

Audited Financial Statements and
Other Supplementary Information

Town of Rumford, Maine

June 30, 2018



Proven Expertise and Integrity

TOWN OF RUMFORD, MAINE

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JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Rumford
Rumford, 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 Rumford, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Rumford, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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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 Rumford, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 11 and 66 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rumford, 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 related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements 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 March 29, 2019, on our consideration of the Town of Rumford, 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 Rumford, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
March 29, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(UNAUDITED)

The following management's discussion and analysis of the Town of Rumford, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Rumford's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Rumford are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, health and sanitation, welfare, public services, social services, education 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. These activities for the Town of Rumford include the sewer fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Rumford, 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 Rumford can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town of Rumford presents four 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 funds are the general fund, sewer extension fund and the Congress Street sidewalk fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, 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 increased by \$316,663 from \$15,447,231 to \$15,763,894. For the business-type activities, the Town's total net position increased by \$19,490 from \$131,612 to \$151,102.

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 for the governmental activities to a balance of \$7,091,259 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased to a balance of \$151,102.

Table 1
Town of Rumford, Maine
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017 (Restated)</u>	<u>2018</u>	<u>2017</u>
Assets:				
Current Assets	\$ 12,028,486	\$ 12,413,915	\$ 247,357	\$ 225,427
Capital Assets	8,387,379	8,002,118	-	-
Total Assets	<u>20,415,865</u>	<u>20,416,033</u>	<u>247,357</u>	<u>225,427</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to OPEB	80,102	-	-	-
Deferred Outflows Related to Pensions	1,200,540	1,419,237	-	-
Total Deferred Outflows of Resources	<u>1,280,642</u>	<u>1,419,237</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	270,380	365,209	-	-
Long-term Debt Outstanding	4,648,160	5,169,292	-	-
Total Liabilities	<u>4,918,540</u>	<u>5,534,500</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Prepaid Taxes	16,069	13,634	5,274	4,646
Deferred Sewer Taxes	-	-	90,981	89,169
Deferred Inflows Related to Pensions	998,004	839,905	-	-
Total Deferred Inflows of Resources	<u>1,014,073</u>	<u>853,539</u>	<u>96,255</u>	<u>93,815</u>
Net Position:				
Net Investment in Capital Assets	6,520,712	5,897,118	-	-
Restricted	2,151,923	2,738,623	-	-
Unrestricted	7,091,259	6,811,490	151,102	131,612
Total Net Position	<u>\$ 15,763,894</u>	<u>\$ 15,447,231</u>	<u>\$ 151,102</u>	<u>\$ 131,612</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.67%, while total expenses increased by 7.50%. The increase in revenues was mainly due to increases in all revenue categories with the exception of charges for services and miscellaneous. The increase in expenses was primarily due to capital outlay and public works. For the business-type activities revenues decreased by 0.32%, while total expenses increased by 1.03%.

Table 2
Town of Rumford, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 616,967	\$ 660,506	\$ 561,468	\$ 563,963
Operating grants and contributions	588,625	289,323	-	-
<i>General Revenues:</i>				
Taxes	16,219,427	15,883,110	-	-
Grants and contributions not restricted to specific programs	2,047,741	1,563,490	-	-
Miscellaneous	329,429	342,985	16,449	15,821
Total Revenues	<u>19,802,189</u>	<u>18,739,414</u>	<u>577,917</u>	<u>579,784</u>
Expenses				
General government	1,135,689	921,995	-	-
Public safety	2,709,827	2,501,494	-	-
Public works	3,113,061	2,398,687	-	-
Health and sanitation	754,089	717,690	-	-
Welfare	26,729	39,654	-	-
Public services	539,569	575,473	-	-
Social services	193,980	187,350	-	-
Education	6,535,274	6,689,129	-	-
County tax	441,791	439,455	-	-
Tax increment financing agreement	2,490,841	2,417,663	-	-
Interest on long-term debt	43,200	30,589	-	-
Capital outlay	237,257	-	-	-
Sewer fund	-	-	455,367	450,713
Unallocated depreciation (Note 4)	63,089	42,395	-	-
Unclassified	1,304,190	1,260,221	-	-
Total Expenses	<u>19,588,586</u>	<u>18,221,795</u>	<u>455,367</u>	<u>450,713</u>
Transfers	103,060	105,520	(103,060)	(105,520)
Change in Net Position	316,663	623,139	19,490	23,551
Net Position - July 1, Restated	<u>15,447,231</u>	<u>14,824,092</u>	<u>131,612</u>	<u>108,061</u>
Net Position - June 30	<u>\$ 15,763,894</u>	<u>\$ 15,447,231</u>	<u>\$ 151,102</u>	<u>\$ 131,612</u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2018</u>	<u>2017</u>
General Fund:		
Nonspendable	\$ 324,862	\$ 223,193
Restricted	416,776	310,416
Committed	2,160,022	2,552,627
Assigned	828,716	843,178
Unassigned	3,749,999	3,729,588
Total General Fund	<u>\$ 7,480,375</u>	<u>\$ 7,659,002</u>
Sewer Extension Fund:		
Committed	\$ 318,751	\$ 292,393
Total Sewer Extension Fund	<u>\$ 318,751</u>	<u>\$ 292,393</u>
Congress Street Sidewalk:		
Restricted	\$ 1,151,641	\$ 1,861,502
Total Congress Street Sidewalk	<u>\$ 1,151,641</u>	<u>\$ 1,861,502</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 510,266	\$ 494,019
Capital Projects Funds:		
Committed	2,146,976	1,649,322
Permanent Funds:		
Restricted	73,240	72,686
Total Nonmajor Funds	<u>\$ 2,730,482</u>	<u>\$ 2,216,027</u>

The general fund total fund balance decreased by \$178,627 over the prior fiscal year and primarily due to transfers to other funds. The sewer extension fund total fund balance increased by \$26,358 over the prior fiscal year. This increase was primarily due to the transfer in of \$50,000 offsetting the expenditures for the fiscal year. The Congress Street sidewalk total fund balance decreased by \$709,861 from the prior fiscal year. This decrease was due to capital outlay expenditures. The nonmajor fund balances increased by \$514,455 over the prior fiscal year. The largest increase was in the capital project funds of \$497,654, with significant increases in the fire department fund, parks department fund, highway fund, town hall maintenance fund and assessment valuation fund.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer department had an increase in net position for the year of \$19,490. Last year, the sewer department had an increase in net position of \$23,551.

