanying independent auditor's 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, 2022

	Enterprise Funds		
	Sewer	Sewer Reserves	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,055,183	\$ -	\$ 1,055,183
Other	4,362	-	4,362
<b>TOTAL OPERATING REVENUES</b>	<b>1,059,545</b>	<b>-</b>	<b>1,059,545</b>
<b>OPERATING EXPENSES</b>			
Personnel	406,301	-	406,301
Services	391,061	-	391,061
Commodities	107,460	-	107,460
Depreciation	175,342	-	175,342
Other	1,236	-	1,236
<b>TOTAL OPERATING EXPENSES</b>	<b>1,081,400</b>	<b>-</b>	<b>1,081,400</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(21,855)</b>	<b>-</b>	<b>(21,855)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	11,625	-	11,625
Interest (expense)	(15,087)	-	(15,087)
Transfers in (out)	(50,000)	50,000	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(53,462)</b>	<b>50,000</b>	<b>(3,462)</b>
<b>CHANGE IN NET POSITION</b>	<b>(75,317)</b>	<b>50,000</b>	<b>(25,317)</b>
<b>NET POSITION - JANUARY 1, RESTATED</b>	<b>3,308,708</b>	<b>2,113,732</b>	<b>5,422,440</b>
<b>NET POSITION - DECEMBER 31</b>	<b>\$ 3,233,391</b>	<b>\$ 2,163,732</b>	<b>\$ 5,397,123</b>

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

## STATEMENT I

## TOWN OF FARMINGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Enterprise Funds		
	Sewer	Sewer Reserves	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,056,367	\$ -	\$ 1,056,367
Internal activity - receipts (payments) from/to other funds	(53,534)	(42,941)	(96,475)
Payments to employees	(398,406)	-	(398,406)
Payments to suppliers	(499,757)	-	(499,757)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>104,670</b>	<b>(42,941)</b>	<b>61,729</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	11,625	-	11,625
Invested cash	-	(7,059)	(7,059)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>11,625</b>	<b>(7,059)</b>	<b>4,566</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital asset purchases	(24,833)	-	(24,833)
Transfers from/to other funds	(50,000)	50,000	-
Principal payments on bond payable	(26,375)	-	(26,375)
Interest payments on bond payable	(15,087)	-	(15,087)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(116,295)</b>	<b>50,000</b>	<b>(66,295)</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)	\$ (21,855)	\$ -	\$ (21,855)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	175,342	-	175,342
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(3,178)	-	(3,178)
(Increase) decrease in due from other funds	(53,534)	(42,941)	(96,475)
(Increase) decrease in deferred outflows related to pensions	9,314	-	9,314
(Decrease) increase in accrued payroll	3,329	-	3,329
(Decrease) increase in accrued compensated absences	8,546	-	8,546
(Decrease) increase in net pension liability	42,988	-	42,988
(Decrease) increase in deferred inflows related to pensions	(56,282)	-	(56,282)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 104,670</b>	<b>\$ (42,941)</b>	<b>\$ 61,729</b>

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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 Selectboard-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, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 98 "The Annual Comprehensive Financial Report". This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. 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 fund are categorized as business-type activities. All other activities of the Town are categorized as governmental.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.).

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

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

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

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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**

Other receivables include amounts due for services provided. All other receivables are current and therefore due within one year. Other receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2022. Other receivables netted with allowances for uncollectible accounts were \$284,067 for the year ended December 31, 2022.

**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 government-wide financial statements as "internal balances".

**Prepaid Items**

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

**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. 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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

Estimated useful lives are as follows:

Buildings and improvements	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 obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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

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.

**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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

**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.

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of 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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 also qualify for reporting in this category. This item is reported in both the statement of net position and the governmental funds balance sheet. Deferred inflows related to OPEB and deferred inflows related to pensions qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied on September 19, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on November 3, 2022. Interest on unpaid taxes commenced on November 3, 2022, at 4% 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 \$40,072 for the year ended December 31, 2022.

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).

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Operating/Nonoperating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 2022, the Town's cash balances amounting to \$8,494,286 were comprised of bank deposits and cash equivalents of \$8,730,469. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits,

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

\$250,000 was insured by federal depository insurance and consequently not exposed to custodial credit risk and the remaining \$8,480,469 was collateralized by an irrevocable standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 8,707,938
Cash equivalents	22,531
	<u>\$ 8,730,469</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in corporate bonds and notes, mutual funds, common stock and exchange traded funds for \$707,882, 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 \$2,474,224 \$250,000 was covered by federal depository insurance and consequently was not exposed to custodial credit risk and the remaining investments of \$2,224,224 were collateralized by a standby letter of credit.

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. Certificates of deposit held with local financial institutions for \$2,474,224 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At December 31, 2022, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>	<u>&gt;5 Years</u>
Debt securities:					
Corporate bonds and notes	\$ 59,444	\$ -	\$ 23,877	\$ 23,354	\$ 12,213
Equity securities:					
Common stock	136,907	136,907	-	-	-
Exchange-traded funds	8,710	8,710	-	-	-
Mutual funds	502,821	502,821	-	-	-
	<u>\$ 707,882</u>	<u>\$ 648,438</u>	<u>\$ 23,877</u>	<u>\$ 23,354</u>	<u>\$ 12,213</u>

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Certificates of deposit held with TDBank for \$2,474,224 are excluded from the fair value hierarchy as these investments are considered held to maturity and are therefore not measured at fair value. The Town has the following recurring fair value measurements as of December 31, 2022:

	December 31, 2022 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds and notes	\$ 59,444	\$ -	\$ 59,444	\$ -
Total debt securities	<u>59,444</u>	<u>-</u>	<u>59,444</u>	<u>-</u>
Equity securities:				
Common stock - domestic	136,907	136,907	-	-
Exchange traded funds	8,710	8,710	-	-
Mutual funds - domestic and foreign	502,821	502,821	-	-
Total equity securities	<u>648,438</u>	<u>648,438</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 707,882</u>	<u>\$ 648,438</u>	<u>\$ 59,444</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>22,531</u>			
Total cash equivalents measured at the NAV	<u>22,531</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 730,413</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 II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 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, 2022, the Town's investments in corporate bonds were rated BBB+ (\$4,913), BBB (\$31,293), BBB- (\$15,264), BB (\$1,673), B+ (\$7,900) and B (\$15,689) by Standard & Poor's Rating Service. The remaining investments of \$60,408 in corporate bonds and mutual funds were not rated.

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, 2022. Bad debt expense for the year ended December 31, 2022 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, 2022:

	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22	Current Year Portion
<u>Governmental Activities:</u>					
Revolving Loan	\$ 143,117	\$ -	\$ (12,389)	\$ 130,728	\$ 34,793
Totals	<u>\$ 143,117</u>	<u>\$ -</u>	<u>\$ (12,389)</u>	<u>\$ 130,728</u>	<u>\$ 34,793</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2022 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 255,246	\$ 4,575,855
Enterprise funds	2,415,228	-
Nonmajor special revenue funds	1,549,024	5,750
Nonmajor capital project funds	606,863	211,069
Nonmajor permanent funds	4,740	38,427
	<u>\$ 4,831,101</u>	<u>\$ 4,831,101</u>

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

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers at December 31, 2022 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 1,363,908
Nonmajor special revenue funds	440,896	139
Nonmajor capital project funds	929,040	5,889
	<u>\$ 1,369,936</u>	<u>\$ 1,369,936</u>

