

Audited Financial Statements and
Other Financial Information

Town of Farmington, Maine

December 31, 2020



Proven Expertise & Integrity

TOWN OF FARMINGTON, MAINE

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DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Farmington
Farmington, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB related information on pages 4 through 11 and 67 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2021, on our consideration of the Town of Farmington, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Farmington, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
July 22, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

(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, 2020. 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 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and Related Ratios, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities is \$13,932,734 compared to \$12,279,773 in the prior year, an increase of \$1,652,961. For the business-type activities, total net position is \$5,463,178 as compared to \$5,465,518 in the prior year, a decrease of \$2,340.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to \$3,771,118 at the end of this year for governmental activities and increased to \$3,904,793 for the business-type activities.

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

	Governmental Activities		Business-type Activities	
	2020	2019 (Restated)	2020	2019
Assets:				
Current Assets	\$ 6,689,633	\$ 6,128,713	\$ 4,002,370	\$ 3,751,038
Noncurrent Assets:				
Capital Assets	9,402,582	8,742,394	2,093,640	2,354,284
Other	150,717	-	-	-
Total Assets	16,242,932	14,871,107	6,096,010	6,105,322
Deferred Outflows of Resources:				
Deferred Outflows Related to OPEB	75,909	40,453	-	-
Deferred Outflows Related to Pensions	180,475	181,556	7,327	12,727
Total Deferred Outflows of Resources	256,384	222,009	7,327	12,727
Liabilities:				
Current Liabilities	603,473	721,721	45,752	35,241
Noncurrent Liabilities	1,698,483	1,736,889	587,461	599,934
Total Liabilities	2,301,956	2,458,610	633,213	635,175
Deferred Inflows of Resources:				
Prepaid Taxes	19,189	17,487	-	-
Advance Payment of LRAP Funding	-	83,030	-	-
Deferred Revenues	77,538	670	-	-
Deferred Inflows Related to OPEB	73,999	18,908	-	-
Deferred Inflows Related to Pensions	93,900	234,638	6,946	17,356
Total Deferred Inflows of Resources	264,626	354,733	6,946	17,356
Net Position:				
Net Investment in Capital Assets	8,757,299	7,863,728	1,558,385	1,794,208
Restricted	1,554,034	1,516,909	-	-
Unrestricted	3,621,401	2,899,136	3,904,793	3,671,310
Total Net Position	\$ 13,932,734	\$ 12,279,773	\$ 5,463,178	\$ 5,465,518

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

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 225,500	\$ 182,102	\$ 999,911	\$ 1,068,269
Operating grants and contributions	705,504	172,647	-	-
<i>General Revenues:</i>				
Taxes	10,211,196	10,437,079	-	-
Grants and contributions not restricted to specific programs	1,549,620	1,162,886	-	-
Miscellaneous	626,346	319,123	164,453	6,409
Total Revenues	13,318,166	12,273,837	1,164,364	1,074,678
Expenses				
General government	831,236	932,501	-	-
Public safety	2,309,834	2,180,386	-	-
Health and welfare	5,536	13,716	-	-
Recreation and culture	366,128	352,911	-	-
Education	4,732,125	4,793,091	-	-
Public works	1,350,907	964,023	-	-
County tax	591,410	568,765	-	-
Community services	235,474	228,907	-	-
Unclassified	1,194,324	605,583	-	-
Unallocated depreciation (Note 6)	33,681	32,792	-	-
Interest on long-term debt	14,550	17,087	-	-
Sewer department	-	-	1,166,704	1,037,337
Total Expenses	11,665,205	10,689,762	1,166,704	1,037,337
Change in Net Position	1,652,961	1,584,075	(2,340)	37,341
Net Position - January 1, Restated	12,279,773	10,695,698	5,465,518	5,428,177
Net Position - December 31	\$ 13,932,734	\$ 12,279,773	\$ 5,463,178	\$ 5,465,518

Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.51%, while total expenses increased by 9.13%. The Town's revenues increased in all areas except for taxes. The increase in expenses was mainly from public works and unclassified.

For the business-type activities, revenues increased by \$89,686 or 8.35% from the prior year. The increase in expenses for the business-type activities was \$129,367 or 12.47% from the prior year. The increase in revenues was primarily the result of miscellaneous and the increase in expenses was mainly due to other.

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,

	2020	2019	Increase/ (Decrease)
Major Fund:			
General Fund:			
Nonspendable	\$ 6	\$ 11,690	\$ (11,684)
Assigned	4,000	35,597	(31,597)
Unassigned	2,954,005	2,432,398	521,607
Total Major Fund	\$ 2,958,011	\$ 2,479,685	\$ 478,326
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 568,971	\$ 560,788	\$ 8,183
Committed	508,881	335,791	173,090
Unassigned	(6,359)	-	(6,359)
Capital Projects Funds:			
Restricted	62,765	7,632	55,133
Committed	591,179	408,502	182,677
Permanent Funds:			
Restricted	985,063	956,121	28,942
Unassigned	(2,815)	(2,815)	-
Total Nonmajor Funds	\$ 2,708,685	\$ 2,266,019	\$ 442,666

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

Budgetary Highlights

There was a \$35,597 increase between the original and final budget for the general fund which was offset by the utilization of assigned fund balance.

The general fund actual revenues were over budgeted amounts by \$412,457. This was a result of all revenue categories being receipted within or in excess of budgeted amounts with the exception of excise taxes and miscellaneous revenues.

The general fund actual expenditures were under budgeted amounts by \$101,466. All expenditure categories were within or under budget with the exception of public safety, public works and debt service.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2020, the net book value of capital assets recorded by the Town increased by \$399,544. This increase was a result of net capital additions and transfers of \$1,294,773, less net disposals of \$160,974 and current year depreciation expense of \$734,255.

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

	2020	2019 (Restated)
Land and improvements	\$ 868,744	\$ 876,175
Art works and historical treasures	15,000	15,000
Construction in progress	-	791,709
Buildings and improvements	1,638,854	1,195,358
Machinery and equipment	1,047,501	1,061,483
Vehicles	1,727,503	1,169,324
Infrastructure	6,198,620	5,987,629
Total	<u>\$ 11,496,222</u>	<u>\$ 11,096,678</u>

Debt

At December 31, 2020, the Town had \$1,331,225 in bonds and notes from direct borrowings outstanding versus \$1,438,742 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

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

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

Economic Factors and Next Year's Budgets and Rates

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

Contacting the Town's Financial Management

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

STATEMENT A

TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,230,253	\$ -	\$ 6,230,253
Investments	1,528,343	1,555,700	3,084,043
Accounts receivable (net of allowance for uncollectibles):			
Taxes	634,573	-	634,573
Liens	256,344	-	256,344
Current portion of notes	52,206	-	52,206
Other	156,696	277,882	434,578
Prepaid items	6	-	6
Internal balances	(2,168,788)	2,168,788	-
Total current assets	<u>6,689,633</u>	<u>4,002,370</u>	<u>10,692,003</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	731,729	37,500	769,229
Depreciable assets, net of accumulated depreciation	8,670,853	2,056,140	10,726,993
Noncurrent portion of notes receivable	150,717	-	150,717
Total noncurrent assets	<u>9,553,299</u>	<u>2,093,640</u>	<u>11,646,939</u>
TOTAL ASSETS	<u>16,242,932</u>	<u>6,096,010</u>	<u>22,338,942</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	75,909	-	75,909
Deferred outflows related to pensions	180,475	7,327	187,802
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>256,384</u>	<u>7,327</u>	<u>263,711</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,499,316</u>	<u>\$ 6,103,337</u>	<u>\$ 22,602,653</u>

STATEMENT A (CONTINUED)
TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 261,567	\$ -	\$ 261,567
Payroll related liabilities	104,128	8,731	112,859
Due to other governments	18,660	-	18,660
Accrued expenses	-	5,123	5,123
Current portion of long-term obligations	219,118	31,898	251,016
Total current liabilities	<u>603,473</u>	<u>45,752</u>	<u>649,225</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	613,333	509,739	1,123,072
Accrued compensated absences	109,354	19,144	128,498
Net OPEB liability	183,945	-	183,945
Net pension liability	791,851	58,578	850,429
Total noncurrent liabilities	<u>1,698,483</u>	<u>587,461</u>	<u>2,285,944</u>
TOTAL LIABILITIES	<u>2,301,956</u>	<u>633,213</u>	<u>2,935,169</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	19,189	-	19,189
Deferred revenue	77,538	-	77,538
Deferred inflows related to OPEB	73,999	-	73,999
Deferred inflows related to pensions	93,900	6,946	100,846
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>264,626</u>	<u>6,946</u>	<u>271,572</u>
NET POSITION			
Net investment in capital assets	8,757,299	1,558,385	10,315,684
Restricted	1,554,034	-	1,554,034
Unrestricted	3,621,401	3,904,793	7,526,194
TOTAL NET POSITION	<u>13,932,734</u>	<u>5,463,178</u>	<u>19,395,912</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 16,499,316</u>	<u>\$ 6,103,337</u>	<u>\$ 22,602,653</u>