Budgetary Highlights

The significant differences between the original and final budget for the general fund was the use of committed fund balance.

The general fund actual revenues exceeded the budget by \$884,814. This was the result of all revenue categories being receipted in excess of budgeted amounts with the exception of charges for services.

The general fund actual expenditures were under the budget by \$2,940,724. All of the expenditure categories were under-spent after carrying forward several fund balances from the previous year with the exception of public safety and transfer to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town increased by \$385,261 from the prior year. The increase is the result of capital additions of \$1,016,436, less disposals net of depreciation of \$5,453 and current year depreciation expense of \$625,722.

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

	2018	2017
Land	\$ 248,853	\$ 248,853
Land improvements	169,252	183,150
Art and antiques	1,262,409	1,262,409
Construction in progress	1,127,214	174,036
Buildings and improvements	1,213,632	1,280,883
Equipment	775,527	929,802
Vehicles	1,321,294	1,481,556
Infrastructure	2,269,198	2,441,429
Total	\$ 8,387,379	\$ 8,002,118

Debt

At June 30, 2018, the Town had \$1,866,667 in bonds outstanding versus \$2,105,000 last year. Other obligations include accrued compensated absences, net OPEB liability and net pension liability. Refer to Note 6 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has increased significantly in the past few years, bringing it above the level of a sufficient fund balance to sustain operations for two months while also maintaining significant reserves for future operations, capital and program needs.

Requests for Information

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 Treasurer's Office at 145 Congress St., Rumford, Maine 04276.

TOWN OF RUMFORD, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,300,455	\$ 149,099	\$ 10,449,554
Accounts receivable (net of allowance for uncollectibles):			
Taxes	372,291	-	372,291
Liens	116,576	19,636	136,212
Other	204,293	88,622	292,915
Loans receivable (net of allowance for uncollectibles)	364,354	-	364,354
Due from other governments	335,655	-	335,655
Inventory	267,205	-	267,205
Tax acquired property	55,389	-	55,389
Internal balances	10,000	(10,000)	-
Total current assets	<u>12,028,486</u>	<u>247,357</u>	<u>12,275,843</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	2,638,476	-	2,638,476
Buildings and vehicles net of accumulated depreciation	5,748,903	-	5,748,903
Total noncurrent assets	<u>8,387,379</u>	<u>-</u>	<u>8,387,379</u>
TOTAL ASSETS	<u>20,415,865</u>	<u>247,357</u>	<u>20,663,222</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	80,102	-	80,102
Deferred outflows related to pensions	1,200,540	-	1,200,540
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,280,642</u>	<u>-</u>	<u>1,280,642</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 21,696,507</u>	<u>\$ 247,357</u>	<u>\$ 21,943,864</u>

STATEMENT A (CONTINUED)

TOWN OF RUMFORD, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 47,146	\$ -	\$ 47,146
Due to other governments	694	-	694
Current portion of long-term obligations	222,540	-	222,540
Total current liabilities	270,380	-	270,380
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,733,334	-	1,733,334
Accrued compensated absences	267,621	-	267,621
OPEB obligation	766,706	-	766,706
Net pension liability	1,880,499	-	1,880,499
Total noncurrent liabilities	4,648,160	-	4,648,160
TOTAL LIABILITIES	4,918,540	-	4,918,540
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	16,069	5,274	21,343
Deferred sewer taxes	-	90,981	90,981
Deferred inflows related to pensions	998,004	-	998,004
TOTAL DEFERRED INFLOWS OF RESOURCES	1,014,073	96,255	1,110,328
NET POSITION			
Net investment in capital assets	6,520,712	-	6,520,712
Restricted	2,151,923	-	2,151,923
Unrestricted	7,091,259	151,102	7,242,361
TOTAL NET POSITION	15,763,894	151,102	15,914,996
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 21,696,507	\$ 247,357	\$ 21,943,864

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

TOWN OF RUMFORD, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,135,689	\$ 67,114	\$ -	\$ -	\$ (1,068,575)	\$ -	\$ (1,068,575)
Public safety	2,709,827	4,614	-	-	(2,705,213)	-	(2,705,213)
Public works	3,113,061	485,012	95,988	-	(2,532,061)	-	(2,532,061)
Health and sanitation	754,089	2,416	-	-	(751,673)	-	(751,673)
Welfare	26,729	15,828	-	-	(10,901)	-	(10,901)
Public services	539,569	41,983	-	-	(497,586)	-	(497,586)
Social services	193,980	-	-	-	(193,980)	-	(193,980)
Education	6,535,274	-	-	-	(6,535,274)	-	(6,535,274)
County tax	441,791	-	-	-	(441,791)	-	(441,791)
Tax increment financing agreement	2,490,841	-	-	-	(2,490,841)	-	(2,490,841)
Interest on long-term debt	43,200	-	-	-	(43,200)	-	(43,200)
Capital outlay	237,257	-	-	-	(237,257)	-	(237,257)
Unallocated depreciation (Note 4)*	63,089	-	-	-	(63,089)	-	(63,089)
Unclassified	1,304,190	-	492,637	-	(811,553)	-	(811,553)
Total governmental activities	<u>19,588,586</u>	<u>616,967</u>	<u>588,625</u>	<u>-</u>	<u>(18,382,994)</u>	<u>-</u>	<u>(18,382,994)</u>
Business-type activities:							
Sewer fund	<u>455,367</u>	<u>561,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,101</u>	<u>106,101</u>
Total business-type activities	<u>455,367</u>	<u>561,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,101</u>	<u>106,101</u>
Total government	<u>\$ 20,043,953</u>	<u>\$ 1,178,435</u>	<u>\$ 588,625</u>	<u>\$ -</u>	<u>(18,382,994)</u>	<u>106,101</u>	<u>(18,276,893)</u>