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	Balance, 1/1/22 (Restated)	Additions	Deletions/ (Transfers)	Balance, 12/31/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 716,729	\$ -	\$ -	\$ 716,729
Art works and historical treasures	30,000	-	-	30,000
	<u>746,729</u>	<u>-</u>	<u>-</u>	<u>746,729</u>
Depreciated assets:				
Buildings and improvements	4,267,085	-	-	4,267,085
Land improvements	327,741	39,900	-	367,641
Machinery and equipment	2,464,681	220,722	-	2,685,403
Vehicles	4,131,281	-	-	4,131,281
Infrastructure	12,708,735	1,263,081	-	13,971,816
	<u>23,899,523</u>	<u>1,523,703</u>	<u>-</u>	<u>25,423,226</u>
Less: accumulated depreciation				
Buildings and improvements	(2,738,903)	(77,779)	-	(2,816,682)
Land improvements	(220,656)	(7,431)	-	(228,087)
Machinery and equipment	(1,620,849)	(124,948)	-	(1,745,797)
Vehicles	(2,525,147)	(180,846)	-	(2,705,993)
Infrastructure	(8,250,934)	(176,982)	-	(8,427,916)
Total accumulated depreciation	<u>(15,356,489)</u>	<u>(567,986)</u>	<u>-</u>	<u>(15,924,475)</u>
Net depreciated assets	<u>8,543,034</u>	<u>955,717</u>	<u>-</u>	<u>9,498,751</u>
Net capital assets	<u>\$ 9,289,763</u>	<u>\$ 955,717</u>	<u>\$ -</u>	<u>\$ 10,245,480</u>
<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	1,957,566	-	-	1,957,566
Vehicles	90,453	-	-	90,453
Infrastructure	7,957,512	24,833	-	7,982,345
	<u>19,861,547</u>	<u>24,833</u>	<u>-</u>	<u>19,886,380</u>
Less: accumulated depreciation				
Buildings and improvements	(9,718,621)	(10,091)	-	(9,728,712)
Machinery and equipment	(1,670,937)	(40,809)	-	(1,711,746)
Vehicles	(80,486)	(4,984)	-	(85,470)
Infrastructure	(6,583,032)	(119,458)	-	(6,702,490)
Total accumulated depreciation	<u>(18,053,076)</u>	<u>(175,342)</u>	<u>-</u>	<u>(18,228,418)</u>
Net depreciated assets	<u>1,808,471</u>	<u>(150,509)</u>	<u>-</u>	<u>1,657,962</u>
Net capital assets	<u>\$ 1,845,971</u>	<u>\$ (150,509)</u>	<u>\$ -</u>	<u>\$ 1,695,462</u>

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 6 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>		
General government	\$	8,225
Public works		335,349
Parks and recreation		16,345
Public safety		176,778
Town-wide		<u>31,289</u>
Total governmental activities depreciation expense		567,986
Sewer		<u>173,342</u>
Total depreciation expense	\$	<u><u>741,328</u></u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2022:

	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22	Current Year Portion
<u>Governmental Activities:</u>					
Bonds payable	\$ 613,333	\$ -	\$ (132,667)	\$ 480,666	\$ 82,666
Totals	<u>\$ 613,333</u>	<u>\$ -</u>	<u>\$ (132,667)</u>	<u>\$ 480,666</u>	<u>\$ 82,666</u>
 <u>Business-type Activities:</u>					
Bonds payable	\$ 510,210	\$ -	\$ (26,375)	\$ 483,835	\$ 27,267
Totals	<u>\$ 510,210</u>	<u>\$ -</u>	<u>\$ (26,375)</u>	<u>\$ 483,835</u>	<u>\$ 27,267</u>

The following is a summary of outstanding bonds payable:

	Governmental Activities	Business-type Activities
\$215,000 2005 General Obligation Bond with a fixed interest rate of 4.125% per annum. Annual principal and interest payments of \$12,849. Maturity in 2034.	\$ -	\$ 119,461
\$204,000 2006 General Obligation Bond with a fixed interest rate of 4.25% per annum. Annual principal and interest payments of \$12,371. Maturity in 2035.	-	121,173
\$143,000 2009 General Obligation Bond with a fixed interest rate of 2.625% per annum. Annual principal and interest payments of \$7,106. Maturity in 2038.	-	91,623
\$131,000 2010 General Obligation Bond with a fixed interest rate of 2.25% per annum. Annual principal and interest payments of \$6,201. Maturity in 2039.	-	86,677

TOWN OF FARMINGTON, MAINE  
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NOTE 7 - LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business-type Activities
\$98,000 2010 General Obligation Bond with a fixed interest rate of 2.25% per annum. Annual principal and interest payments of \$4,639. Maturity in 2039.	-	64,901
Police Dept. building - \$490,000 2012 General Obligation Bond with a fixed interest rate of 3.90% per annum. Due in annual principal payments of \$32,667 plus interest. Maturity in 2026.	130,666	-
Fire truck - \$500,000 2019 General Obligation Bond with a fixed interest rate of 1.90% per annum. Due in annual principal payments of \$50,000 plus interest. Maturity in 2029.	350,000	-
Total bonds payable	\$ 480,666	\$ 483,835

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
2023	\$ 82,666	\$ 11,746	\$ 94,412
2024	82,666	9,523	92,189
2025	82,667	7,297	89,964
2026	82,667	5,074	87,741
2027	50,000	2,850	52,850
2028-2032	100,000	2,850	102,850
	\$ 480,666	\$ 39,340	\$ 520,006

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
			<u>Debt Service</u>
2023	\$ 27,267	\$ 17,241	\$ 44,508
2024	28,191	16,369	44,560
2025	29,149	15,466	44,615
2026	30,141	14,530	44,671
2027	31,169	13,559	44,728
2028-2032	172,642	51,931	224,573
2033-2037	137,837	24,348	162,185
2038-2042	27,439	3,458	30,897
	<u>\$ 483,835</u>	<u>\$ 156,902</u>	<u>\$ 640,737</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, 2022 was \$15,087.

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

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended December 31, 2022:

	<u>Balance,</u> <u>1/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>12/31/21</u>	<u>Current</u> <u>Year Portion</u>
<u>Governmental Activities:</u>					
Accrued compensated absences	\$ 150,918	\$ 232,877	\$ (166,529)	\$ 217,266	\$ 54,317
Net OPEB liability	213,656	19,372	(44,590)	188,438	-
Net pension liability (asset)	(72,790)	778,390	(197,458)	508,142	-
Totals	<u>\$ 291,784</u>	<u>\$ 1,030,639</u>	<u>\$ (408,577)</u>	<u>\$ 913,846</u>	<u>\$ 54,317</u>
<u>Business-type Activities:</u>					
Accrued compensated absences	\$ 29,636	\$ 32,374	\$ (23,828)	\$ 38,182	\$ 9,546
Net pension liability (asset)	(5,386)	57,600	(14,612)	37,602	-
Totals	<u>\$ 24,250</u>	<u>\$ 89,974</u>	<u>\$ (38,440)</u>	<u>\$ 75,784</u>	<u>\$ 9,546</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

Refer to Note 9 of Notes to Financial Statements for accrued compensated absences information, Note 18 for net pension liability information and Note 20 for net OPEB liability information.

NOTE 9 - ACCRUED 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 obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2022, the Town's liability for compensated absences is \$255,448.