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

TOWN OF FARMINGTON, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

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	\$ 831,236	\$ 135,226	\$ -	\$ -	\$ (696,010)	\$ -	\$ (696,010)
Public safety	2,309,834	14,351	-	-	(2,295,483)	-	(2,295,483)
Health and welfare	5,536	-	-	-	(5,536)	-	(5,536)
Recreation and culture	366,128	3,804	-	-	(362,324)	-	(362,324)
Education	4,732,125	-	-	-	(4,732,125)	-	(4,732,125)
Public works	1,350,907	72,119	100,000	-	(1,178,788)	-	(1,178,788)
County tax	591,410	-	-	-	(591,410)	-	(591,410)
Community services	235,474	-	-	-	(235,474)	-	(235,474)
Unclassified	1,194,324	-	605,504	-	(588,820)	-	(588,820)
Unallocated depreciation (Note 6)*	33,681	-	-	-	(33,681)	-	(33,681)
Interest on long-term debt	14,550	-	-	-	(14,550)	-	(14,550)
Total governmental activities	11,665,205	225,500	705,504	-	(10,734,201)	-	(10,734,201)
Business-type activities:							
Sewer department	1,166,704	999,911	-	-	-	(166,793)	(166,793)
Total business-type activities	1,166,704	999,911	-	-	-	(166,793)	(166,793)
Total government	\$ 12,831,909	\$ 1,225,411	\$ 705,504	\$ -	(10,734,201)	(166,793)	(10,900,994)

* 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, 2020

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(10,734,201)	(166,793)	(10,900,994)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	9,110,499	-	9,110,499
Excise taxes	1,100,697	-	1,100,697
Interest on taxes	64,544	-	64,544
Intergovernmental	1,549,620	-	1,549,620
Investment income, net of unrealized gains/(losses)	43,572	-	43,572
Miscellaneous	518,230	164,453	682,683
Total general revenues	12,387,162	164,453	12,551,615
Change in net position	1,652,961	(2,340)	1,650,621
NET POSITION - JANUARY 1, RESTATED	12,279,773	5,465,518	17,745,291
NET POSITION - DECEMBER 31	\$ 13,932,734	\$ 5,463,178	\$ 19,395,912

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

TOWN OF FARMINGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,031,972	\$ 198,281	\$ 6,230,253
Investments	576,446	951,897	1,528,343
Accounts receivable (net of allowance for uncollectibles):			
Taxes	634,573	-	634,573
Liens	256,344	-	256,344
Notes	-	202,923	202,923
Other	156,696	-	156,696
Prepaid items	6	-	6
Due from other funds	38,156	1,393,740	1,431,896
TOTAL ASSETS	\$ 7,694,193	\$ 2,746,841	\$ 10,441,034
LIABILITIES			
Accounts payable	\$ 261,567	\$ -	\$ 261,567
Payroll related payables	104,128	-	104,128
Due to other governments	18,660	-	18,660
Due to other funds	3,562,528	38,156	3,600,684
TOTAL LIABILITIES	3,946,883	38,156	3,985,039
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	19,189	-	19,189
Deferred revenue	77,538	-	77,538
Deferred tax revenues	692,572	-	692,572
TOTAL DEFERRED INFLOWS OF RESOURCES	789,299	-	789,299
FUND BALANCES			
Nonspendable	6	-	6
Restricted	-	1,616,799	1,616,799
Committed	-	1,100,060	1,100,060
Assigned	4,000	1,000	5,000
Unassigned	2,954,005	(9,174)	2,944,831
TOTAL FUND BALANCES	2,958,011	2,708,685	5,666,696
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,694,193	\$ 2,746,841	\$ 10,441,034

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

TOWN OF FARMINGTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 5,666,696
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	9,553,299
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	75,909
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	180,475
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	692,572
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	(796,000)
Accrued compensated absences	(145,805)
Net OPEB liability	(183,945)
Net pension liability	(791,851)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(73,999)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(93,900)</u>
Net position of governmental activities	<u>\$ 14,083,451</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 9,147,566	\$ -	\$ 9,147,566
Excise taxes	1,100,697	-	1,100,697
Interest on taxes	64,544	-	64,544
Intergovernmental	1,649,620	605,504	2,255,124
Charges for services	225,500	-	225,500
Investment income, net of unrealized gains/(losses)	-	43,572	43,572
Miscellaneous revenues	14,750	503,480	518,230
TOTAL REVENUES	12,202,677	1,152,556	13,355,233
EXPENDITURES			
Current:			
General government	856,026	-	856,026
Public safety	2,392,616	-	2,392,616
Health and welfare	5,536	-	5,536
Recreation and culture	350,492	-	350,492
Education	4,732,125	-	4,732,125
Public works	1,822,222	-	1,822,222
County tax	591,410	-	591,410
Community services	235,474	-	235,474
Unclassified	94,567	1,099,757	1,194,324
Debt service:			
Principal	82,667	-	82,667
Interest	14,550	-	14,550
Capital outlay	-	156,799	156,799
TOTAL EXPENDITURES	11,177,685	1,256,556	12,434,241
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,024,992	(104,000)	920,992
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	561,666	576,666
Transfers (out)	(561,666)	(15,000)	(576,666)
TOTAL OTHER FINANCING SOURCES (USES)	(546,666)	546,666	-
NET CHANGE IN FUND BALANCES	478,326	442,666	920,992
FUND BALANCES - JANUARY 1	2,479,685	2,266,019	4,745,704
FUND BALANCES - DECEMBER 31	\$ 2,958,011	\$ 2,708,685	\$ 5,666,696

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

TOWN OF FARMINGTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 920,992</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	1,276,983
Capital asset disposals	(160,974)
Depreciation expense	<u>(455,821)</u>
	<u>660,188</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>35,456</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>(1,081)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(37,067)</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	1,677
Net OPEB liability	8,023
Net pension liability	<u>(103,540)</u>
	<u>(93,840)</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>82,666</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>(55,091)</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>140,738</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,652,961</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2020

	Enterprise Funds		
	Sewer	Sewer Reserves	Total
ASSETS			
Current assets:			
Investments	\$ 340,000	\$ 1,215,700	\$ 1,555,700
Accounts receivable (net of allowance for uncollectibles)	277,882	-	277,882
Due from other funds	1,326,064	842,724	2,168,788
Total current assets	<u>1,943,946</u>	<u>2,058,424</u>	<u>4,002,370</u>
Noncurrent assets:			
Capital assets:			
Land and buildings	9,893,516	-	9,893,516
Vehicles and equipment	2,065,359	-	2,065,359
Plant/infrastructure	7,940,149	-	7,940,149
Less: accumulated depreciation	(17,805,384)	-	(17,805,384)
Total noncurrent assets	<u>2,093,640</u>	<u>-</u>	<u>2,093,640</u>
TOTAL ASSETS	<u>4,037,586</u>	<u>2,058,424</u>	<u>6,096,010</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	7,327	-	7,327
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>7,327</u>	<u>-</u>	<u>7,327</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,044,913</u>	<u>\$ 2,058,424</u>	<u>\$ 6,103,337</u>
LIABILITIES			
Current liabilities:			
Accrued payroll	\$ 8,731	\$ -	\$ 8,731
Accrued interest	5,123	-	5,123
Current portion of long-term obligations	31,898	-	31,898
Total current liabilities	<u>45,752</u>	<u>-</u>	<u>45,752</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	509,739	-	509,739
Accrued compensated absences	19,144	-	19,144
Net pension liability	58,578	-	58,578
Total noncurrent liabilities	<u>587,461</u>	<u>-</u>	<u>587,461</u>
TOTAL LIABILITIES	<u>633,213</u>	<u>-</u>	<u>633,213</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	6,946	-	6,946
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,946</u>	<u>-</u>	<u>6,946</u>
NET POSITION			
Net investment in capital assets	1,558,385	-	1,558,385
Unrestricted	1,846,369	2,058,424	3,904,793
TOTAL NET POSITION	<u>3,404,754</u>	<u>2,058,424</u>	<u>5,463,178</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,044,913</u>	<u>\$ 2,058,424</u>	<u>\$ 6,103,337</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Funds		
	Sewer	Sewer Reserves	Total
OPERATING REVENUES			
Charges for services	\$ 997,144	\$ -	\$ 997,144
Other	2,767	161,340	164,107
TOTAL OPERATING REVENUES	<u>999,911</u>	<u>161,340</u>	<u>1,161,251</u>
OPERATING EXPENSES			
Payroll and taxes	363,764	-	363,764
Treatment plant	199,485	-	199,485
Professional services	151,676	-	151,676
Depreciation	278,434	-	278,434
Other	155,000	-	155,000
TOTAL OPERATING EXPENSES	<u>1,148,359</u>	<u>-</u>	<u>1,148,359</u>
OPERATING INCOME (LOSS)	<u>(148,448)</u>	<u>161,340</u>	<u>12,892</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	3,113	-	3,113
Interest (expense)	(18,345)	-	(18,345)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(15,232)</u>	<u>-</u>	<u>(15,232)</u>
CHANGE IN NET POSITION	(163,680)	161,340	(2,340)
NET POSITION - JANUARY 1	<u>3,568,434</u>	<u>1,897,084</u>	<u>5,465,518</u>
NET POSITION - DECEMBER 31	<u>\$ 3,404,754</u>	<u>\$ 2,058,424</u>	<u>\$ 5,463,178</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Funds		
	Sewer	Sewer Reserves	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,006,962	\$ 161,340	\$ 1,168,302
Internal activity - receipts (payments) from/to other funds	242,957	(155,000)	87,957
Payments to employees	(358,448)	-	(358,448)
Payments to suppliers	(493,628)	-	(493,628)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	397,843	6,340	404,183
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	3,113	-	3,113
Invested cash	(340,000)	(6,340)	(346,340)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(336,887)	(6,340)	(343,227)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset purchases	(17,790)	-	(17,790)
Principal payments on bond payable	(24,821)	-	(24,821)
Interest payments on bond payable	(18,345)	-	(18,345)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(60,956)	-	(60,956)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - JANUARY 1	-	-	-
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (148,448)	\$ 161,340	\$ 12,892
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	278,434	-	278,434
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	7,051	-	7,051
(Increase) decrease in due from other funds	242,957	(155,000)	87,957
(Increase) decrease in deferred outflows related to pensions	5,400	-	5,400
(Decrease) increase in accrued payroll	8,731	-	8,731
(Decrease) increase in accrued compensated absences	3,802	-	3,802
(Decrease) increase in net pension liability	10,326	-	10,326
(Decrease) increase in deferred inflows related to pensions	(10,410)	-	(10,410)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 397,843	\$ 6,340	\$ 404,183

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

COVID-19 Outbreak

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

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

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town used the prior year's

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

approved budget for the entire fiscal year. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 19, 2020 to May 31, 2020.