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

STATEMENT B (CONTINUED)

TOWN OF RUMFORD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(18,382,994)</u>	<u>106,101</u>	<u>(18,276,893)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	15,368,056	-	15,368,056
Excise taxes	851,371	-	851,371
Grants and contributions not restricted to specific programs	2,047,741	-	2,047,741
Miscellaneous	329,429	16,449	345,878
Transfers	103,060	(103,060)	-
Total general revenues and transfers	<u>18,699,657</u>	<u>(86,611)</u>	<u>18,613,046</u>
Change in net position	316,663	19,490	336,153
NET POSITION - JULY 1, RESTATED	<u>15,447,231</u>	<u>131,612</u>	<u>15,578,843</u>
NET POSITION - JUNE 30	<u><u>\$ 15,763,894</u></u>	<u><u>\$ 151,102</u></u>	<u><u>\$ 15,914,996</u></u>

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

TOWN OF RUMFORD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Sewer Extension Fund	Congress Street Sidewalk	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,622,299	\$ 318,751	\$ 914,197	\$ 2,445,208	\$ 10,300,455
Accounts receivable (net of allowance for uncollectibles):					
Taxes	372,291	-	-	-	372,291
Liens	116,576	-	-	-	116,576
Other	202,043	-	-	2,250	204,293
Loans receivable (net of allowance for uncollectibles)	-	-	-	364,354	364,354
Due from other governments	-	-	283,944	51,711	335,655
Inventory	267,205	-	-	-	267,205
Prepaid items	2,268	-	-	-	2,268
Tax acquired property	55,389	-	-	-	55,389
Due from other funds	198,786	-	-	11,918	210,704
TOTAL ASSETS	\$ 7,836,857	\$ 318,751	\$ 1,198,141	\$ 2,875,441	\$ 12,229,190
LIABILITIES					
Accounts payable	\$ 44,473	\$ -	\$ -	\$ 2,673	\$ 47,146
Due to other governments	694	-	-	-	694
Due to other funds	11,918	-	46,500	142,286	200,704
TOTAL LIABILITIES	57,085	-	46,500	144,959	248,544
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	16,069	-	-	-	16,069
Deferred tax revenues	283,328	-	-	-	283,328
TOTAL DEFERRED INFLOWS OF RESOURCES	299,397	-	-	-	299,397
FUND BALANCES					
Nonspendable	324,862	-	-	-	324,862
Restricted	416,776	-	1,151,641	583,506	2,151,923
Committed	2,160,022	318,751	-	2,146,976	4,625,749
Assigned	828,716	-	-	-	828,716
Unassigned	3,749,999	-	-	-	3,749,999
TOTAL FUND BALANCES	7,480,375	318,751	1,151,641	2,730,482	11,681,249
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,836,857	\$ 318,751	\$ 1,198,141	\$ 2,875,441	\$ 12,229,190

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

TOWN OF RUMFORD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 11,681,249
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	8,387,379
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	283,328
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	1,280,642
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(1,866,667)
Accrued compensated absences	(356,828)
Net pension liability	(1,880,499)
Net OPEB liability	(766,706)
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	<u>(998,004)</u>
Net position of governmental activities	<u><u>\$ 15,763,894</u></u>

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

TOWN OF RUMFORD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Sewer Extension Fund	Congress Street Sidewalk	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 15,427,291	\$ -	\$ -	\$ -	\$ 15,427,291
Excise taxes	851,371	-	-	-	851,371
Intergovernmental	1,918,685	-	225,044	492,637	2,636,366
Charges for services	616,967	-	-	-	616,967
Miscellaneous revenues	224,590	2,883	18,273	83,683	329,429
TOTAL REVENUES	19,038,904	2,883	243,317	576,320	19,861,424
EXPENDITURES					
Current:					
General government	885,560	-	-	340,043	1,225,603
Public safety	2,403,068	-	-	160,578	2,563,646
Public works	2,758,824	-	-	-	2,758,824
Health and sanitation	754,089	-	-	-	754,089
Welfare	26,729	-	-	-	26,729
Public service	477,027	-	-	4,939	481,966
Social services	193,980	-	-	-	193,980
Education	6,535,274	-	-	-	6,535,274
County tax	441,791	-	-	-	441,791
Tax increment financing agreement	2,490,841	-	-	-	2,490,841
Unclassified	1,304,091	-	-	99	1,304,190
Debt service:					
Principal	238,333	-	-	-	238,333
Interest	43,200	-	-	-	43,200
Capital outlay	-	26,525	953,178	273,990	1,253,693
TOTAL EXPENDITURES	18,552,807	26,525	953,178	779,649	20,312,159
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	486,097	(23,642)	(709,861)	(203,329)	(450,735)
OTHER FINANCING SOURCES (USES)					
Transfers in	99,170	50,000	-	829,220	978,390
Transfers (out)	(763,894)	-	-	(111,436)	(875,330)
TOTAL OTHER FINANCING SOURCES (USES)	(664,724)	50,000	-	717,784	103,060
NET CHANGE IN FUND BALANCES	(178,627)	26,358	(709,861)	514,455	(347,675)
FUND BALANCES - JULY 1	7,659,002	292,393	1,861,502	2,216,027	12,028,924
FUND BALANCES - JUNE 30	\$ 7,480,375	\$ 318,751	\$ 1,151,641	\$ 2,730,482	\$ 11,681,249