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at December 31, 2022:

	Governmental Activities	Business-type Activities	Total
Invested in capital assets	\$ 26,169,955	\$ 19,923,880	\$ 46,093,835
Accumulated depreciation	(15,924,475)	(18,228,418)	(34,152,893)
Outstanding capital related debt	(480,666)	(483,835)	(964,501)
	<u>\$ 9,764,814</u>	<u>\$ 1,211,627</u>	<u>\$ 10,976,441</u>

NOTE 11 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At December 31, 2022, the Town had the following restricted net position and fund balances:

Nonmajor Special Revenue Funds (Schedule E):	
Revolving Loan Fund	\$ 364,179
Franking Printing TIF Reserve	73,762
Downtown TIF Reserve	190,743
Police Drug Eradication	21,971
Police Training	78,666
Rural Comm Resp Prog Opiod	11,511

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 11 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES  
(CONTINUED)

ARPA Grant	712,426
Animal Control	4,380
Dragons Nest	8,700
Fire Fighters Grant	1,313
Coronavirus Emergency Aide	28,509
Nonmajor Permanent Funds (Schedule I):	
Hippach Trust	208,148
LA Smith	17,230
Cemetery	12,654
Weymouth	9,455
Webster	1,549
Smith Cemetery	2,713
Riverside	12,522
Butterfield	1,821
Blake	11,412
Center Meeting House	7,252
Parks and Recreation/Bjorn	100,483
Ministerial	12,309
Alice Knowlton	21,600
Perkins	1,156
Albert Knowles	2,427
Nadine DeWolfe	49,869
Farmington Cemetery	526,012
Sumner P Mills	1,576
Howard	3,045
Other	1,954
Perpetual Flowers	6,232
	<u>\$ 2,507,579</u>

NOTE 12 - NONSPENDABLE FUND BALANCE

At December 31, 2022, the Town had the following nonspendable fund balance:

General Fund:	
Prepaid items	<u>\$ 19,167</u>

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 13 - COMMITTED FUND BALANCES

At December 31, 2022, the Town had the following committed fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 415,514
Nonmajor Capital Projects Funds (Schedule G)	<u>606,863</u>
	<u><u>\$ 1,022,377</u></u>

NOTE 14 - ASSIGNED FUND BALANCE

At December 31, 2022, the Town had the following assigned fund balance:

Nonmajor Special Revenue Funds (Schedule E)	<u>\$ 1,144</u>
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NOTE 15 - DEFICIT FUND BALANCES

At December 31, 2022, the following funds had deficit fund balances:

Nonmajor Special Revenue Funds (Schedule E)	
COPS Grant	\$ 5,750
Nonmajor Capital Projects Funds (Schedule G)	
Local Road Assistance	211,069
Nonmajor Permanent Funds (Schedule I)	
Hippach Field	<u>2,788</u>
	<u><u>\$ 219,607</u></u>

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

At December 31, 2022, the Town had the following overspent appropriations:

	Excess
Public works (Article 8)	\$ 70,754
Transfers to other funds	<u>333</u>
	<u><u>\$ 71,087</u></u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 17 - 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, 2022. 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 18 - 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 (207) 512-3100.

**Benefits Provided**

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2022, there were 311 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's employees are part of the PLD plans "AC" and "1C" and are required to contribute between 7.05% and 9.20% of their annual covered salary depending upon the plan they are in and the Town is required to contribute at an actuarially determined rate. The current rate is 10.30% for plan "AC" and 15.20% 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, 2022 was \$177,683.

**Pension Liabilities**

*PLD Consolidated Plan*

At December 31, 2022, the Town reported a liability of \$545,744 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the Town's proportion was 0.205294%, which was a decrease of 0.03797% from its proportion measured as of June 30, 2021.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended December 31, 2022, the Town recognized net pension revenue of \$71,447. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 101,423	\$ -
Changes of assumptions	110,767	-
Net difference between projected and actual earnings on pension plan investments	-	229,052
Changes in proportion and differences between contributions and proportionate share of contributions	34,285	70,723
Contributions subsequent to the measurement date	<u>94,557</u>	<u>-</u>
Total	<u>\$ 341,032</u>	<u>\$ 299,775</u>

\$94,557 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PLD Plan</u>
Plan year ended June 30:	
2023	\$ 67,735
2024	(86,319)
2025	(142,300)
2026	107,583
2027	-
Thereafter	-

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (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 and of the member's expected future salary. The normal cost for each employee is the product of the member's pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

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

*Asset Valuation Method*

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

*Amortization*

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

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Salary Increases, Merit and Inflation* - 2.75% -11.48%

*Mortality Rates* - Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

*Cost of Living Benefit Increases* - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Public equities	6.00%
US Government	2.30%
Private equity	7.60%
Real assets:	
Real estate	5.20%
Infrastructure	5.30%
Natural resources	5.00%
Traditional credit	3.20%
Alternative credit	7.40%
Diversifiers	5.90%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.50% for 2022 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 1,612,283	\$ 545,744	\$ (335,789)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2022, 2021 and 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

*Differences between Expected and Actual Investment Earnings*

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

**Pension Plan Fiduciary Net Position**

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

NOTE 19 - DEFERRED COMPENSATION PENSION PLAN

MISSIONSQUARE RETIREMENT

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through MissionSquare Retirement, formerly known as the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all full-time, year round

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 19 - DEFERRED COMPENSATION PENSION PLAN (CONTINUED)

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.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Selectboard. 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 10%. The Town contributes 14% for the Town Manager.

The Town's contributions to the plan for 2022 was \$70,607.

NOTE 20 - 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. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

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.

**Employees Covered by Benefit Terms**

At January 1, 2022, the following employees were covered by the benefit terms:

Active members	22
Retirees and spouses	<u>-</u>
Total	<u><u>22</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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

	<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS A		\$1,296	\$2,908
POS 200		\$1,086	\$2,436
POS C		\$1,141	\$2,559
	<u>Medicare</u>		
Medicare-Eligible Retirees		\$601	\$1,201

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

At December 31, 2022, the Town reported a liability of \$188,438 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 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.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$18,757. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,580	\$ 74,039
Changes of assumptions	57,891	19,104
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	615	-
Total	<u>\$ 64,086</u>	<u>\$ 93,143</u>

\$615 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

	MMEHT
Plan year ended December 31:	
2023	\$ (1,781)
2024	(1,781)
2025	(1,781)
2026	(1,781)
2027	(6,861)
Thereafter	(15,687)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2022. 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 2.06% per annum for January 1, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 225,371	\$ 188,438	\$ 158,700
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 225,371	\$ 188,438	\$ 158,700
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:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 155,114	\$ 188,438	\$ 232,503
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 155,114</u>	<u>\$ 188,438</u>	<u>\$ 232,503</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, 2022, using the following methods and assumptions applied to all periods included in the measurement:

*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, 2021. 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.

TOWN OF FARMINGTON, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022

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

*Assumptions*

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for year end 2021 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2022\_fa was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (which is the product of the inflation, GDP and extra trend rate assumptions).

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

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, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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.

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:

Healthy Annuitant- Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC\_2020

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience 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, 2022 was (\$68,459).

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

*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 January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Differences between Projected and Actual 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.

**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 20 - 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, 2022, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of Franklin	\$ 255,296	11.51%	\$ 29,385
RSU #9	31,504,041	34.28%	10,799,003
			<u>\$ 10,828,387</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 21 - TAX INCREMENT FINANCING DISTRICT AND 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.

Downtown Municipal Tax Increment Financing District and Downtown Omnibus Development Program

On October 29, 2013, the Farmington Selectboard, 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 Selectboard, 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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 21 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

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.

**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 March 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, 2022, 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>\$ 255,946</u>

NOTE 22 - 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.

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 22 - CONTINGENCIES (CONTINUED)

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

NOTE 23 - LETTER OF CREDIT

At December 31, 2022, the Town had one outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits and investments held at TD, Bank, N.A. The letter of credit for any deposits not FDIC insured through TD Bank, N.A. There were no draws for the year ended December 31, 2022.

NOTE 24 - 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 25 - RESTATEMENT

In 2022, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted, therefore, a restatement to the 2021 government-wide statements, fund financial statements and business-type activities were required. The beginning net position for governmental activities and the beginning fund balance of the nonmajor special revenues funds were restated by a decrease of \$17,500 to correct the liabilities balance. The resulting restatement decreased governmental activities net position from \$16,001,578 to \$15,984,078, while the nonmajor special revenue funds' beginning fund balance decreased from \$1,538,807 to \$1,521,307.

The business-type activities net position was increased by \$17,363 from \$5,405,077 to \$5,422,440 to correct the capital asset balance.

## Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of 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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 4,068,205	\$ 4,068,205	\$ 4,068,205	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	9,915,889	9,915,889	9,982,235	66,346
Excise taxes	1,105,000	1,105,000	1,161,295	56,295
Interest on taxes	83,000	83,000	38,070	(44,930)
Intergovernmental	2,150,092	2,150,092	2,615,437	465,345
Charges for services	211,000	211,000	215,798	4,798
Miscellaneous revenues	9,100	9,100	76,121	67,021
Transfers from other funds	15,000	15,000	-	(15,000)
Amounts Available for Appropriation	<u>17,557,286</u>	<u>17,557,286</u>	<u>18,157,161</u>	<u>599,875</u>
Charges to Appropriations (Outflows):				
General government	978,651	978,651	960,235	18,416
Public safety	2,981,258	3,812,663	3,593,994	218,669
Health and welfare	25,000	25,000	16,066	8,934
Recreation and culture	384,767	384,767	367,559	17,208
Education	4,775,904	4,775,904	4,775,032	872
Public works	1,658,949	1,658,949	1,705,510	(46,561)
County tax	661,179	661,179	661,179	-
Community services	263,898	263,898	263,212	686
Unclassified	146,872	146,872	120,525	26,347
Debt service:				
Principal	198,000	198,000	132,667	65,333
Interest	62,400	62,400	16,770	45,630
Transfers to other funds	1,352,203	1,363,575	1,363,908	(333)
Total Charges to Appropriations	<u>13,489,081</u>	<u>14,331,858</u>	<u>13,976,657</u>	<u>355,201</u>
Budgetary Fund Balance, December 31	<u>\$ 4,068,205</u>	<u>\$ 3,225,428</u>	<u>\$ 4,180,504</u>	<u>\$ 955,076</u>
Utilization of unassigned fund balance	<u>\$ -</u>	<u>\$ 842,777</u>	<u>\$ -</u>	<u>\$ (842,777)</u>

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

TOWN OF FARMINGTON, MAINE

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

	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>								
Proportion of the net pension liability/(asset)	0.21%	0.24%	0.21%	0.24%	0.26%	0.28%	0.25%	0.26%
Proportionate share of the net pension liability/(asset)	\$ 545,744	\$ (78,176)	\$ 850,429	\$ 736,563	\$ 718,507	\$ 1,131,455	\$ 1,332,737	\$ 818,119
Covered payroll	\$ 1,470,675	\$ 1,249,472	\$ 1,106,031	\$ 1,083,494	\$ 1,365,064	\$ 1,108,392	\$ 989,572	\$ 906,039
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	37.11%	-6.26%	76.89%	67.98%	52.64%	102.08%	134.68%	90.30%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%

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

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>								
Contractually required contribution	\$ 177,683	\$ 160,653	\$ 148,402	\$ 144,754	\$ 144,758	\$ 139,804	\$ 128,555	\$ 114,322
Contributions in relation to the contractually required contribution	<u>(177,683)</u>	<u>(160,653)</u>	<u>(148,402)</u>	<u>(144,754)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,726,100	\$ 1,470,675	\$ 1,135,071	\$ 1,102,948	\$ 1,259,345	\$ 1,162,190	\$ 1,083,863	\$ 970,374
Contributions as a percentage of covered payroll	10.29%	10.92%	13.07%	13.12%	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 auditor's report and notes to financial statements.

## TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 213,656	\$ -	\$ 213,656
Changes for the year:			
Service cost	14,923	-	14,923
Interest	4,820	-	4,820
Changes of benefits	-	-	-
Differences between expected and actual experience	(34,387)	-	(34,387)
Changes of assumptions	(8,098)	-	(8,098)
Contributions - employer	-	2,476	(2,476)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,476)	(2,476)	-
Administrative expense	-	-	-
Net changes	<u>(25,218)</u>	<u>-</u>	<u>(25,218)</u>
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 188,438</u>	<u>\$ -</u>	<u>\$ 188,438</u>

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

## TOWN OF FARMINGTON, MAINE

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

	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>					
Service cost (BOY)	14,923	12,798	8,504	9,719	9,111
Interest (includes interest on service cost)	4,820	5,358	8,117	7,173	5,702
Changes of benefit terms	-	-	(3,388)	-	-
Differences between expected and actual experience	(34,387)	-	(64,637)	-	12,555
Changes of assumptions	(8,098)	13,936	48,441	(21,272)	33,201
Benefit payments, including refunds of member contributions	(2,476)	(2,381)	(5,060)	(4,865)	(2,185)
Net change in total OPEB liability	\$ (25,218)	\$ 29,711	\$ (8,023)	\$ (9,245)	\$ 58,384
Total OPEB liability - beginning	\$ 213,656	\$ 183,945	\$ 191,968	\$ 201,213	\$ 142,829
Total OPEB liability - ending	\$ 188,438	\$ 213,656	\$ 183,945	\$ 191,968	\$ 201,213
<u>Plan fiduciary net position</u>					
Contributions - employer	2,476	2,381	5,060	4,865	2,185
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(2,476)	(2,381)	(5,060)	(4,865)	(2,185)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 188,438	\$ 213,656	\$ 183,945	\$ 191,968	\$ 201,213
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 1,030,153	\$ 1,282,821	\$ 1,282,822	\$ 1,317,336	\$ 1,317,336
Net OPEB liability as a percentage of covered payroll	18.3%	16.7%	14.3%	14.6%	15.3%

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

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

## TOWN OF FARMINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>					
Employer contributions	\$ 2,476	\$ 2,381	\$ 5,060	\$ 4,865	\$ 2,185
Benefit payments	<u>(2,476)</u>	<u>(2,381)</u>	<u>(5,060)</u>	<u>(4,865)</u>	<u>(2,185)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,030,153	\$ 1,282,821	\$ 1,282,822	\$ 1,317,336	\$ 1,317,336
Contributions as a percentage of covered payroll	0%	0%	0%	0%	0%

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022

**Changes of Assumptions**

MEPERS PLD Pension Plan:

There were no changes of assumptions.

MMEHT OPEB Plan:

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

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

## Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF FARMINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes:				
Property taxes	\$ 9,915,889	\$ 9,915,889	\$ 9,982,235	\$ 66,346
Excise taxes	1,105,000	1,105,000	1,161,295	56,295
Interest on taxes	83,000	83,000	38,070	(44,930)
Total Taxes	<u>11,103,889</u>	<u>11,103,889</u>	<u>11,181,600</u>	<u>77,711</u>
Intergovernmental Revenues:				
State revenue sharing	1,564,825	1,564,825	1,723,917	159,092
Homestead exemption	418,363	418,363	501,220	82,857
GA reimbursement	-	-	5,871	5,871
Local road assistance	-	-	166,272	166,272
BETE reimbursement	154,904	154,904	155,020	116
Veteran reimbursement	-	-	6,568	6,568
Tree growth reimbursement	-	-	33,243	33,243
Other	12,000	12,000	23,326	11,326
Total Intergovernmental Revenues	<u>2,150,092</u>	<u>2,150,092</u>	<u>2,615,437</u>	<u>465,345</u>
Charges for Services:				
Code enforcement fees	40,000	40,000	34,920	(5,080)
Motor vehicle fees	-	-	31,271	31,271
Town clerk fees	45,000	45,000	18,318	(26,682)
Inland fisheries fees	-	-	1,554	1,554
Parks and recreation fees	25,000	25,000	34,029	9,029
Assessor	-	-	278	278
Dog fees	-	-	989	989
Police department	12,000	12,000	16,988	4,988
Recycling fees	75,000	75,000	72,680	(2,320)
Cemetery fees	-	-	3,050	3,050
Misc fees/licenses	14,000	14,000	1,721	(12,279)
Total Charges for Services	<u>211,000</u>	<u>211,000</u>	<u>215,798</u>	<u>4,798</u>
Miscellaneous Revenues:				
Tax lien fees	-	-	8,966	8,966
Misc revenues	9,100	9,100	67,155	58,055
Total Miscellaneous Revenues	<u>9,100</u>	<u>9,100</u>	<u>76,121</u>	<u>67,021</u>
Transfers from other funds	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Amounts Available for Appropriation	<u>\$ 13,489,081</u>	<u>\$ 13,489,081</u>	<u>\$ 14,088,956</u>	<u>\$ 599,875</u>