Impact on Finances

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

Expected Federal/State Support

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

Conclusion

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

Implementation of New Accounting Standards

During the year ended December 31, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Government-Wide and Fund Financial Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town’s sewer fund and sewer reserves are categorized as business-type activities. All other activities of the Town are categorized as governmental.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020

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, 2020

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, 2020

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. The proposed budget was slightly lower than that of the prior year. Therefore, under the authority of Section D-1 of PL 2019, c. 617, the budget was deemed approved and taxes were committed based on the prior year's budget. This action was necessitated because of the state of public emergency generated by the COVID-19 pandemic and is not a recurring event.
3. 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 deposits and other evidences 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, 2020

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, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$434,578 for the year ended December 31, 2020.

Prepaid Items

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

The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Receivables and Payables

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

Transactions Between Funds

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

The accounting treatment of long-term 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.

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

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

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

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

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statement of net position and the governmental funds balance sheet. Deferred inflows related to 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 August 27, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on November 5, 2020. Interest on unpaid taxes commenced on November 6, 2020, at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$42,401 for the year ended December 31, 2020.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At December 31, 2020, the Town's cash balances amounting to \$6,230,253 were comprised of bank deposits and cash equivalents of \$6,293,740. 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, \$279,638 was insured by federal depository insurance and consequently not exposed to custodial credit risk and the remaining \$6,014,102 was collateralized by an irrevocable standby letters of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 6,264,102
Cash equivalents	29,638
	<u>\$ 6,293,740</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 \$739,817, 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 \$2,344,226 \$250,000 was covered by federal depository insurance and consequently was not exposed to custodial credit risk and the remaining investments of \$2,094,226 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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

institutions for \$2,344,226 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, 2020, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	>5 Years
Debt securities:					
Corporate bonds and notes	\$ 61,239	\$ -	\$ -	\$ 43,726	\$ 17,513
Mutual funds	432,987	432,987	-	-	-
Equity securities:					
Common stock	121,126	121,126	-	-	-
Exchange-traded funds	7,681	7,681	-	-	-
Mutual funds	116,784	116,784	-	-	-
	<u>\$ 739,817</u>	<u>\$ 678,578</u>	<u>\$ -</u>	<u>\$ 43,726</u>	<u>\$ 17,513</u>

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 \$2,344,226 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, 2020:

	December 31, 2020 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds and notes	\$ 61,239	\$ -	\$ 61,239	\$ -
Mutual funds - domestic and foreign	432,987	-	432,987	-
Total debt securities	<u>494,226</u>	<u>-</u>	<u>494,226</u>	<u>-</u>
Equity securities:				
Common stock - domestic	121,126	121,126	-	-
Exchange traded funds	7,681	7,681	-	-
Mutual funds - domestic and foreign	116,784	116,784	-	-
Total equity securities	<u>245,591</u>	<u>245,591</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 739,817</u>	<u>\$ 245,591</u>	<u>\$ 494,226</u>	<u>\$ -</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments.

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, 2020, the Town's investments in corporate bonds and mutual funds were rated AAA (\$245,768), BBB (\$140,536), BBB- (\$17,826), BB+ (\$8,117), BB- (\$7,920) and B (\$14,851) by Standard & Poor's Rating Service. The remaining investments 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, 2020. Bad debt expense for the year ended December 31, 2020 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, 2020:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20	Current Year Portion
<u>Governmental Activities:</u>					
Revolving Loan	\$ 208,011	\$ -	\$ (5,088)	\$ 202,923	\$ 52,206
Totals	<u>\$ 208,011</u>	<u>\$ -</u>	<u>\$ (5,088)</u>	<u>\$ 202,923</u>	<u>\$ 52,206</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 38,156	\$ 3,562,528
Enterprise funds	2,168,788	-
Nonmajor special revenue funds	710,886	6,359
Nonmajor capital project funds	653,944	-
Nonmajor permanent funds	28,910	31,797
	<u>\$ 3,600,684</u>	<u>\$ 3,600,684</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, 2020 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 15,000	\$ 561,666
Nonmajor special revenue funds	360,666	-
Nonmajor capital project funds	201,000	-
Nonmajor permanent funds	-	15,000
	<u>\$ 576,666</u>	<u>\$ 576,666</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, 2020

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	Balance, 1/1/20 (Restated)	Additions	Deletions/ (Transfers)	Balance, 12/31/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 716,729	\$ -	\$ -	\$ 716,729
Art works and historical treasures	15,000	-	-	15,000
Construction in progress	791,709	-	(791,709)	-
	<u>1,523,438</u>	<u>-</u>	<u>(791,709)</u>	<u>731,729</u>
Depreciated assets:				
Buildings and improvements	3,648,076	509,400	-	4,157,476
Land improvements	327,741	-	-	327,741
Machinery and equipment	2,153,706	108,071	(20,000)	2,241,777
Vehicles	3,566,096	866,296	(371,479)	4,060,913
Infrastructure	12,110,294	584,925	-	12,695,219
	<u>21,805,913</u>	<u>2,068,692</u>	<u>(391,479)</u>	<u>23,483,126</u>
Less: accumulated depreciation				
Buildings and improvements	(2,610,298)	(55,813)	-	(2,666,111)
Land improvements	(205,795)	(7,431)	-	(213,226)
Machinery and equipment	(1,444,257)	(91,546)	20,000	(1,515,803)
Vehicles	(2,416,706)	(142,159)	210,505	(2,348,360)
Infrastructure	(7,909,901)	(158,872)	-	(8,068,773)
Total accumulated depreciation	<u>(14,586,957)</u>	<u>(455,821)</u>	<u>230,505</u>	<u>(14,812,273)</u>
Net depreciated assets	<u>7,218,956</u>	<u>1,612,871</u>	<u>(160,974)</u>	<u>8,670,853</u>
Net capital assets	<u>\$ 8,742,394</u>	<u>\$ 1,612,871</u>	<u>\$ (952,683)</u>	<u>\$ 9,402,582</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	1,930,116	17,790	-	1,947,906
Vehicles	117,453	-	-	117,453
Infrastructure	7,940,149	-	-	7,940,149
	<u>19,843,734</u>	<u>17,790</u>	<u>-</u>	<u>19,861,524</u>
Less: accumulated depreciation				
Buildings and improvements	(9,698,436)	(10,091)	-	(9,708,527)
Machinery and equipment	(1,578,082)	(48,297)	-	(1,626,379)
Vehicles	(97,519)	(4,984)	-	(102,503)
Infrastructure	(6,152,913)	(215,062)	-	(6,367,975)
Total accumulated depreciation	<u>(17,526,950)</u>	<u>(278,434)</u>	<u>-</u>	<u>(17,805,384)</u>
Net depreciated assets	<u>2,316,784</u>	<u>(260,644)</u>	<u>-</u>	<u>2,056,140</u>
Net capital assets	<u>\$ 2,354,284</u>	<u>\$ (260,644)</u>	<u>\$ -</u>	<u>\$ 2,093,640</u>

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
General government	\$ 6,517
Public works	296,197
Parks and recreation	11,086
Public safety	108,340
Town-wide	<u>33,681</u>
Total governmental activities depreciation expense	455,821
Sewer	<u>278,434</u>
Total depreciation expense	<u>\$ 734,255</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2020:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20	Current Year Portion
<u>Governmental Activities:</u>					
Bonds payable	\$ 878,666	\$ -	\$ (82,666)	\$ 796,000	\$ 182,667
Totals	<u>\$ 878,666</u>	<u>\$ -</u>	<u>\$ (82,666)</u>	<u>\$ 796,000</u>	<u>\$ 182,667</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 560,076	\$ -	\$ (24,821)	\$ 535,255	\$ 25,516
Totals	<u>\$ 560,076</u>	<u>\$ -</u>	<u>\$ (24,821)</u>	<u>\$ 535,255</u>	<u>\$ 25,516</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.	\$ -	\$ 134,679
\$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.	-	134,102
\$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.	-	100,692
\$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.	-	94,842

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$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.	-	70,940
Police garage - \$500,000 2011 General Obligation Bond with fixed interest rates from 0.86% - 2.68% per annum. Due in annual principal payments of \$50,000 plus interest. Maturity in 2022.	100,000	-
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.	196,000	-
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.	<u>500,000</u>	<u>-</u>
Total bonds payable	<u>\$ 796,000</u>	<u>\$ 535,255</u>