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

TOWN OF RUMFORD, 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 JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (347,675)</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	1,016,436
Capital asset disposals	(5,453)
Depreciation expense	<u>(625,722)</u>
	<u>385,261</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(59,235)</u>
Deferred outflows of resources 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>(138,595)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>238,333</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(158,099)</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	35,494
Net OPEB liability	(106,639)
Net pension liability	<u>467,818</u>
	<u>396,673</u>
Change in net position of governmental activities (Statement B)	<u>\$ 316,663</u>

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

TOWN OF RUMFORD, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 149,099
Accounts receivable (net of allowance for uncollectibles):	
Taxes	88,622
Liens	19,636
Total current assets	<u>257,357</u>
 TOTAL ASSETS	 <u>\$ 257,357</u>
 LIABILITIES	
Current liabilities:	
Due to other funds	\$ 10,000
Total current liabilities	<u>10,000</u>
 TOTAL LIABILITIES	 <u>10,000</u>
 DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	5,274
Deferred taxes	90,981
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>96,255</u>
 NET POSITION	
Unrestricted	151,102
TOTAL NET POSITION	<u>151,102</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$ 257,357</u>

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

TOWN OF RUMFORD, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 561,468
Other	8,838
TOTAL OPERATING REVENUES	<u>570,306</u>
OPERATING EXPENSES	
Contracted services	446,028
Miscellaneous	9,339
TOTAL OPERATING EXPENSES	<u>455,367</u>
OPERATING INCOME (LOSS)	<u>114,939</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	7,611
Transfers (out)	<u>(103,060)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(95,449)</u>
CHANGE IN NET POSITION	19,490
NET POSITION - JULY 1	<u>131,612</u>
NET POSITION - JUNE 30	<u>\$ 151,102</u>

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

TOWN OF RUMFORD, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 575,976
Internal activity - receipts (payments) from/to other funds	(1,186)
Payments to suppliers	<u>(454,740)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>120,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	7,611
Transfers to other funds	<u>(103,060)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(95,449)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	24,601
CASH AND CASH EQUIVALENTS - JULY 1	<u>124,498</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 149,099</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 114,939
Changes in operating assets, liabilities and deferred inflows of resources:	
(Increase) decrease in taxes receivable	(1,606)
(Increase) decrease in liens receivable	5,464
Increase (decrease) in due to other funds	(1,186)
Increase (decrease) in prepaid taxes	627
Increase (decrease) in deferred taxes	1,812
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 120,050</u>

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Rumford was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, public works, health and sanitation, public services, social services, education, 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

Implementation of New Accounting Standards

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

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

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

Government-Wide and Fund Financial Statements

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Measurement Focus - Basic Financial Statements & 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 RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 Funds

- 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.
- b. The Sewer Extension Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment related to sewer extension projects.
- c. The Congress Street Sidewalk Fund is used to account for financial resources to be used for the construction and equipment acquisition related to the project.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. 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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

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

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

Basis of Accounting

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

1. Accrual

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

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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

"Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

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

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

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. 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 RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$992,924 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). In the general fund, inventory consists of parts, oil and gasoline.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are 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. The capital assets for the Sewer Fund have not been included in these financial statements. The Town is working on compiling a list of these assets for inclusion in next year's financial statements.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

Long-term Obligations

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of a bond 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 proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation and sick time 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

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is \$356,828.

Pensions

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

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.

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 RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

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

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

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

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 RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 item, 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. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred sewer taxes also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 20, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due in two installments on October 17, 2017 and April 2, 2018. Interest on unpaid taxes commenced on October 18, 2017 and April 3, 2018, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$399,513 for the year ended June 30, 2018.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 revenues 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 RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the Town's cash balance amounting to \$10,449,554 were comprised of bank deposits of \$11,211,029. Of these bank deposits, \$1,900,301 was covered by federal depository insurance and not exposed to custodial credit risk and \$9,310,728 was collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 245,245
Repurchase agreements	9,896,531
Savings accounts	155,056
ICS accounts	914,197
	<u>\$ 11,211,029</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 does not have any investments as of June 30, 2018.

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

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 198,786	\$ 11,918
Congress Street Sidewalk	-	46,500
Nonmajor Special Revenue Funds	10,981	46,924
Nonmajor Capital Projects Funds	933	95,362
Enterprise Funds	-	10,000
	<u>\$ 210,704</u>	<u>\$ 210,704</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 248,853	\$ -	\$ -	\$ 248,853
Art and antiques	1,262,409	-	-	1,262,409
Construction in progress	174,036	953,178	-	1,127,214
	<u>1,685,298</u>	<u>953,178</u>	<u>-</u>	<u>2,638,476</u>
Depreciated assets:				
Land improvements	1,625,813	-	-	1,625,813
Buildings and improvements	2,421,140	-	-	2,421,140
Equipment	3,267,700	8,590	-	3,276,290
Vehicles	3,675,867	54,668	(21,875)	3,708,660
Infrastructure	15,499,582	-	-	15,499,582
	<u>26,490,102</u>	<u>63,258</u>	<u>(21,875)</u>	<u>26,531,485</u>
Less: accumulated depreciation	<u>(20,173,282)</u>	<u>(625,722)</u>	<u>16,422</u>	<u>(20,782,582)</u>
	<u>6,316,820</u>	<u>(562,464)</u>	<u>(5,453)</u>	<u>5,748,903</u>
Net governmental capital assets	<u>\$ 8,002,118</u>	<u>\$ 390,714</u>	<u>\$ (5,453)</u>	<u>\$ 8,387,379</u>

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

The following is the depreciation expense as of June 30, 2018:

<u>Current year depreciation</u>	
General government	\$ 10,065
Public safety	140,728
Public works	354,237
Recreation	45,062
Library	12,541
Town-wide	63,089
Total depreciation expense	<u>\$ 625,722</u>

NOTE 5 - LOANS RECEIVABLE

The Town, through various federal programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as loans receivable in the governmental funds. Until repaid, loans of federal awards are offset by deferred revenue, which is taken into operating revenue as payments are received in a future period. Upon receipt, the repayment of these loans is placed in the Town's UDAG Fund and is available for future loans.