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General government:					
Administration	\$ 266,479	\$ -	\$ 266,479	\$ 297,954	\$ (31,475)
Assessor	115,848	-	115,848	78,210	37,638
Clerk treasurer	331,957	-	331,957	317,982	13,975
Municipal building	82,591	-	82,591	80,951	1,640
CEO	177,076	-	177,076	181,517	(4,441)
Committees	4,700	-	4,700	3,621	1,079
	<u>978,651</u>	<u>-</u>	<u>978,651</u>	<u>960,235</u>	<u>18,416</u>
Public safety:					
Police department	1,666,911	-	1,666,911	1,530,097	136,814
Fire department	836,247	831,405	1,667,652	1,691,154	(23,502)
Hydrants	350,000	-	350,000	259,106	90,894
Street lights	70,000	-	70,000	75,615	(5,615)
Traffic lights	21,500	-	21,500	-	21,500
Ambulance	36,600	-	36,600	38,022	(1,422)
	<u>2,981,258</u>	<u>831,405</u>	<u>3,812,663</u>	<u>3,593,994</u>	<u>218,669</u>
Health and welfare:					
General assistance	25,000	-	25,000	16,066	8,934
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>16,066</u>	<u>8,934</u>
Recreation and culture:					
Parks and recreation	218,628	-	218,628	206,639	11,989
Community center	162,329	-	162,329	158,559	3,770
Cemeteries	3,810	-	3,810	2,361	1,449
	<u>384,767</u>	<u>-</u>	<u>384,767</u>	<u>367,559</u>	<u>17,208</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Education	4,775,904	-	4,775,904	4,775,032	872
Public works:					
Highway department	1,484,899	-	1,484,899	1,555,653	(70,754)
Recycling department	174,050	-	174,050	149,857	24,193
	<u>1,658,949</u>	<u>-</u>	<u>1,658,949</u>	<u>1,705,510</u>	<u>(46,561)</u>
County tax	661,179	-	661,179	661,179	-
Debt service:					
Principal	198,000	-	198,000	132,667	65,333
Interest	62,400	-	62,400	16,770	45,630
	<u>260,400</u>	<u>-</u>	<u>260,400</u>	<u>149,437</u>	<u>110,963</u>
Community services:					
Animal shelter	16,900	-	16,900	16,795	105
Public library	228,000	-	228,000	227,853	147
Social services / economic development	17,998	-	17,998	17,564	434
Gay cemetery	1,000	-	1,000	1,000	-
	<u>263,898</u>	<u>-</u>	<u>263,898</u>	<u>263,212</u>	<u>686</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Unclassified:					
Insurances	106,800	-	106,800	103,086	3,714
Overlay	40,072	-	40,072	17,439	22,633
	<u>146,872</u>	<u>-</u>	<u>146,872</u>	<u>120,525</u>	<u>26,347</u>
Transfers to other funds:					
Revaluation	27,900	-	27,900	27,900	-
Legal reserve	5,000	-	5,000	5,000	-
ADA	2,500	-	2,500	2,500	-
Police facilities	3,500	-	3,500	3,500	-
Police equipment	5,000	-	5,000	5,000	-
Police vehicle	20,000	-	20,000	20,000	-
Police K-9 reserve	750	-	750	750	-
Municipal landfill	4,000	-	4,000	4,000	-
Public works facilities	20,000	-	20,000	20,000	-
Public works equipment	137,500	-	137,500	137,500	-
Local road assistance	664,900	11,372	676,272	676,272	-
Municipal facilities	5,000	-	5,000	5,000	-
Fire equipment	48,000	-	48,000	48,000	-
CEO equipment reserve	1,240	-	1,240	1,240	-
Conservation committee	800	-	800	800	-
TIF	406,113	-	406,113	406,446	(333)
	<u>1,352,203</u>	<u>11,372</u>	<u>1,363,575</u>	<u>1,363,908</u>	<u>(333)</u>
Total Departmental Operations	<u>\$ 13,489,081</u>	<u>\$ 842,777</u>	<u>\$ 14,331,858</u>	<u>\$ 13,976,657</u>	<u>\$ 355,201</u>

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

SCHEDULE C

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 233,066	\$ -	\$ 23,154	\$ 256,220
Investments	-	-	1,019,164	1,019,164
Notes receivable (net of allowance for uncollectibles)	130,728	-	-	130,728
Due from other funds	1,549,024	606,863	4,740	2,160,627
<b>TOTAL ASSETS</b>	<b><u>\$ 1,912,818</u></b>	<b><u>\$ 606,863</u></b>	<b><u>\$ 1,047,058</u></b>	<b><u>\$ 3,566,739</u></b>
<b>LIABILITIES</b>				
Due to other funds	\$ 5,750	\$ 211,069	\$ 38,427	\$ 255,246
<b>TOTAL LIABILITIES</b>	<b><u>5,750</u></b>	<b><u>211,069</u></b>	<b><u>38,427</u></b>	<b><u>255,246</u></b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	1,496,160	-	1,011,419	2,507,579
Committed	415,514	606,863	-	1,022,377
Assigned	1,144	-	-	1,144
Unassigned (deficit)	(5,750)	(211,069)	(2,788)	(219,607)
<b>TOTAL FUND BALANCES</b>	<b><u>1,907,068</u></b>	<b><u>395,794</u></b>	<b><u>1,008,631</u></b>	<b><u>3,311,493</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,912,818</u></b>	<b><u>\$ 606,863</u></b>	<b><u>\$ 1,047,058</u></b>	<b><u>\$ 3,566,739</u></b>

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

SCHEDULE D

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ (42,612)	\$ (42,612)
Intergovernmental	474,567	-	-	474,567
Other income	55,823	241,384	-	297,207
TOTAL REVENUES	<u>530,390</u>	<u>241,384</u>	<u>(42,612)</u>	<u>729,162</u>
EXPENDITURES				
Capital outlay	-	1,523,703	-	1,523,703
Other	585,386	56	60,856	646,298
TOTAL EXPENDITURES	<u>585,386</u>	<u>1,523,759</u>	<u>60,856</u>	<u>2,170,001</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(54,996)</u>	<u>(1,282,375)</u>	<u>(103,468)</u>	<u>(1,440,839)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	440,896	929,040	-	1,369,936
Transfers (out)	(139)	(5,889)	-	(6,028)
TOTAL OTHER FINANCING SOURCES (USES)	<u>440,757</u>	<u>923,151</u>	<u>-</u>	<u>1,363,908</u>
NET CHANGE IN FUND BALANCES	385,761	(359,224)	(103,468)	(76,931)
FUND BALANCES, JANUARY 1, RESTATED	<u>1,521,307</u>	<u>755,018</u>	<u>1,112,099</u>	<u>3,388,424</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,907,068</u>	<u>\$ 395,794</u>	<u>\$ 1,008,631</u>	<u>\$ 3,311,493</u>

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

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than 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, 2022

	Revolving Loan Fund	Franklin Printing TIF Reserve	Downtown TIF Reserve	Woodland TIF Reserve	Composting Funds	Revaluation Reserve
<b>ASSETS</b>						
Cash and cash equivalents	\$ 233,066	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable (net of allowance for uncollectibles)	130,728	-	-	-	-	-
Due from other funds	385	73,762	190,743	-	6,016	265,497
<b>TOTAL ASSETS</b>	<b>\$ 364,179</b>	<b>\$ 73,762</b>	<b>\$ 190,743</b>	<b>\$ -</b>	<b>\$ 6,016</b>	<b>\$ 265,497</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>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	364,179	73,762	190,743	-	-	-
Committed	-	-	-	-	6,016	265,497
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>364,179</b>	<b>73,762</b>	<b>190,743</b>	<b>-</b>	<b>6,016</b>	<b>265,497</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 364,179</b>	<b>\$ 73,762</b>	<b>\$ 190,743</b>	<b>\$ -</b>	<b>\$ 6,016</b>	<b>\$ 265,497</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2022