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

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 182,667	\$ 18,792	\$ 201,459
2022	132,667	15,310	147,977
2023	82,666	11,746	94,412
2024	82,667	9,523	92,190
2025	82,667	7,297	89,964
2026-2030	<u>232,666</u>	<u>10,774</u>	<u>243,440</u>
	<u>\$ 796,000</u>	<u>\$ 73,442</u>	<u>\$ 869,442</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 25,516	\$ 18,766	\$ 44,282
2022	26,376	17,942	44,318
2023	27,267	17,415	44,682
2024	28,190	16,544	44,734
2025	29,146	15,641	44,787
2026-2030	161,339	63,457	224,796
2031-2035	176,722	35,442	212,164
2036-2040	60,699	10,633	71,332
	<u>\$ 535,255</u>	<u>\$ 195,840</u>	<u>\$ 731,095</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, 2020 was \$18,345.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended December 31, 2020:

	<u>Balance, 1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 12/31/20</u>	<u>Current Year Portion</u>
<u>Governmental Activities:</u>					
Accrued compensated absences	\$ 147,482	\$ -	\$ (1,677)	\$ 145,805	\$ 36,451
Net OPEB liability	191,968	65,062	(73,085)	183,945	-
Net pension liability	688,311	108,796	(5,256)	791,851	-
Totals	<u>\$ 1,027,761</u>	<u>\$ 173,858</u>	<u>\$ (80,018)</u>	<u>\$ 1,121,601</u>	<u>\$ 36,451</u>
<u>Business-type Activities:</u>					
Accrued compensated absences	\$ 21,724	\$ 3,802	\$ -	\$ 25,526	\$ 6,382
Net pension liability	48,252	10,326	-	58,578	-
Totals	<u>\$ 69,976</u>	<u>\$ 14,128</u>	<u>\$ -</u>	<u>\$ 84,104</u>	<u>\$ 6,382</u>

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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2020, the Town's liability for compensated absences is \$171,331.

NOTE 10 - RESTRICTED NET POSITION

At December 31, 2020, the Town had the following restricted net position:

Nonmajor Special Revenue Funds (Schedule E):	
Revolving Loan Fund	\$ 367,966
Franking Printing TIF Reserve	86,723
Downtown TIF Reserve	48,427
Police Drug Eradication	15,811
Police Training	38,666
Rural Comm Resp Prog Opiod	6,511
Animal Control	3,554
Fire Fighters Grant	1,313
Nonmajor Permanent Funds (Schedule I):	
Hippach Trust	219,304
LA Smith	17,231
Cemetery	12,446
Weymouth	9,398
Webster	1,541
Smith Cemetery	2,592
Riverside	12,447
Butterfield	1,449
Blake	12,463
Center Meeting House	6,611
Ministerial	12,234
Alice Knowlton	21,469
Perkins	1,151
Albert Knowles	2,412
Nadine DeWolfe	49,584
Farmington Cemetery	591,780
Sumner P Mills	3,287

TOWN OF FARMINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 10 - RESTRICTED NET POSITION (CONTINUED)

Howard	3,026
Other	1,083
Perpetual Flowers	3,555
	\$ 1,554,034

NOTE 11 - NONSPENDABLE FUND BALANCE

At December 31, 2020, the Town had the following nonspendable fund balance:

General Fund:	
Prepaid items	\$ 6

NOTE 12 - RESTRICTED FUND BALANCES

At December 31, 2020, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 568,971
Nonmajor Capital Projects Funds (Schedule G)	62,765
Nonmajor Permanent Funds (Schedule I)	985,063
	\$ 1,616,799

NOTE 13 - COMMITTED FUND BALANCES

At December 31, 2020, the Town had the following committed fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 508,881
Nonmajor Capital Projects Funds (Schedule G)	591,179
	\$ 1,100,060

NOTE 14 - ASSIGNED FUND BALANCE

At December 31, 2020, the Town had the following assigned fund balance:

General Fund:	
Carryforward	\$ 4,000

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 15 - DEFICIT FUND BALANCES

At December 31, 2020, the following funds had deficit fund balances:

Pandemic Grant	\$ 5,573
COPS Grant	1
Coronavirus Emergency Aide	785
Hippach Field	2,815
	<u>\$ 9,174</u>

NOTE 16 - OVERSPENT APPROPRIATIONS

At December 31, 2020, the following funds had overspent appropriations:

	<u>Excess</u>
Police department (Article 7)	\$ 28,669
Fire department (Article 8)	7,311
Insurances (Article 9)	957
Recycling department (Article 14)	39,584
Capital improvement for roads (Article 17)	19,898
Debt service (Article 18)	8
	<u>\$ 96,427</u>

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, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2020, there were 301 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's employees are part of the PLD plans "AC" and "1C" and are required to contribute 8% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 10.0% for plan "AC" and 16.3% for plan "1C" (which includes police department employees) of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2020 was \$148,402.

Pension Liabilities

PLD Consolidated Plan

At December 31, 2020, the Town reported a liability of \$850,429 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Town's proportion was 0.214045%, which was a decrease of 0.02693% from its proportion measured as of June 30, 2019.

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

For the year ended December 31, 2020, the Town recognized net pension revenue of \$36,117. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,033	\$ 9,350
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	55,339	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	91,496
Contributions subsequent to the measurement date	<u>81,430</u>	<u>-</u>
Total	<u>\$ 187,802</u>	<u>\$ 100,846</u>

\$81,430 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2021	\$ (74,127)
2022	(14,460)
2023	47,004
2024	47,108
2025	-
Thereafter	-

Actuarial Methods and Assumptions

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

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

Investment Rate of Return - 6.75% per annum for the years ended June 30, 2020 and 2019, compounded annually.

Salary Increases, Merit and Inflation - 2.75% plus merit component based on each employee's years of service

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 1,787,258	\$ 850,429	\$ 83,565

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

Differences between Expected and Actual Experience

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

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, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

Pension Plan Fiduciary Net Position

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 19 - DEFERRED COMPENSATION PENSION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION
RETIREMENT CORPORATION

A. Plan Description

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

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

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

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 2020 was \$59,933.

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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) 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 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, 2020, the following employees were covered by the benefit terms:

Active members	28
Retirees and spouses	<u>1</u>
Total	<u><u>29</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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Retiree Premium Amounts

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

	<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS A		\$1,271	\$2,851
POS 200		\$1,065	\$2,389
POS C		\$1,119	\$2,509
	<u>Medicare</u>		
Medicare-Eligible Retirees		\$589	\$1,179

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

At December 31, 2020, the Town reported a liability of \$183,945 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 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, 2020, the Town recognized OPEB expense of \$11,612. At June 30, 2020, 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	\$ 8,370	\$ 57,455
Changes of assumptions	65,193	16,544
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	2,346	-
Total	<u>\$ 75,909</u>	<u>\$ 73,999</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

\$2,346 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>	
Plan year ended December 31:		
2021	\$	920
2022		920
2023		920
2024		920
2025		920
Thereafter		(5,036)

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, 2020. 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 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 217,302	\$ 183,945	\$ 157,151
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 217,302</u>	<u>\$ 183,945</u>	<u>\$ 157,151</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 155,668	\$ 183,945	\$ 220,541
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 155,668</u>	<u>\$ 183,945</u>	<u>\$ 220,541</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, 2020, 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, 2019. 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.

TOWN OF FARMINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end 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 2020_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

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.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

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, 2020 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, 2020 was \$49,085.

TOWN OF FARMINGTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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 21 - 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, 2020, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of Franklin	\$ 311,922	10.46%	\$ 32,631
RSU #9	13,394,921	34.27%	4,590,755
			\$ 4,623,386

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 22 - 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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 22 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

CEA will continue for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program.

Abatements

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

Woodlands Senior Living of Farmington, LLC.

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

For the year ended December 31, 2020, 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>\$ 280,666</u>

NOTE 23 - 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, 2020

NOTE 23 - 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 24 - LETTERS OF CREDIT

At December 31, 2020, the Town had two outstanding irrevocable standby letters 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 first letter of credit for \$1,000,000 expires at the close of business on February 17, 2021. The second letter of credit for \$7,500,000 expires at the close of business on February 17, 2021. There were no draws for the year ended December 31, 2020.

NOTE 25 - 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 26 - RESTATEMENT

In 2020, the Town determined that certain transactions in prior years had been recorded omitted, therefore, a restatement to the 2019 government-wide statements was required. The beginning net position for governmental activities was restated by \$57,874 to include an additional capital asset and associated depreciation. The resulting restatement increased governmental activities net position from \$12,221,899 to \$12,279,773.