The following is a summary of changes in the loans receivable for the year ended June 30, 2018:

<u>Borrower</u>	<u>Balance 7/1/2017</u>	<u>Payments</u>	<u>Loans</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Balance 6/30/2018</u>
Brian's Bistro	\$ 2,795	\$ 2,795	\$ -	\$ -	\$ -	\$ -
Connie's Place	12,981	435	-	-	-	12,546
Gateway Plaza, Roderick, Stephen	22,197	5,227	-	-	-	16,970
Gateway Plaza, Amatos	28,918	3,820	-	-	-	25,098
Good Karma Health	22,290	3,810	-	-	-	18,480
Great Rumford Community Center	7,489	7,489	-	-	-	-
Moon Tide Springs	109,239	34,723	-	-	(8,696)	65,820
Pennacook Falls Investment, LTD	125,000	-	-	-	-	125,000
Rumford Island Housing	91,347	-	-	3,654	-	95,000
Teena's / Christina Gorham	8,519	3,080	-	-	-	5,439
Total	<u>\$ 430,775</u>	<u>\$ 61,379</u>	<u>\$ -</u>	<u>\$ 3,654</u>	<u>\$ (8,696)</u>	<u>\$ 364,354</u>

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LOANS RECEIVABLE (CONTINUED)

The following is a summary of the outstanding loans receivable:

Borrower	Date of Loan	Loan Amount	Term (in months)	Interest Rate
Brian's Bistro	4/22/2008	\$ 35,000	144	6.25%
Connie's Place	1/7/2016	15,000	60	5.00%
Gateway Plaza, Roderick, Stephen	6/15/2014	40,000	120	3.00%
Gateway Plaza, Amatos	8/22/2011	45,000	120	6.25%
Good Karma Health	12/4/2016	25,250	120	3.00%
Great Rumford Community Center	2/22/2012	35,000	60	5.00%
Moon Tide Springs	11/4/2016	133,324	36	6.00%
Pennacook Falls Investment, LTD	11/10/2016	125,000	18	4.00%
Rumford Island Housing	4/29/2004	77,750	367	4.00%
Teena's / Christina Gorham	10/16/2008	30,000	120	6.00%

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance 7/1/17 (Restated)	Additions	Deletions	Balance, 6/30/18	Current Portion
Bond payable	\$ 2,105,000	\$ -	\$ (238,333)	\$ 1,866,667	\$ 133,333
Accrued compensated absences	392,322	5,620	(41,114)	356,828	89,207
Net OPEB liability	660,067	138,710	(32,071)	766,706	-
Net pension liability	2,348,317	-	(467,818)	1,880,499	-
Total	<u>\$ 5,725,613</u>	<u>\$ 144,330</u>	<u>\$ (779,336)</u>	<u>\$ 4,870,700</u>	<u>\$ 222,540</u>

TOWN OF RUMFORD, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bond payable:

\$2,000,000, 2016 General Obligation Pension Bonds due in annual principal payments of \$133,333, through November of 2031. Interest is charged at a rate varying from 1.160% to 3.201% per annum. \$ 1,866,667

The following is a summary of outstanding bond principal and interest requirements for the fiscal years ending June 30:

	Principal	Interest	Total Debt Service
2019	133,333	37,913	171,246
2020	133,334	36,233	169,567
2021	133,333	34,440	167,773
2022	133,333	32,513	165,846
2023	133,334	30,440	163,774
2024-2028	666,667	115,129	781,796
2029-2033	533,333	32,760	566,093
	<u>\$ 1,866,667</u>	<u>\$ 319,428</u>	<u>\$ 2,186,095</u>

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

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2018, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 267,205
Tax acquired property	55,389
	<u>\$ 324,862</u>

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

General fund:	
State aid construction	\$ 416,776
Congress Street sidewalk	1,151,641
Nonmajor special revenue funds (Schedule E)	510,266
Nonmajor permanent funds (Schedule I)	73,240
	<u>\$ 2,151,923</u>

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

General fund:	
Town clerk - maint. and repairs - record restoration	\$ 8,693
Economic development	209,140
Economic development - performing arts committee	1,224
Sealer of weights and measures	316
Police department - training replacement	16,000
Police department - clothing allowance	375
Code enforcemnt - TRIO software	3,000
Public works - bituminous	155,723
Permanent roads	1,036,291
Sidewalks	108,268
Bridges	240,570
Building demolition	35,774
PUIIA business park	97,857
Equipment maintenance	24,086
N.O.R.S.W.B. trucking	18,283
Municipal planning - comprehensive	7,254
Capital improvement - parks	43,254
Parks department - 4th of July committee	3,914
M.M.E.H.T. - health insurance	150,000
Subtotal general fund	<u>2,160,022</u>
Sewer extension fund	318,751
Nonmajor capital projects funds (Schedule G)	2,146,976
	<u>\$ 4,625,749</u>

TOWN OF RUMFORD, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

General fund:	
Library	\$ 3,118
State municipal revenue sharing	465,769
Rumford bicentennial oral history	2,917
TIF	31
Moontide fireworks	53
Accrued compensated absences	356,828
	<u>\$ 828,716</u>

NOTE 11 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of county and school debt. As of June 30, 2018, the Oxford County has no long-term debt. The Town's share of school debt was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU #10	\$ 781,552	45.69%	<u>\$ 357,099</u>

NOTE 12 - ECONOMIC DEPENDENCY

The Town has two taxpayers whose property tax assessments represent a significant portion of the Town's tax base. The Catalyst Paper Operations, Inc. has an assessed value of \$95,726,659, which is 17.97% of the Town's total assessed value of \$532,689,885. For the year ended June 30, 2018, Catalyst Paper Operations, Inc.'s property tax assessment was \$2,761,714. The Rumford Falls Hydro LLC has an assessed value of \$110,400,000, which is 20.73% of the Town's total assessed value of \$532,689,885. For the year ended June 30, 2018, Rumford Falls Hydro LLC's property tax assessment was \$3,185,040.