	Cable Franchise	Legal Reserve	Regional Radio Assessment	Conservation Committee	Community Resolution	Transportation Advisory	Community Center
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	27,283	24,146	4,632	7,067	977	288	76,067
<b>TOTAL ASSETS</b>	<b>\$ 27,283</b>	<b>\$ 24,146</b>	<b>\$ 4,632</b>	<b>\$ 7,067</b>	<b>\$ 977</b>	<b>\$ 288</b>	<b>\$ 76,067</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	27,283	24,146	4,632	7,067	977	288	76,067
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>27,283</b>	<b>24,146</b>	<b>4,632</b>	<b>7,067</b>	<b>977</b>	<b>288</b>	<b>76,067</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 27,283</b>	<b>\$ 24,146</b>	<b>\$ 4,632</b>	<b>\$ 7,067</b>	<b>\$ 977</b>	<b>\$ 288</b>	<b>\$ 76,067</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2022

	Wellness Works Grant	Police Drug Eradication	COPS Grants	Police Training	Rural Comm Resp Prog Opioid	ARPA Grant	Animal Control	Dragons Nest
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	998	21,971	-	78,666	11,511	712,426	4,380	8,700
<b>TOTAL ASSETS</b>	<b>\$ 998</b>	<b>\$ 21,971</b>	<b>\$ -</b>	<b>\$ 78,666</b>	<b>\$ 11,511</b>	<b>\$ 712,426</b>	<b>\$ 4,380</b>	<b>\$ 8,700</b>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ 5,750	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>5,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	21,971	-	78,666	11,511	712,426	4,380	8,700
Committed	998	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(5,750)	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>998</b>	<b>21,971</b>	<b>(5,750)</b>	<b>78,666</b>	<b>11,511</b>	<b>712,426</b>	<b>4,380</b>	<b>8,700</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 998</b>	<b>\$ 21,971</b>	<b>\$ -</b>	<b>\$ 78,666</b>	<b>\$ 11,511</b>	<b>\$ 712,426</b>	<b>\$ 4,380</b>	<b>\$ 8,700</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2022

	Fire Fighters Grant	Church Street	Bowen Ice Skate Propane	Canine Donation	Tree Fund	Coronavirus Emergency Aide	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,066
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	130,728
Due from other funds	1,313	322	-	1,144	2,221	28,509	1,549,024
<b>TOTAL ASSETS</b>	<u>\$ 1,313</u>	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ 1,144</u>	<u>\$ 2,221</u>	<u>\$ 28,509</u>	<u>\$ 1,912,818</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,750
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,750</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,313	-	-	-	-	28,509	1,496,160
Committed	-	322	-	-	2,221	-	415,514
Assigned	-	-	-	1,144	-	-	1,144
Unassigned	-	-	-	-	-	-	(5,750)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>1,313</u>	<u>322</u>	<u>-</u>	<u>1,144</u>	<u>2,221</u>	<u>28,509</u>	<u>1,907,068</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,313</u>	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ 1,144</u>	<u>\$ 2,221</u>	<u>\$ 28,509</u>	<u>\$ 1,912,818</u>

See accompanying independent auditor’s 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, 2022

	Revolving Loan Fund	Franklin Printing TIF Reserve	Downtown TIF Reserve	Woodland TIF Reserve	Composting Funds	Revaluation Reserve
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	6,233	-	-	-	-	-
TOTAL REVENUES	<u>6,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Other	13	2,500	134,287	256,446	-	-
TOTAL EXPENDITURES	<u>13</u>	<u>2,500</u>	<u>134,287</u>	<u>256,446</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,220</u>	<u>(2,500)</u>	<u>(134,287)</u>	<u>(256,446)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	150,000	256,446	-	27,900
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>256,446</u>	<u>-</u>	<u>27,900</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	6,220	(2,500)	15,713	-	-	27,900
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>357,959</u>	<u>76,262</u>	<u>175,030</u>	<u>-</u>	<u>6,016</u>	<u>237,597</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 364,179</u>	<u>\$ 73,762</u>	<u>\$ 190,743</u>	<u>\$ -</u>	<u>\$ 6,016</u>	<u>\$ 265,497</u>

SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Cable Franchise	Legal Reserve	Regional Radio Assessment	Conservation Committee	Community Resolution	Transportation Advisory	Community Center
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	47,755	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>47,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Other	45,585	13,060	-	1,200	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>45,585</u>	<u>13,060</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,170</u>	<u>(13,060)</u>	<u>-</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	5,000	-	800	-	-	-
Transfers (out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<u>2,170</u>	<u>(8,060)</u>	<u>-</u>	<u>(400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS), JANUARY 1, RESTATED</b>	<u>25,113</u>	<u>32,206</u>	<u>4,632</u>	<u>7,467</u>	<u>977</u>	<u>288</u>	<u>76,067</u>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<u>\$ 27,283</u>	<u>\$ 24,146</u>	<u>\$ 4,632</u>	<u>\$ 7,067</u>	<u>\$ 977</u>	<u>\$ 288</u>	<u>\$ 76,067</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, 2022

	Wellness Works Grant	Police Drug Eradication	COPS Grants	Police Training	Rural Comm Resp Prog Opioid	ARPA Grant	Animal Control	Dragons Nest
REVENUES								
Intergovernmental	\$ -	\$ 3,479	\$ 2,231	\$ 24,000	\$ -	\$ 410,847	\$ -	\$ -
Other income	960	-	-	-	-	-	875	-
TOTAL REVENUES	960	3,479	2,231	24,000	-	410,847	875	-
EXPENDITURES								
Other	-	-	7,980	-	-	108,316	-	-
TOTAL EXPENDITURES	-	-	7,980	-	-	108,316	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	960	3,479	(5,749)	24,000	-	302,531	875	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	960	3,479	(5,749)	24,000	-	302,531	875	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTA	38	18,492	(1)	54,666	11,511	409,895	3,505	8,700
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 998	\$ 21,971	\$ (5,750)	\$ 78,666	\$ 11,511	\$ 712,426	\$ 4,380	\$ 8,700

SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Fire Fighters Grant	Church Street	Bowen Ice Skate Propane	Canine Donation	Tree Fund	Coronavirus Emergency Aide	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,010	\$ 474,567
Other income	-	-	-	-	-	-	55,823
TOTAL REVENUES	-	-	-	-	-	34,010	530,390
EXPENDITURES							
Other	-	-	-	-	-	15,999	585,386
TOTAL EXPENDITURES	-	-	-	-	-	15,999	585,386
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	18,011	(54,996)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	750	-	-	440,896
Transfers (out)	-	-	(139)	-	-	-	(139)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(139)	750	-	-	440,757
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(139)	750	-	18,011	385,761
FUND BALANCES (DEFICITS), JANUARY 1, REST/	1,313	322	139	394	2,221	10,498	1,521,307
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 1,313	\$ 322	\$ -	\$ 1,144	\$ 2,221	\$ 28,509	1,907,068

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

## Capital Projects Funds

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

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2022

	<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>
<b>ASSETS</b>							
Due from other funds	\$ 22,812	\$ 469	\$ 1,643	\$ 1,000	\$ 18,696	\$ 2,131	\$ 13,942
<b>TOTAL ASSETS</b>	<u>\$ 22,812</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ 1,000</u>	<u>\$ 18,696</u>	<u>\$ 2,131</u>	<u>\$ 13,942</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	22,812	469	1,643	1,000	18,696	2,131	13,942
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>22,812</u>	<u>469</u>	<u>1,643</u>	<u>1,000</u>	<u>18,696</u>	<u>2,131</u>	<u>13,942</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,812</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ 1,000</u>	<u>\$ 18,696</u>	<u>\$ 2,131</u>	<u>\$ 13,942</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2022