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 - Pensions
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF FARMINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 2,479,685	\$ 2,479,685	\$ 2,479,685	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	9,313,234	9,107,276	9,147,566	40,290
Excise taxes	1,054,700	1,104,750	1,100,697	(4,053)
Interest on taxes	56,000	60,000	64,544	4,544
Intergovernmental	1,258,099	1,389,444	1,649,620	260,176
Charges for services	136,750	111,750	225,500	113,750
Miscellaneous revenues	32,000	17,000	14,750	(2,250)
Transfers from other funds	15,000	15,000	15,000	-
Amounts Available for Appropriation	<u>14,345,468</u>	<u>14,284,905</u>	<u>14,697,362</u>	<u>412,457</u>
Charges to Appropriations (Outflows):				
General government	933,078	914,205	856,026	58,179
Public safety	2,333,853	2,365,246	2,392,616	(27,370)
Health and welfare	25,000	25,000	5,536	19,464
Recreation and culture	405,609	424,780	350,492	74,288
Education	4,793,091	4,732,125	4,732,125	-
Public works	1,904,593	1,761,301	1,822,222	(60,921)
County tax	568,765	591,410	591,410	-
Community services	236,998	235,474	235,474	-
Unclassified	459,142	132,401	94,567	37,834
Debt service:				
Principal	82,667	80,121	82,667	(2,546)
Interest	17,088	17,088	14,550	2,538
Transfers to other funds	106,500	561,666	561,666	-
Total Charges to Appropriations	<u>11,866,384</u>	<u>11,840,817</u>	<u>11,739,351</u>	<u>101,466</u>
Budgetary Fund Balance, December 31	<u>\$ 2,479,084</u>	<u>\$ 2,444,088</u>	<u>\$ 2,958,011</u>	<u>\$ 513,923</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 35,597</u>	<u>\$ -</u>	<u>\$ (35,597)</u>

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

TOWN OF FARMINGTON, MAINE

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Proportion of the net pension liability	0.21%	0.24%	0.26%	0.28%	0.25%	0.26%
Proportionate share of the net pension liability	\$ 850,429	\$ 736,563	\$ 718,507	\$ 1,131,455	\$ 1,332,737	\$ 818,119
Covered payroll	\$ 1,106,031	\$ 1,083,494	\$ 1,365,064	\$ 1,108,392	\$ 989,572	\$ 906,039
Proportionate share of the net pension liability as a percentage of its covered payroll	76.89%	67.98%	52.64%	102.08%	134.68%	90.30%
Plan fiduciary net position as a percentage of the total pension liability	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 auditors' report and notes to financial statements.

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 148,402	\$ 144,754	\$ 144,758	\$ 139,804	\$ 128,555	\$ 114,322
Contributions in relation to the contractually required contribution	<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>					
Covered payroll	\$ 1,135,071	\$ 1,102,948	\$ 1,259,345	\$ 1,162,190	\$ 1,083,863	\$ 970,374
Contributions as a percentage of covered payroll	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 auditors' report and notes to financial statements.

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 191,968	\$ -	\$ 191,968
Changes for the year:			
Service cost	8,504	-	8,504
Interest	8,117	-	8,117
Changes of benefits	(3,388)	-	(3,388)
Differences between expected and actual experience	(64,637)	-	(64,637)
Changes of assumptions	48,441	-	48,441
Contributions - employer	-	5,060	(5,060)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(5,060)	(5,060)	-
Administrative expense	-	-	-
Net changes	<u>(8,023)</u>	<u>-</u>	<u>(8,023)</u>
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 183,945</u>	<u>\$ -</u>	<u>\$ 183,945</u>

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

TOWN OF FARMINGTON, MAINE

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>			
Service cost (BOY)	8,504	9,719	9,111
Interest (includes interest on service cost)	8,117	7,173	5,702
Changes of benefit terms	(3,388)	-	-
Differences between expected and actual experience	(64,637)	-	12,555
Changes of assumptions	48,441	(21,272)	33,201
Benefit payments, including refunds of member contributions	<u>(5,060)</u>	<u>(4,865)</u>	<u>(2,185)</u>
Net change in total OPEB liability	\$ (8,023)	\$ (9,245)	\$ 58,384
Total OPEB liability - beginning	\$ 191,968	\$ 201,213	\$ 142,829
Total OPEB liability - ending	\$ 183,945	\$ 191,968	\$ 201,213
<u>Plan fiduciary net position</u>			
Contributions - employer	5,060	2,185	2,185
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(5,060)	(2,185)	(2,185)
Administrative expense	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 183,945</u>	<u>\$ 191,968</u>	<u>\$ 201,213</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-
Covered payroll	\$ 1,282,822	\$ 1,317,336	\$ 1,317,336
Net OPEB liability as a percentage of covered payroll	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 auditors' report and notes to financial statements.

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

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

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

Changes of Assumptions

Maine Municipal Employee Health Trust:

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the "Cadillac Tax" was reflected in this valuation by removing the previously planned excise tax.

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the 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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes:				
Property taxes	\$ 9,298,734	\$ 9,093,276	\$ 9,134,130	\$ 40,854
Payment in lieu	14,500	14,000	13,436	(564)
Excise taxes	1,054,700	1,104,750	1,100,697	(4,053)
Interest on taxes	56,000	60,000	64,544	4,544
Total Taxes	<u>10,423,934</u>	<u>10,272,026</u>	<u>10,312,807</u>	<u>40,781</u>
Intergovernmental Revenues:				
State revenue sharing	600,000	663,000	938,523	275,523
Homestead exemption	355,696	489,037	470,052	(18,985)
GA reimbursement	18,000	8,000	3,646	(4,354)
Local road assistance	158,780	100,000	100,000	-
BETE reimbursement	98,623	102,707	102,795	88
Veteran reimbursement	7,000	6,700	6,655	(45)
Tree growth reimbursement	20,000	20,000	27,949	7,949
Total Intergovernmental Revenues	<u>1,258,099</u>	<u>1,389,444</u>	<u>1,649,620</u>	<u>260,176</u>
Charges for Services:				
Code enforcement fees	2,500	10,000	84,628	74,628
Motor vehicle fees	19,500	20,000	28,630	8,630
Vital statistics fees	17,000	17,500	15,743	(1,757)
Inland fisheries fees	1,700	1,000	1,392	392
Parks and recreation fees	28,000	3,000	3,804	804
Assessor	-	-	2,347	2,347
Dog fees	-	1,000	1,095	95
Rental of town property	5,500	1,000	650	(350)
Police department	19,500	10,000	13,256	3,256
Recycling fees	30,000	31,500	52,829	21,329
Cemetery fees	12,000	14,500	19,290	4,790
Misc fees/licenses	1,050	2,250	1,836	(414)
Total Charges for Services	<u>136,750</u>	<u>111,750</u>	<u>225,500</u>	<u>113,750</u>
Miscellaneous Revenues:				
Tax lien fees	12,000	11,000	11,395	395
Misc revenues	20,000	6,000	3,355	(2,645)
Total Miscellaneous Revenues	<u>32,000</u>	<u>17,000</u>	<u>14,750</u>	<u>(2,250)</u>
Transfers from other funds	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Amounts Available for Appropriation	<u>\$ 11,865,783</u>	<u>\$ 11,805,220</u>	<u>\$ 12,217,677</u>	<u>\$ 412,457</u>

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General government:					
Administration	\$ 268,286	\$ (13,887)	\$ 254,399	\$ 239,410	\$ 14,989
Assessor	149,104	(20,864)	128,240	118,468	9,772
Clerk treasurer	262,416	27,614	290,030	261,669	28,361
Municipal building	84,835	(11,787)	73,048	72,337	711
CEO	161,137	(449)	160,688	159,178	1,510
Committees	7,300	500	7,800	4,964	2,836
	<u>933,078</u>	<u>(18,873)</u>	<u>914,205</u>	<u>856,026</u>	<u>58,179</u>
Public safety:					
Police department	1,393,975	(67,316)	1,326,659	1,355,328	(28,669)
Fire department	460,223	106,327	566,550	573,861	(7,311)
Hydrants	345,475	-	345,475	345,475	-
Street lights	86,000	(16,000)	70,000	64,478	5,522
Traffic lights	10,000	10,000	20,000	18,412	1,588
Ambulance	38,180	(1,618)	36,562	35,062	1,500
	<u>2,333,853</u>	<u>31,393</u>	<u>2,365,246</u>	<u>2,392,616</u>	<u>(27,370)</u>
Health and welfare:					
General assistance	25,000	-	25,000	5,536	19,464
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>5,536</u>	<u>19,464</u>
Recreation and culture:					
Parks and recreation	182,846	9,220	192,066	154,286	37,780
Community center	130,781	6,211	136,992	107,285	29,707
Cemeteries	91,982	3,740	95,722	88,921	6,801
	<u>405,609</u>	<u>19,171</u>	<u>424,780</u>	<u>350,492</u>	<u>74,288</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Education	4,793,091	(60,966)	4,732,125	4,732,125	-
Public works:					
Highway department	1,375,157	(174,848)	1,200,309	1,201,748	(1,439)
Recycling department	100,656	31,556	132,212	171,796	(39,584)
Local roads	158,780	-	158,780	158,780	-
Capital improvement for roads	270,000	-	270,000	289,898	(19,898)
	<u>1,904,593</u>	<u>(143,292)</u>	<u>1,761,301</u>	<u>1,822,222</u>	<u>(60,921)</u>
County tax	<u>568,765</u>	<u>22,645</u>	<u>591,410</u>	<u>591,410</u>	<u>-</u>
Debt service:					
Principal	82,667	(2,546)	80,121	82,667	(2,546)
Interest	17,088	-	17,088	14,550	2,538
	<u>99,755</u>	<u>(2,546)</u>	<u>97,209</u>	<u>97,217</u>	<u>(8)</u>
Community services:					
Animal shelter	16,296	776	17,072	17,072	-
Public library	201,704	(2,300)	199,404	199,404	-
Social services / economic development	17,998	-	17,998	17,998	-
Gay cemetery	1,000	-	1,000	1,000	-
	<u>236,998</u>	<u>(1,524)</u>	<u>235,474</u>	<u>235,474</u>	<u>-</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Unclassified:					
Insurances	65,000	20,000	85,000	94,567	(9,567)
TAN interest	5,000	-	5,000	-	5,000
TIF	349,655	(349,655)	-	-	-
Overlay	39,487	2,914	42,401	-	42,401
	<u>459,142</u>	<u>(326,741)</u>	<u>132,401</u>	<u>94,567</u>	<u>37,834</u>
Transfers to other funds:					
Legal reserve	30,000	-	30,000	30,000	-
ADA	1,500	(500)	1,000	1,000	-
Public works equipment	-	200,000	200,000	200,000	-
Fire equipment	75,000	(75,000)	-	-	-
TIF	-	330,666	330,666	330,666	-
	<u>106,500</u>	<u>455,166</u>	<u>561,666</u>	<u>561,666</u>	<u>-</u>
Total Departmental Operations	<u>\$ 11,866,384</u>	<u>\$ (25,567)</u>	<u>\$ 11,840,817</u>	<u>\$ 11,739,351</u>	<u>\$ 101,466</u>