NOTE 13 - RISK MANAGEMENT

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - RISK MANAGEMENT (CONTINUED)

reinsurance contracts, individual stop loss coverage for member Town's for claims in excess of \$400,000 with an excess limit of \$2,000,000.

The Town has its liability insurance through the Kyes Agency Inc. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after the \$1,000 deductible is met, to \$13,068,638. Under the general liability portion of the policy, coverage is provided after the deductible is met, to \$1,000,000 per occurrence and \$3,000,000 in total. For the law enforcement liability, the coverage is \$1,000,000 per occurrence and in total with a \$2,500 deductible. For the public official liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible. Under the employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 14 - 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.mainebers.org or by contacting the System at (800) 451-9800.

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45% as of June 30, 2017.

The Town's firefighters' special plan "2C" is applicable for future service only from January 1, 2014.

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 fire and police department employees are part of special plans "2C" and "4C" and are required by union contract to contribute 5.0% of their annual salary. Although the Plan requires 8.0% and 9.0% employee contribution rates under special plans "2C" and "4C", respectively, the Town is required to contribute the difference as stipulated in the union contract. All administration, department heads and certain non-union fire and police department employees are part of regular plan "AC" and are required to contribute 8.0% of their annual salary and the Town is required to contribute at an actuarially determined rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. For the year ended June 30, 2018 employer contributions to the "2C," "4C" and "AC" plans were 10.1%, 8.4% and 9.6%, respectively, of covered payroll. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2018 was \$291,784, which includes an additional \$47,854 that the Town is obligated to pay based on a collective bargaining agreement.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2018, the Town reported a liability of \$1,880,499 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.459289%, which was an increase of 0.01732% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized net pension expense of \$91,022. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 90,344
Changes of assumptions	160,019	-
Net difference between projected and actual earnings on pension plan investments	648,073	699,784
Changes in proportion and differences between contributions and proportionate share of contributions	100,664	207,876
Contributions subsequent to the measurement date	291,784	-
Total	<u>\$ 1,200,540</u>	<u>\$ 998,004</u>

\$291,784 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 June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2018	\$ (34,106)
2019	45,018
2020	4,959
2021	(50,324)
2022	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually.

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

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases – 2.20% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2017 are summarized in the following table.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability(asset) as of June 30, 2017 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 6.875% for the PLD Consolidated Plan.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 3,772,859	\$ 1,880,499	\$ 455,846

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

Differences between Expected and Actual Experience

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

Changes in Net Pension Liability

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

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

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2018, the following employees were covered by the benefit terms:

Active members	48
Retirees and spouses	<u>22</u>
Total	<u><u>70</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. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 500	\$812	\$1,820
<u>Medicare</u>	\$529	\$1,058

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

At June 30, 2018, the Town reported a liability of \$766,706 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 June 30, 2018, the Town recognized OPEB expense of \$58,608. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,537	\$ -
Changes of assumptions	6,565	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ 80,102	\$ -

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

	MMEHT
Plan year ended December 31:	
2019	\$ 16,020
2020	16,020
2021	16,020
2022	16,020
2023	16,022
Thereafter	-

Discount Rate

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	0.00%	0.00%	0.00%
Total OPEB liability	\$ 864,376	\$ 766,706	\$ 686,154
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 864,376</u>	<u>\$ 766,706</u>	<u>\$ 686,154</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 683,571	\$ 766,706	\$ 869,474
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 683,571</u>	<u>\$ 766,706</u>	<u>\$ 869,474</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Cost Method

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

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

Amortization

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

Assumptions

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

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

Discount Rate - 3.44% per annum.

Trend Assumptions:

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

Administrative and claims expense - 3% per annum.

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

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

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

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Participation Rates -

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Retiree Continuation Percentage:

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

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

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

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

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

Age	POS A				POS 200			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$311	\$565	\$99	\$122	\$296	\$538	\$95	\$118
45	\$411	\$585	\$128	\$146	\$391	\$557	\$123	\$141
50	\$539	\$674	\$163	\$173	\$513	\$641	\$157	\$166
55	\$694	\$824	\$203	\$202	\$660	\$784	\$195	\$195
60	\$878	\$971	\$248	\$234	\$835	\$923	\$239	\$226
64	\$1,045	\$986	\$288	\$262	\$993	\$938	\$278	\$253

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Age	POS C				PPO 500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

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

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

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

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

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

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

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$73,537.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 145 Congress Street, Rumford, Maine 04276.

NOTE 16 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

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

NOTE 17 - TAX INCREMENT FINANCING AGREEMENT

On November 18, 1997, the inhabitants of the Town of Rumford approved the Industrial Park Municipal Development and Tax Increment Financing District (TIF) and adopted a development program and financial plan for the District which includes a credit enhancement agreement with the Maine Power Associates Limited Partnership (MPA) as authorized pursuant to Chapter 207 of Title 30-A of the Revised Maine Statutes as amended. The Original Assessed Valuation was \$81,000; the New Assessed Valuation added was \$113,793,776 bringing the Total Assessed Valuation to \$113,874,776. The amount of Captured Assessed Value for 2015-2018 for this Tax Increment Financing District is \$86,406,144. MPA constructed, owns and operates a natural gas fired electrical generating facility located within the District. Under the terms of the TIF and after commercial operation of the project began, the Town reimbursed MPA all taxes assessed against the project in excess of \$500,000 for the first year of commercial operation, and an amount escalated at the rate of 3 percent per year thereafter. Because this fiscal year is the 18th year of this TIF agreement, the Town of Rumford retained an amount of \$802,352 to help reduce its tax burden and reimbursed MPA an amount of \$2,482,935. The Plan was approved by the Office of Economic and Community Development on December 17, 1997. The District expires after a twenty (20) year period and at that time the Total Assessed Valuation of MPA will be included in the Town of Rumford's Total Valuation to reduce its future tax burden. The TIF agreement was amended on November 12, 1998. Ownership of the District was transferred to Rumford Power Associates Limited Partnership in 1998.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - TAX INCREMENT FINANCING AGREEMENT (CONTINUED)