	Police Equipment	Police Vehicle	Police Facilities	Fire Equipment	Public Works Facilities	Public Works Equipment
<b>ASSETS</b>						
Due from other funds	\$ 14,412	\$ 49,368	\$ 26,486	\$ 146,373	\$ 58,559	\$ 142,346
<b>TOTAL ASSETS</b>	<b>\$ 14,412</b>	<b>\$ 49,368</b>	<b>\$ 26,486</b>	<b>\$ 146,373</b>	<b>\$ 58,559</b>	<b>\$ 142,346</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>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	14,412	49,368	26,486	146,373	58,559	142,346
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>14,412</b>	<b>49,368</b>	<b>26,486</b>	<b>146,373</b>	<b>58,559</b>	<b>142,346</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,412</b>	<b>\$ 49,368</b>	<b>\$ 26,486</b>	<b>\$ 146,373</b>	<b>\$ 58,559</b>	<b>\$ 142,346</b>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2022

	Sidewalk Reserves	Municipal Landfill	Local Road Assistance	Hippach Field Project	Walton Mill Pond	Rail Trail Bridge
<b>ASSETS</b>						
Due from other funds	\$ 43,191	\$ 28,944	\$ -	\$ 14,051	\$ 8,698	\$ 12
<b>TOTAL ASSETS</b>	<b>\$ 43,191</b>	<b>\$ 28,944</b>	<b>\$ -</b>	<b>\$ 14,051</b>	<b>\$ 8,698</b>	<b>\$ 12</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ 211,069	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>211,069</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	43,191	28,944	-	14,051	8,698	12
Assigned	-	-	-	-	-	-
Unassigned	-	-	(211,069)	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>43,191</b>	<b>28,944</b>	<b>(211,069)</b>	<b>14,051</b>	<b>8,698</b>	<b>12</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,191</b>	<b>\$ 28,944</b>	<b>\$ -</b>	<b>\$ 14,051</b>	<b>\$ 8,698</b>	<b>\$ 12</b>

SCHEDULE G (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2022

	FFSWD Trail Crossing	Parks and Rec Reserve	Hippach Field Lights	Playground	Cemetery Infrastructure	Total
<b>ASSETS</b>						
Due from other funds	\$ 906	\$ 6,325	\$ 890	\$ 3,150	\$ 2,459	\$ 606,863
<b>TOTAL ASSETS</b>	<u>\$ 906</u>	<u>\$ 6,325</u>	<u>\$ 890</u>	<u>\$ 3,150</u>	<u>\$ 2,459</u>	<u>\$ 606,863</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,069
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,069</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	906	6,325	890	3,150	2,459	606,863
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(211,069)
<b>TOTAL FUND BALANCES</b>	<u>906</u>	<u>6,325</u>	<u>890</u>	<u>3,150</u>	<u>2,459</u>	<u>395,794</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 906</u>	<u>\$ 6,325</u>	<u>\$ 890</u>	<u>\$ 3,150</u>	<u>\$ 2,459</u>	<u>\$ 606,863</u>

See accompanying independent auditor's 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, 2022

	Municipal Facilities	Election Equipment	Computer	Treasurer Computer	Cable Equipment	CEO Equipment	ADA Reserve
REVENUES							
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	56
TOTAL EXPENDITURES	-	-	-	-	-	-	56
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-	(56)
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	-	-	-	-	1,240	2,500
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	-	-	-	-	1,240	2,500
NET CHANGE IN FUND BALANCES	5,000	-	-	-	-	1,240	2,444
FUND BALANCES, JANUARY 1	17,812	469	1,643	1,000	18,696	891	11,498
FUND BALANCES, DECEMBER 31	<u>\$ 22,812</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ 1,000</u>	<u>\$ 18,696</u>	<u>\$ 2,131</u>	<u>\$ 13,942</u>

SCHEDULE H (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Police Equipment	Police Vehicle	Police Facilities	Fire Equipment	Public Works Facilities	Public Works Equipment
REVENUES						
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,780
TOTAL REVENUES	-	-	-	-	-	3,780
EXPENDITURES						
Capital outlay	8,213	-	-	43,772	-	155,980
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	8,213	-	-	43,772	-	155,980
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,213)	-	-	(43,772)	-	(152,200)
OTHER FINANCING SOURCES (USES)						
Transfers in	5,000	20,000	3,500	48,000	20,000	137,500
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	20,000	3,500	48,000	20,000	137,500
NET CHANGE IN FUND BALANCES	(3,213)	20,000	3,500	4,228	20,000	(14,700)
FUND BALANCES, JANUARY 1	17,625	29,368	22,986	142,145	38,559	157,046
FUND BALANCES, DECEMBER 31	\$ 14,412	\$ 49,368	\$ 26,486	\$ 146,373	\$ 58,559	\$ 142,346

SCHEDULE H (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Sidewalk Reserves	Municipal Landfill	Local Road Assistance	Hippach Field Project	Walton Dam Project	Walton Mill Pond	Rail Trail Bridge
REVENUES							
Other income	\$ -	\$ -	\$ 237,604	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	237,604	-	-	-	-
EXPENDITURES							
Capital outlay	-	39,900	1,263,081	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	39,900	1,263,081	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(39,900)	(1,025,477)	-	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	4,000	676,272	139	-	5,889	-
Transfers (out)	-	-	-	-	(5,889)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	4,000	676,272	139	(5,889)	5,889	-
NET CHANGE IN FUND BALANCES	-	(35,900)	(349,205)	139	(5,889)	5,889	-
FUND BALANCES, JANUARY 1	43,191	64,844	138,136	13,912	5,889	2,809	12
FUND BALANCES, DECEMBER 31	\$ 43,191	\$ 28,944	\$ (211,069)	\$ 14,051	\$ -	\$ 8,698	\$ 12

SCHEDULE H (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	FFSWD Trail Crossing	Parks and Rec Reserve	Hippach Field Lights	Playground	Cemetery Infrastructure	Total
REVENUES						
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,384
TOTAL REVENUES	-	-	-	-	-	241,384
EXPENDITURES						
Capital outlay	-	12,757	-	-	-	1,523,703
Other	-	-	-	-	-	56
TOTAL EXPENDITURES	-	12,757	-	-	-	1,523,759
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(12,757)	-	-	-	(1,282,375)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	929,040
Transfers (out)	-	-	-	-	-	(5,889)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	923,151
NET CHANGE IN FUND BALANCES	-	(12,757)	-	-	-	(359,224)
FUND BALANCES, JANUARY 1	906	19,082	890	3,150	2,459	755,018
FUND BALANCES, DECEMBER 31	\$ 906	\$ 6,325	\$ 890	\$ 3,150	\$ 2,459	\$ 395,794

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

## Permanent Funds

Permanent funds are used to account for assets held by the Town of 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, 2022

	Hippach Trust	LA Smith	Cemetery	Weymouth	Webster
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,167	\$ -	\$ -	\$ -	\$ -
Investments	205,685	17,336	12,528	9,455	1,549
Due from other funds	-	-	126	-	-
<b>TOTAL ASSETS</b>	<u>\$ 214,852</u>	<u>\$ 17,336</u>	<u>\$ 12,654</u>	<u>\$ 9,455</u>	<u>\$ 1,549</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 6,704	\$ 106	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>6,704</u>	<u>106</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	208,148	17,230	12,654	9,455	1,549
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>208,148</u>	<u>17,230</u>	<u>12,654</u>	<u>9,455</u>	<u>1,549</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 214,852</u>	<u>\$ 17,336</u>	<u>\$ 12,654</u>	<u>\$ 9,455</u>	<u>\$ 1,549</u>