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

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 165,043	\$ -	\$ 33,238	\$ 198,281
Investments	-	-	951,897	951,897
Notes receivable (net of allowance for uncollectibles)	202,923	-	-	202,923
Due from other funds	710,886	653,944	28,910	1,393,740
TOTAL ASSETS	<u>\$ 1,078,852</u>	<u>\$ 653,944</u>	<u>\$ 1,014,045</u>	<u>\$ 2,746,841</u>
LIABILITIES				
Due to other funds	\$ 6,359	\$ -	\$ 31,797	\$ 38,156
TOTAL LIABILITIES	<u>6,359</u>	<u>-</u>	<u>31,797</u>	<u>38,156</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	568,971	62,765	985,063	1,616,799
Committed	508,881	591,179	-	1,100,060
Assigned	1,000	-	-	1,000
Unassigned	(6,359)	-	(2,815)	(9,174)
TOTAL FUND BALANCES	<u>1,072,493</u>	<u>653,944</u>	<u>982,248</u>	<u>2,708,685</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,078,852</u>	<u>\$ 653,944</u>	<u>\$ 1,014,045</u>	<u>\$ 2,746,841</u>

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ 43,572	\$ 43,572
Intergovernmental	605,504	-	-	605,504
Other income	305,401	193,609	4,470	503,480
TOTAL REVENUES	<u>910,905</u>	<u>193,609</u>	<u>48,042</u>	<u>1,152,556</u>
EXPENDITURES				
Capital outlay	-	156,799	-	156,799
Other	1,095,657	-	4,100	1,099,757
TOTAL EXPENDITURES	<u>1,095,657</u>	<u>156,799</u>	<u>4,100</u>	<u>1,256,556</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(184,752)</u>	<u>36,810</u>	<u>43,942</u>	<u>(104,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	360,666	201,000	-	561,666
Transfers (out)	-	-	(15,000)	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>360,666</u>	<u>201,000</u>	<u>(15,000)</u>	<u>546,666</u>
NET CHANGE IN FUND BALANCES	175,914	237,810	28,942	442,666
FUND BALANCES, JANUARY 1	<u>896,579</u>	<u>416,134</u>	<u>953,306</u>	<u>2,266,019</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,072,493</u>	<u>\$ 653,944</u>	<u>\$ 982,248</u>	<u>\$ 2,708,685</u>

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

Special Revenue Funds

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

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Revolving Loan Fund	Franklin Printing TIF Reserve	Downtown TIF Reserve	Woodland TIF Reserve	LEAP	Composting Funds	Revaluation Reserve	CDBG Mosher Seafood
ASSETS								
Cash and cash equivalents	\$ 165,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable (net of allowance for uncollectibles)	202,923	-	-	-	-	-	-	-
Due from other funds	-	86,723	48,427	-	-	6,840	211,597	-
TOTAL ASSETS	\$ 367,966	\$ 86,723	\$ 48,427	\$ -	\$ -	\$ 6,840	\$ 211,597	\$ -
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	367,966	86,723	48,427	-	-	-	-	-
Committed	-	-	-	-	-	6,840	211,597	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	367,966	86,723	48,427	-	-	6,840	211,597	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 367,966	\$ 86,723	\$ 48,427	\$ -	\$ -	\$ 6,840	\$ 211,597	\$ -

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Cable Franchise	Legal Reserve	Regional Radio Assessment	Conservation Committee	Community Resolution	Transportation Advisory	Community Center	CTCL Election Grant
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	30,414	33,192	4,632	7,908	977	288	58,487	151,719
TOTAL ASSETS	\$ 30,414	\$ 33,192	\$ 4,632	\$ 7,908	\$ 977	\$ 288	\$ 58,487	\$ 151,719
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	30,414	33,192	4,632	7,908	977	288	58,487	151,719
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	30,414	33,192	4,632	7,908	977	288	58,487	151,719
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 30,414	\$ 33,192	\$ 4,632	\$ 7,908	\$ 977	\$ 288	\$ 58,487	\$ 151,719

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Wellness Works Grant	Police Drug Eradication	COPS Grants	Police Training	Rural Comm Resp Prog Opioid	Byrne Grant II	Animal Control	Keep ME Healthy Grant
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	145	15,811	-	38,666	6,511	-	3,554	-
TOTAL ASSETS	\$ 145	\$ 15,811	\$ -	\$ 38,666	\$ 6,511	\$ -	\$ 3,554	\$ -
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	1	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	15,811	-	38,666	6,511	-	3,554	-
Committed	145	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(1)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	145	15,811	(1)	38,666	6,511	-	3,554	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 145	\$ 15,811	\$ -	\$ 38,666	\$ 6,511	\$ -	\$ 3,554	\$ -

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Fire Fighters Grant	Church Street	Bowen Ice Skate Propane	Canine Donation	Snowmobile Grant	Tree Fund	Pandemic Grant	Coronavirus Emergency Aide	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,043
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	202,923
Due from other funds	1,313	322	139	1,000	-	2,221	-	-	710,886
TOTAL ASSETS	\$ 1,313	\$ 322	\$ 139	\$ 1,000	\$ -	\$ 2,221	\$ -	\$ -	\$ 1,078,852
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,573	\$ 785	\$ 6,359
TOTAL LIABILITIES	-	-	-	-	-	-	5,573	785	6,359
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	1,313	-	-	-	-	-	-	-	568,971
Committed	-	322	139	-	-	2,221	-	-	508,881
Assigned	-	-	-	1,000	-	-	-	-	1,000
Unassigned	-	-	-	-	-	-	(5,573)	(785)	(6,359)
TOTAL FUND BALANCES (DEFICITS)	1,313	322	139	1,000	-	2,221	(5,573)	(785)	1,072,493
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,313	\$ 322	\$ 139	\$ 1,000	\$ -	\$ 2,221	\$ -	\$ -	\$ 1,078,852

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Revolving Loan Fund	Franklin Printing TIF Reserve	Downtown TIF Reserve	Woodland TIF Reserve	LEAP	Composting Funds	Revaluation Reserve	CDBG Mosher Seafood
REVENUES								
Intergovernmental	\$ 8,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	262	24,678	-	-	1,955	30	26,000	24,577
TOTAL REVENUES	<u>8,741</u>	<u>24,678</u>	<u>-</u>	<u>-</u>	<u>1,955</u>	<u>30</u>	<u>26,000</u>	<u>24,577</u>
EXPENDITURES								
Other	-	35,400	1,627	280,666	49,068	1,656	-	24,577
TOTAL EXPENDITURES	<u>-</u>	<u>35,400</u>	<u>1,627</u>	<u>280,666</u>	<u>49,068</u>	<u>1,656</u>	<u>-</u>	<u>24,577</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,741</u>	<u>(10,722)</u>	<u>(1,627)</u>	<u>(280,666)</u>	<u>(47,113)</u>	<u>(1,626)</u>	<u>26,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	50,000	280,666	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>280,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	8,741	(10,722)	48,373	-	(47,113)	(1,626)	26,000	-
FUND BALANCES (DEFICITS), JANUARY 1	<u>359,225</u>	<u>97,445</u>	<u>54</u>	<u>-</u>	<u>47,113</u>	<u>8,466</u>	<u>185,597</u>	<u>-</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 367,966</u>	<u>\$ 86,723</u>	<u>\$ 48,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,840</u>	<u>\$ 211,597</u>	<u>\$ -</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, 2020

	Cable Franchise	Legal Reserve	Regional Radio Assessment	Conservation Committee	Community Resolution	Transportation Advisory	Community Center	CTCL Election Grant
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	52,886	-	-	800	-	-	18,000	155,000
TOTAL REVENUES	52,886	-	-	800	-	-	18,000	155,000
EXPENDITURES								
Other	50,307	7,359	-	-	-	-	-	3,281
TOTAL EXPENDITURES	50,307	7,359	-	-	-	-	-	3,281
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,579	(7,359)	-	800	-	-	18,000	151,719
OTHER FINANCING SOURCES (USES)								
Transfers in	-	30,000	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	30,000	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	2,579	22,641	-	800	-	-	18,000	151,719
FUND BALANCES (DEFICITS), JANUARY 1	27,835	10,551	4,632	7,108	977	288	40,487	-
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 30,414	\$ 33,192	\$ 4,632	\$ 7,908	\$ 977	\$ 288	\$ 58,487	\$ 151,719