On February 23, 2012, at a Special Town Meeting held in the Rumford Falls Auditorium, the inhabitants of the Town of Rumford approved three separate tax increment financing districts: The Gateway Area, The Rumford Falls Entryway, and the Puiia Business Park. The Gateway Area is the Route 2 area on Lincoln Avenue and includes parts of Hancock and Waldo Streets. The Rumford Falls Entryway is the Route 2 area that includes parcels bordering the Virginia section of town up to Royal Avenue. The Puiia Business Park is a designated area adjacent to Route 108 towards the end of the Smithcrossing neighborhood just prior to the Wyman Hill Road entrance. The plan was approved by the State of Maine's Department of Economic Development on March 30, 2012. The Districts expire after a thirty-year period.

On April 19, 2012, the Board of Selectpersons voted to adopt a Credit Enhancement Agreement with Gateway Plaza, LLC for a period of five years. The Board of Selectpersons amended the Credit Enhancement Agreement with Gateway Plaza, LLC on May 15, 2014. They amended the number of years from five to twelve. The original valuation of the property was \$20,250; \$357,979 in TIF captured value was added, bringing the 2015-2016 valuation of the property to \$342,529. Gateway Plaza, LLC constructed, owns and operates the Maine Bureau of Motor Vehicles in the Gateway TIF District. The agreement stipulates that the developer will be reimbursed a percentage of the newly captured value in the specified years: 2012/2013 – 95%, 2013/2014 – 78%, 2014/2015 – 95%, 2015/2016 – 90%, 2016/2017 – 85%, 2017/2018 – 80%, 2018/2019 – 75%, 2019/2020 – 70%, 2020/2021 – 65%, 2021/2022 – 60%, 2022/2023 – 55% and 2023/2024 – 50%. Property Taxes kept by the Town are used to make improvements within the district.

NOTE 18 - RELATED PARTY TRANSACTIONS

The Town's Finance Committee Chairperson is related to the Town's attorney. The Town believes that the Finance Committee Chairperson recuses himself from legal matters related to the Town's attorney. During the fiscal year ended June 30, 2018, payments to this vendor for legal services totaled \$15,996.

The Town's Tax Collector has a business and during the fiscal year ended June 30, 2018, payments to this vendor for supplies totaled \$2,230.

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 19 - OVERSPENT APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2018.

MSRS - police and fire (Article 10)	<u>\$ 127,730</u>
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NOTE 20 - 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 21 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$219,907. The resulting restatement increased net position from \$15,227,324 to \$15,447,231.

Required Supplementary Information

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

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

TOWN OF RUMFORD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 7,659,002	\$ 7,659,002	\$ 7,659,002	\$ -
Resources (Inflows):				
Property taxes	15,368,103	15,368,103	15,427,291	59,188
Excise taxes	400,000	400,000	851,371	451,371
Intergovernmental	1,670,777	1,766,765	1,918,685	151,920
Charges for services	-	678,946	616,967	(61,979)
Miscellaneous revenues	-	39,446	224,590	185,144
Transfers from other funds	-	-	99,170	99,170
Amounts Available for Appropriation	<u>25,097,882</u>	<u>25,912,262</u>	<u>26,797,076</u>	<u>884,814</u>
Charges to Appropriations (Outflows):				
General government	920,522	1,125,706	885,560	240,146
Public safety	2,303,020	2,331,797	2,403,068	(71,271)
Public works	1,828,585	4,892,451	2,758,824	2,133,627
Health and sanitation	664,272	755,744	754,089	1,655
Welfare	28,403	28,403	26,729	1,674
Public service	478,168	539,894	477,027	62,867
Social services	193,980	193,980	193,980	-
Education	6,535,274	6,535,274	6,535,274	-
County tax	441,791	441,791	441,791	-
Tax increment financing agreement	2,492,817	2,492,817	2,490,841	1,976
Debt service:				
Principal	238,334	238,334	238,333	1
Interest	63,275	63,275	43,200	20,075
Unclassified	1,674,923	1,856,041	1,304,091	551,950
Transfers to other funds	716,638	761,918	763,894	(1,976)
Total Charges to Appropriations	<u>18,580,002</u>	<u>22,257,425</u>	<u>19,316,701</u>	<u>2,940,724</u>
Budgetary Fund Balance, June 30	<u>\$ 6,517,880</u>	<u>\$ 3,654,837</u>	<u>\$ 7,480,375</u>	<u>\$ 3,825,538</u>
Utilization of committed fund balance	\$ -	\$ 2,863,043	\$ -	\$ (2,863,043)
Utilization of unassigned fund balance	1,141,122	1,141,122	-	(1,141,122)
	<u>\$ 1,141,122</u>	<u>\$ 4,004,165</u>	<u>\$ -</u>	<u>\$ (4,004,165)</u>

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

TOWN OF RUMFORD, MAINE

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>					
Proportion of the net pension liability	0.45929%	0.44197%	0.53355%	0.19518%	0.19518%
Proportionate share of the net pension liability	\$ 1,880,499	\$ 2,348,317	\$ 1,702,280	\$ 848,592	\$ 1,929,006
Covered-employee payroll	2,613,313	2,447,451	2,398,582	2,414,736	2,548,394
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.96%	95.95%	70.97%	35.14%	75.69%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%	87.50%