SCHEDULE I (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2022

	Smith Cemetery	Riverside	Butterfield	Blake	Center Meeting House	Parks and Rec Bjorn
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	2,608	12,522	1,456	11,788	6,649	100,483
Due from other funds	105	-	365	-	603	-
<b>TOTAL ASSETS</b>	<b>\$ 2,713</b>	<b>\$ 12,522</b>	<b>\$ 1,821</b>	<b>\$ 11,788</b>	<b>\$ 7,252</b>	<b>\$ 100,483</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ 376	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>376</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	2,713	12,522	1,821	11,412	7,252	100,483
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>2,713</b>	<b>12,522</b>	<b>1,821</b>	<b>11,412</b>	<b>7,252</b>	<b>100,483</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,713</b>	<b>\$ 12,522</b>	<b>\$ 1,821</b>	<b>\$ 11,788</b>	<b>\$ 7,252</b>	<b>\$ 100,483</b>

SCHEDULE I (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2022

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,987
Investments	12,309	21,600	1,156	2,427	49,869	520,285
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,309</b>	<b>\$ 21,600</b>	<b>\$ 1,156</b>	<b>\$ 2,427</b>	<b>\$ 49,869</b>	<b>\$ 534,272</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,260
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,260</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	12,309	21,600	1,156	2,427	49,869	526,012
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>12,309</b>	<b>21,600</b>	<b>1,156</b>	<b>2,427</b>	<b>49,869</b>	<b>526,012</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 12,309</b>	<b>\$ 21,600</b>	<b>\$ 1,156</b>	<b>\$ 2,427</b>	<b>\$ 49,869</b>	<b>\$ 534,272</b>

SCHEDULE I (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2022

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,154
Investments	17,539	4,230	3,045	1,084	3,561	1,019,164
Due from other funds		-	-	870	2,671	4,740
<b>TOTAL ASSETS</b>	<u>\$ 17,539</u>	<u>\$ 4,230</u>	<u>\$ 3,045</u>	<u>\$ 1,954</u>	<u>\$ 6,232</u>	<u>\$ 1,047,058</u>
<b>LIABILITIES</b>						
Due to other funds	\$ 15,963	\$ 7,018	\$ -	\$ -	\$ -	\$ 38,427
<b>TOTAL LIABILITIES</b>	<u>15,963</u>	<u>7,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,427</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	1,576	-	3,045	1,954	6,232	1,011,419
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(2,788)	-	-	-	(2,788)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>1,576</u>	<u>(2,788)</u>	<u>3,045</u>	<u>1,954</u>	<u>6,232</u>	<u>1,008,631</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 17,539</u>	<u>\$ 4,230</u>	<u>\$ 3,045</u>	<u>\$ 1,954</u>	<u>\$ 6,232</u>	<u>\$ 1,047,058</u>

See accompanying independent auditor's 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, 2022

	Hippach Trust	LA Smith	Cemetery	Weymouth	Webster
REVENUES					
Interest income	\$ 5,800	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	(49,814)	(29)	181	42	7
Other income	-	-	-	-	-
TOTAL REVENUES	<u>(44,014)</u>	<u>(29)</u>	<u>181</u>	<u>42</u>	<u>7</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(44,014)	(29)	181	42	7
FUND BALANCES (DEFICITS), JANUARY 1	<u>252,162</u>	<u>17,259</u>	<u>12,473</u>	<u>9,413</u>	<u>1,542</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 208,148</u>	<u>\$ 17,230</u>	<u>\$ 12,654</u>	<u>\$ 9,455</u>	<u>\$ 1,549</u>

SCHEDULE J (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Smith Cemetery	Riverside	Butterfield	Blake	Center Meeting House	Parks and Rec Bjorn
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	117	56	370	(322)	631	474
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>117</u>	<u>56</u>	<u>370</u>	<u>(322)</u>	<u>631</u>	<u>474</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	117	56	370	(322)	631	474
FUND BALANCES (DEFICITS), JANUARY 1	<u>2,596</u>	<u>12,466</u>	<u>1,451</u>	<u>11,734</u>	<u>6,621</u>	<u>100,009</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 2,713</u>	<u>\$ 12,522</u>	<u>\$ 1,821</u>	<u>\$ 11,412</u>	<u>\$ 7,252</u>	<u>\$ 100,483</u>

SCHEDULE J (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	55	96	5	11	222	(4,172)
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>55</u>	<u>96</u>	<u>5</u>	<u>11</u>	<u>222</u>	<u>(4,172)</u>
EXPENDITURES						
Other	-	-	-	-	-	60,856
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,856</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	55	96	5	11	222	(65,028)
FUND BALANCES (DEFICITS), JANUARY 1	<u>12,254</u>	<u>21,504</u>	<u>1,151</u>	<u>2,416</u>	<u>49,647</u>	<u>591,040</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 12,309</u>	<u>\$ 21,600</u>	<u>\$ 1,156</u>	<u>\$ 2,427</u>	<u>\$ 49,869</u>	<u>\$ 526,012</u>

SCHEDULE J (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,800
Investment income, net of unrealized gains/(losses)	78	19	14	871	2,676	(48,412)
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>78</u>	<u>19</u>	<u>14</u>	<u>871</u>	<u>2,676</u>	<u>(42,612)</u>
EXPENDITURES						
Other	-	-	-	-	-	60,856
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,856</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	78	19	14	871	2,676	(103,468)
FUND BALANCES (DEFICITS), JANUARY 1	<u>1,498</u>	<u>(2,807)</u>	<u>3,031</u>	<u>1,083</u>	<u>3,556</u>	<u>1,112,099</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 1,576</u>	<u>\$ (2,788)</u>	<u>\$ 3,045</u>	<u>\$ 1,954</u>	<u>\$ 6,232</u>	<u>\$ 1,008,631</u>

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

## General Capital Assets

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 39,600	\$ 1,192,541	\$ 65,753	\$ -	\$ 1,297,894
Public works	111,700	1,042,963	3,079,088	13,801,726	18,035,477
Parks and recreation	166,700	1,091,880	145,330	13,516	1,417,426
Public safety	39,600	648,727	3,514,548	-	4,202,875
Sewer	37,500	9,856,016	2,048,019	7,982,345	19,923,880
Town-wide	389,129	658,615	11,965	156,574	1,216,283
Total General Capital Assets	<u>784,229</u>	<u>14,490,742</u>	<u>8,864,703</u>	<u>21,954,161</u>	<u>46,093,835</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(12,773,481)</u>	<u>(6,249,006)</u>	<u>(15,130,406)</u>	<u>(34,152,893)</u>
Net General Capital Assets	<u>\$ 784,229</u>	<u>\$ 1,717,261</u>	<u>\$ 2,615,697</u>	<u>\$ 6,823,755</u>	<u>\$ 11,940,942</u>

See accompanying independent auditor's 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, 2022

	General Capital Assets 1/1/22 (Restated)	Additions	Deletions/ (Transfers)	General Capital Assets 12/31/22
General government	\$ 1,297,894	\$ -	\$ -	\$ 1,297,894
Public works	16,732,496	1,302,981	-	18,035,477
Parks and recreation	1,404,669	12,757	-	1,417,426
Public safety	3,994,910	207,965	-	4,202,875
Sewer	19,899,047	24,833	-	19,923,880
Town-wide	1,216,283	-	-	1,216,283
Total General Capital Assets	44,545,299	1,548,536	-	46,093,835
Less: Accumulated Depreciation	(33,409,565)	(743,328)	-	(34,152,893)
Net General Capital Assets	<u>\$ 11,135,734</u>	<u>\$ 805,208</u>	<u>\$ -</u>	<u>\$ 11,940,942</u>

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



Proven Expertise & Integrity

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

Selectboard  
Town of 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, 2022 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 August 9, 2023.

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.

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*. We noted certain other matters that we reported to management of the Town of Farmington, Maine's in a separate letter dated August 9, 2023.

### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
August 9, 2023