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Wellness Works Grant	Police Drug Eradication	COPS Grants	Police Training	Rural Comm Resp Prog Opioid	Byrne Grant II	Animal Control	Keep ME Healthy Grant
REVENUES								
Intergovernmental	\$ -	\$ 2,181	\$ -	\$ -	\$ -	\$ -	\$ 650	\$ 48,578
Other income	213	-	-	-	-	-	-	-
TOTAL REVENUES	<u>213</u>	<u>2,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>48,578</u>
EXPENDITURES								
Other	123	4,500	12,167	18,000	125	6,104	-	48,578
TOTAL EXPENDITURES	<u>123</u>	<u>4,500</u>	<u>12,167</u>	<u>18,000</u>	<u>125</u>	<u>6,104</u>	<u>-</u>	<u>48,578</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>90</u>	<u>(2,319)</u>	<u>(12,167)</u>	<u>(18,000)</u>	<u>(125)</u>	<u>(6,104)</u>	<u>650</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	90	(2,319)	(12,167)	(18,000)	(125)	(6,104)	650	-
FUND BALANCES (DEFICITS), JANUARY 1	<u>55</u>	<u>18,130</u>	<u>12,166</u>	<u>56,666</u>	<u>6,636</u>	<u>6,104</u>	<u>2,904</u>	<u>-</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 145</u>	<u>\$ 15,811</u>	<u>\$ (1)</u>	<u>\$ 38,666</u>	<u>\$ 6,511</u>	<u>\$ -</u>	<u>\$ 3,554</u>	<u>\$ -</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, 2020

	Fire Fighters Grant	Church Street	Bowen Ice Skate Propane	Canine Donation	Snowmobile Grant	Tree Fund	Pandemic Grant	Coronavirus Emergency Aide	Total
REVENUES									
Intergovernmental	\$ 539,344	\$ -	\$ -	\$ -	\$ 6,272	\$ -	\$ -	\$ -	\$ 605,504
Other income	-	-	-	1,000	-	-	-	-	305,401
TOTAL REVENUES	<u>539,344</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>6,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910,905</u>
EXPENDITURES									
Other	539,489	-	-	-	6,272	-	5,573	785	1,095,657
TOTAL EXPENDITURES	<u>539,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,272</u>	<u>-</u>	<u>5,573</u>	<u>785</u>	<u>1,095,657</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(145)</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(5,573)</u>	<u>(785)</u>	<u>(184,752)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	360,666
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,666</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(145)</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(5,573)</u>	<u>(785)</u>	<u>175,914</u>
FUND BALANCES (DEFICITS), JANUARY 1	<u>1,458</u>	<u>322</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>2,221</u>	<u>-</u>	<u>-</u>	<u>896,579</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 1,313</u>	<u>\$ 322</u>	<u>\$ 139</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 2,221</u>	<u>\$ (5,573)</u>	<u>\$ (785)</u>	<u>1,072,493</u>

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

Capital Projects Funds

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

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	<u>Municipal Facilities</u>	<u>Election Equipment</u>	<u>Computer</u>	<u>Treasurer Computer</u>	<u>Cable Equipment</u>	<u>CEO Equipment</u>	<u>ADA Reserve</u>
ASSETS							
Due from other funds	\$ 10,812	\$ 469	\$ 1,643	\$ -	\$ 18,696	\$ 891	\$ 16,850
TOTAL ASSETS	<u>\$ 10,812</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ 18,696</u>	<u>\$ 891</u>	<u>\$ 16,850</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	10,812	469	1,643	-	18,696	891	16,850
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>10,812</u>	<u>469</u>	<u>1,643</u>	<u>-</u>	<u>18,696</u>	<u>891</u>	<u>16,850</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,812</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ 18,696</u>	<u>\$ 891</u>	<u>\$ 16,850</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	Police Computer Reserve	Police Vehicle	Police Facilities	Fire Equipment	Public Works Facilities	Public Works Equipment
ASSETS						
Due from other funds	\$ 32,022	\$ 43,435	\$ 19,486	\$ 67,145	\$ 90,519	\$ 154,463
TOTAL ASSETS	<u>\$ 32,022</u>	<u>\$ 43,435</u>	<u>\$ 19,486</u>	<u>\$ 67,145</u>	<u>\$ 90,519</u>	<u>\$ 154,463</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	32,022	43,435	19,486	67,145	90,519	154,463
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>32,022</u>	<u>43,435</u>	<u>19,486</u>	<u>67,145</u>	<u>90,519</u>	<u>154,463</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,022</u>	<u>\$ 43,435</u>	<u>\$ 19,486</u>	<u>\$ 67,145</u>	<u>\$ 90,519</u>	<u>\$ 154,463</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	Sidewalk Reserves	Municipal Landfill	Local Road Assistance	Hippach Field Project	Walton Dam Project	Walton Mill Pond	Rail Trail Bridge
ASSETS							
Due from other funds	\$ 23,191	\$ 60,844	\$ 62,765	\$ 11,571	\$ 5,889	\$ 2,809	\$ 5,012
TOTAL ASSETS	<u>\$ 23,191</u>	<u>\$ 60,844</u>	<u>\$ 62,765</u>	<u>\$ 11,571</u>	<u>\$ 5,889</u>	<u>\$ 2,809</u>	<u>\$ 5,012</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	62,765	-	-	-	-
Committed	23,191	60,844	-	11,571	5,889	2,809	5,012
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>23,191</u>	<u>60,844</u>	<u>62,765</u>	<u>11,571</u>	<u>5,889</u>	<u>2,809</u>	<u>5,012</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,191</u>	<u>\$ 60,844</u>	<u>\$ 62,765</u>	<u>\$ 11,571</u>	<u>\$ 5,889</u>	<u>\$ 2,809</u>	<u>\$ 5,012</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	FFSWD Trail Crossing	Parks and Rec Reserve	Hippach Field Lights	Playground	Cemetery Infrastructure	Total
ASSETS						
Due from other funds	\$ 906	\$ 18,027	\$ 890	\$ 3,150	\$ 2,459	\$ 653,944
TOTAL ASSETS	\$ 906	\$ 18,027	\$ 890	\$ 3,150	\$ 2,459	\$ 653,944
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	62,765
Committed	906	18,027	890	3,150	2,459	591,179
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	906	18,027	890	3,150	2,459	653,944
TOTAL LIABILITIES AND FUND BALANCES	\$ 906	\$ 18,027	\$ 890	\$ 3,150	\$ 2,459	\$ 653,944

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Municipal Facilities	Election Equipment	Computer	Treasurer Computer	Cable Equipment	CEO Equipment	ADA Reserve
REVENUES							
Other income	\$ 7,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>7,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	1,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCES	7,200	-	-	-	-	-	1,000
FUND BALANCES, JANUARY 1	<u>3,612</u>	<u>469</u>	<u>1,643</u>	<u>-</u>	<u>18,696</u>	<u>891</u>	<u>15,850</u>
FUND BALANCES, DECEMBER 31	<u>\$ 10,812</u>	<u>\$ 469</u>	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ 18,696</u>	<u>\$ 891</u>	<u>\$ 16,850</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Police Equipment	Police Vehicle	Police Facilities	Fire Equipment	Public Works Facilities	Public Works Equipment
REVENUES						
Other income	\$ 500	\$ 33,271	\$ 3,500	\$ 26,070	\$ 20,000	\$ -
TOTAL REVENUES	<u>500</u>	<u>33,271</u>	<u>3,500</u>	<u>26,070</u>	<u>20,000</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	11,000	-	21,768	-	67,520
TOTAL EXPENDITURES	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>21,768</u>	<u>-</u>	<u>67,520</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>500</u>	<u>22,271</u>	<u>3,500</u>	<u>4,302</u>	<u>20,000</u>	<u>(67,520)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	200,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCES	500	22,271	3,500	4,302	20,000	132,480
FUND BALANCES, JANUARY 1	<u>31,522</u>	<u>21,164</u>	<u>15,986</u>	<u>62,843</u>	<u>70,519</u>	<u>21,983</u>
FUND BALANCES, DECEMBER 31	<u>\$ 32,022</u>	<u>\$ 43,435</u>	<u>\$ 19,486</u>	<u>\$ 67,145</u>	<u>\$ 90,519</u>	<u>\$ 154,463</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Sidewalk Reserves	Municipal Landfill	Local Road Assistance	Hippach Field Project	Walton Dam Project	Walton Mill Pond	Rail Trail Bridge
REVENUES							
Other income	\$ 20,000	\$ 4,000	\$ 60,568	\$ 7,500	\$ 500	\$ -	\$ -
TOTAL REVENUES	<u>20,000</u>	<u>4,000</u>	<u>60,568</u>	<u>7,500</u>	<u>500</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	36,182	-	5,435	-	-	-	-
TOTAL EXPENDITURES	<u>36,182</u>	<u>-</u>	<u>5,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,182)</u>	<u>4,000</u>	<u>55,133</u>	<u>7,500</u>	<u>500</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(16,182)	4,000	55,133	7,500	500	-	-
FUND BALANCES, JANUARY 1	<u>39,373</u>	<u>56,844</u>	<u>7,632</u>	<u>4,071</u>	<u>5,389</u>	<u>2,809</u>	<u>5,012</u>
FUND BALANCES, DECEMBER 31	<u>\$ 23,191</u>	<u>\$ 60,844</u>	<u>\$ 62,765</u>	<u>\$ 11,571</u>	<u>\$ 5,889</u>	<u>\$ 2,809</u>	<u>\$ 5,012</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	FFSWD Trail Crossing	Parks and Rec Reserve	Hippach Field Lights	Playground	Cemetery Infrastructure	Total
REVENUES						
Other income	\$ -	\$ 10,500	\$ -	\$ -	\$ -	\$ 193,609
TOTAL REVENUES	<u>-</u>	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,609</u>
EXPENDITURES						
Capital outlay	-	14,894	-	-	-	156,799
TOTAL EXPENDITURES	<u>-</u>	<u>14,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,799</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(4,394)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,810</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	201,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,000</u>
NET CHANGE IN FUND BALANCES	-	(4,394)	-	-	-	237,810
FUND BALANCES, JANUARY 1	<u>906</u>	<u>22,421</u>	<u>890</u>	<u>3,150</u>	<u>2,459</u>	<u>416,134</u>
FUND BALANCES, DECEMBER 31	<u>\$ 906</u>	<u>\$ 18,027</u>	<u>\$ 890</u>	<u>\$ 3,150</u>	<u>\$ 2,459</u>	<u>\$ 653,944</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of 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, 2020

	Hippach Trust	LA Smith	Cemetery	Weymouth	Webster
ASSETS					
Cash and cash equivalents	\$ 5,112	\$ -	\$ -	\$ -	\$ -
Investments	190,046	17,338	12,319	9,398	1,539
Due from other funds	24,146	-	127	-	2
TOTAL ASSETS	\$ 219,304	\$ 17,338	\$ 12,446	\$ 9,398	\$ 1,541
LIABILITIES					
Due to other funds	\$ -	\$ 107	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	107	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	219,304	17,231	12,446	9,398	1,541
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	219,304	17,231	12,446	9,398	1,541
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 219,304	\$ 17,338	\$ 12,446	\$ 9,398	\$ 1,541

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 DECEMBER 31, 2020

	Smith Cemetery	Riverside	Butterfield	Blake	Center Meeting House
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	2,486	12,446	1,084	12,829	6,008
Due from other funds	106	1	365	-	603
TOTAL ASSETS	\$ 2,592	\$ 12,447	\$ 1,449	\$ 12,829	\$ 6,611
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 366	\$ -
TOTAL LIABILITIES	-	-	-	366	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	2,592	12,447	1,449	12,463	6,611
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	2,592	12,447	1,449	12,463	6,611
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 2,592	\$ 12,447	\$ 1,449	\$ 12,829	\$ 6,611

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2020

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,126
Investments	12,234	21,469	1,149	2,412	49,568	571,996
Due from other funds	-	-	2	-	16	-
TOTAL ASSETS	\$ 12,234	\$ 21,469	\$ 1,151	\$ 2,412	\$ 49,584	\$ 600,122
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,342
TOTAL LIABILITIES	-	-	-	-	-	8,342
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	12,234	21,469	1,151	2,412	49,584	591,780
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	12,234	21,469	1,151	2,412	49,584	591,780
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 12,234	\$ 21,469	\$ 1,151	\$ 2,412	\$ 49,584	\$ 600,122

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2020

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,238
Investments	19,250	4,204	3,026	212	884	951,897
Due from other funds		-	-	871	2,671	28,910
TOTAL ASSETS	\$ 19,250	\$ 4,204	\$ 3,026	\$ 1,083	\$ 3,555	\$ 1,014,045
LIABILITIES						
Due to other funds	\$ 15,963	\$ 7,019	\$ -	\$ -	\$ -	\$ 31,797
TOTAL LIABILITIES	15,963	7,019	-	-	-	31,797
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	3,287	-	3,026	1,083	3,555	985,063
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(2,815)	-	-	-	(2,815)
TOTAL FUND BALANCES (DEFICITS)	3,287	(2,815)	3,026	1,083	3,555	982,248
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 19,250	\$ 4,204	\$ 3,026	\$ 1,083	\$ 3,555	\$ 1,014,045

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Hippach Trust	LA Smith	Cemetery	Weymouth	Webster
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	3,690	78	51	42	7
Other income	-	-	-	-	-
TOTAL REVENUES	<u>3,690</u>	<u>78</u>	<u>51</u>	<u>42</u>	<u>7</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,690</u>	<u>78</u>	<u>51</u>	<u>42</u>	<u>7</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	3,690	78	51	42	7
FUND BALANCES (DEFICITS), JANUARY 1	<u>215,614</u>	<u>17,153</u>	<u>12,395</u>	<u>9,356</u>	<u>1,534</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 219,304</u>	<u>\$ 17,231</u>	<u>\$ 12,446</u>	<u>\$ 9,398</u>	<u>\$ 1,541</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Smith Cemetery	Riverside	Butterfield	Blake	Center Meeting House
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	11	56	6	58	41
Other income	-	-	-	-	-
TOTAL REVENUES	<u>11</u>	<u>56</u>	<u>6</u>	<u>58</u>	<u>41</u>
EXPENDITURES					
Other	-	-	350	-	3,750
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>3,750</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11</u>	<u>56</u>	<u>(344)</u>	<u>58</u>	<u>(3,709)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	11	56	(344)	58	(3,709)
FUND BALANCES (DEFICITS), JANUARY 1	<u>2,581</u>	<u>12,391</u>	<u>1,793</u>	<u>12,405</u>	<u>10,320</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 2,592</u>	<u>\$ 12,447</u>	<u>\$ 1,449</u>	<u>\$ 12,463</u>	<u>\$ 6,611</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91
Investment income, net of unrealized gains/(losses)	55	88	6	11	230	38,955
Other income	-	-	-	-	-	3,600
TOTAL REVENUES	<u>55</u>	<u>88</u>	<u>6</u>	<u>11</u>	<u>230</u>	<u>42,646</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>55</u>	<u>88</u>	<u>6</u>	<u>11</u>	<u>230</u>	<u>42,646</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	55	88	6	11	230	27,646
FUND BALANCES (DEFICITS), JANUARY 1	<u>12,179</u>	<u>21,381</u>	<u>1,145</u>	<u>2,401</u>	<u>49,354</u>	<u>564,134</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 12,234</u>	<u>\$ 21,469</u>	<u>\$ 1,151</u>	<u>\$ 2,412</u>	<u>\$ 49,584</u>	<u>\$ 591,780</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91
Investment income, net of unrealized gains/(losses)	77	-	14	1	4	43,481
Other income	-	-	-	870	-	4,470
TOTAL REVENUES	<u>77</u>	<u>-</u>	<u>14</u>	<u>871</u>	<u>4</u>	<u>48,042</u>
EXPENDITURES						
Other	-	-	-	-	-	4,100
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,100</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>77</u>	<u>-</u>	<u>14</u>	<u>871</u>	<u>4</u>	<u>43,942</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	77	-	14	871	4	28,942
FUND BALANCES (DEFICITS), JANUARY 1	<u>3,210</u>	<u>(2,815)</u>	<u>3,012</u>	<u>212</u>	<u>3,551</u>	<u>953,306</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 3,287</u>	<u>\$ (2,815)</u>	<u>\$ 3,026</u>	<u>\$ 1,083</u>	<u>\$ 3,555</u>	<u>\$ 982,248</u>

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

General Capital Assets

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2020

	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	923,104	2,870,836	12,538,645	16,444,285
Parks and recreation	166,700	1,062,230	117,721	-	1,346,651
Public safety	24,600	648,727	3,236,415	-	3,909,742
Sewer	37,500	9,856,016	2,065,359	7,940,149	19,899,024
Town-wide	389,129	658,615	11,965	156,574	1,216,283
Total General Capital Assets	<u>769,229</u>	<u>14,341,233</u>	<u>8,368,049</u>	<u>20,635,368</u>	<u>44,113,879</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(12,587,864)</u>	<u>(5,593,045)</u>	<u>(14,436,748)</u>	<u>(32,617,657)</u>
Net General Capital Assets	<u>\$ 769,229</u>	<u>\$ 1,753,369</u>	<u>\$ 2,775,004</u>	<u>\$ 6,198,620</u>	<u>\$ 11,496,222</u>

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Capital Assets 1/1/20 (Restated)	Additions	Deletions/ (Transfers)	General Capital Assets 12/31/20
General government	\$ 1,292,769	\$ 5,125	\$ -	\$ 1,297,894
Public works	15,798,140	666,145	(20,000)	16,444,285
Parks and recreation	1,336,307	10,344	-	1,346,651
Public safety	3,685,852	1,387,078	(1,163,188)	3,909,742
Sewer	19,881,234	17,790	-	19,899,024
Town-wide	1,216,283	-	-	1,216,283
Total General Capital Assets	43,210,585	2,086,482	(1,183,188)	44,113,879
Less: Accumulated Depreciation	(32,113,907)	(734,255)	230,505	(32,617,657)
Net General Capital Assets	<u>\$ 11,096,678</u>	<u>\$ 1,352,227</u>	<u>\$ (952,683)</u>	<u>\$ 11,496,222</u>

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



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

Selectboard
Town of 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, 2020, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Maine's basic financial statements, and have issued our report thereon dated July 22, 2021.

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 July 22, 2021.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
July 22, 2021