* 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 RUMFORD, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>					
Contractually required contribution	\$ 291,784	\$ 235,406	\$ 207,392	\$ 191,171	\$ 184,408
Contributions in relation to the contractually required contribution	<u>(291,784)</u>	<u>(235,406)</u>	<u>(207,392)</u>	<u>(191,171)</u>	<u>(184,408)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	2,587,279	\$ 2,613,313	\$ 2,447,451	\$ 2,398,582	\$ 2,414,736
Contributions as a percentage of covered-employee payroll	11.28%	9.01%	8.47%	7.97%	7.64%

* 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 RUMFORD, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 660,067	\$ -	\$ 660,067
Changes for the year:			
Service cost	17,574	-	17,574
Interest	25,014	-	25,014
Changes of benefits	-	-	-
Differences between expected and actual experience	88,244	-	88,244
Changes of assumptions	7,878	-	7,878
Contributions - employer	-	32,071	(32,071)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(32,071)	(32,071)	-
Administrative expense	-	-	-
Net changes	106,639	-	106,639
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 766,706</u>	<u>\$ -</u>	<u>\$ 766,706</u>

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

TOWN OF RUMFORD, MAINE

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

	2018
<u>Total OPEB liability</u>	
Service cost (BOY)	17,574
Interest (includes interest on service cost)	25,014
Changes of benefit terms	-
Differences between expected and actual experience	88,244
Changes of assumptions	7,878
Benefit payments, including refunds of member contributions	(32,071)
Net change in total OPEB liability	\$ 106,639
Total OPEB liability - beginning	\$ 660,067
Total OPEB liability - ending	\$ 766,706
<u>Plan fiduciary net position</u>	
Contributions - employer	32,071
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(32,071)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 766,706
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered employee payroll	\$ 2,227,709
Net OPEB liability as a percentage of covered payroll	34.4%

* 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 RUMFORD, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ -
Benefit payments	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,227,709
Contributions as a percentage of covered-employee payroll	0.00%

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

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

TOWN OF RUMFORD, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Changes of Assumptions

Maine Municipal Health Trust

The funding method for the MMEHT OPEB Plan was changed from Projected Unit Credit funding to Entry Age Normal funding method.

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

Other Supplementary Information

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

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

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 15,368,103	\$ 15,368,103	\$ 15,427,291	\$ 59,188
Excise taxes	400,000	400,000	851,371	451,371
Intergovernmental revenues:				
State revenue sharing	447,895	447,895	465,769	17,874
Homestead exemption	367,004	367,004	367,004	-
Local road assistance	-	95,988	95,988	-
Tree growth reimbursement	-	-	57,959	57,959
Veterans' reimbursement	-	-	7,470	7,470
BETE reimbursement	855,878	855,878	855,807	(71)
Other	-	-	68,688	68,688
Charges for services:				
Licenses and permits	-	-	30,144	30,144
Charges for services	-	-	15,977	15,977
General government	-	119	20,783	20,664
Fire revenue	-	4,204	641	(3,563)
Police revenue	-	-	3,973	3,973
Animal control fees	-	-	210	210
Solid waste	-	-	114	114
Sewer	-	91,473	2,302	(89,171)
Public works	-	64,263	8,108	(56,155)
Equipment maintenance	-	388,152	388,152	-
N.O.R.S.W.B. Trucking	-	88,752	88,752	-
Parks and recreation committee	-	33,813	33,813	-
Welfare office	-	-	15,828	15,828
Library	-	8,170	8,170	-
Interest income	-	-	55,168	55,168
Interest on taxes/lien costs	-	-	55,124	55,124
Other income:				
MSRS bond reimbursement	-	8,328	30,429	22,101
Insurances/Social Security	-	-	35,174	35,174
Cable TV franchise	-	31,118	44,428	13,310
Other income	-	-	4,267	4,267
Transfers from other funds	-	-	99,170	99,170
TOTAL REVENUES	\$ 17,438,880	\$ 18,253,260	\$ 19,138,074	\$ 884,814

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

TOWN OF RUMFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Selectmen	\$ 8,900	\$ -	\$ 8,900	\$ 7,939	\$ 961
Town manager	194,107	-	194,107	192,957	1,150
Town clerk	93,985	5,193	99,178	87,808	11,370
Tax collector	79,919	-	79,919	77,730	2,189
Tax assessor	114,880	-	114,880	115,873	(993)
Town solicitor	50,000	-	50,000	54,701	(4,701)
Town audit	14,000	600	14,600	14,800	(200)
Dog officer	23,511	-	23,511	20,055	3,456
Economic development	50,000	199,074	249,074	38,711	210,363
Elections	30,904	-	30,904	29,661	1,243
Municipal building	100,565	-	100,565	95,963	4,602
Computer	17,020	-	17,020	18,322	(1,302)
Information booth	9,650	-	9,650	6,175	3,475
MSRS - town employees	133,081	-	133,081	124,865	8,216
Sealer of weights and measures	-	317	317	-	317
	<u>920,522</u>	<u>205,184</u>	<u>1,125,706</u>	<u>885,560</u>	<u>240,146</u>
Public safety:					
Police	824,816	16,245	841,061	807,508	33,553
Fire	726,086	4,204	730,290	723,246	7,044
Code enforcement	54,632	-	54,632	47,375	7,257
Emergency management	7,050	-	7,050	6,997	53
Utilities	483,000	-	483,000	474,448	8,552
MSRS - police and fire	207,436	8,328	215,764	343,494	(127,730)
	<u>2,303,020</u>	<u>28,777</u>	<u>2,331,797</u>	<u>2,403,068</u>	<u>(71,271)</u>

TOWN OF RUMFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public works:					
Summer roads	418,454	63,181	481,635	475,093	6,542
Winter roads	724,250	1,082	725,332	815,995	(90,663)
Bituminous	75,000	296,382	371,382	215,659	155,723
Permanent roads	400,000	1,286,257	1,686,257	565,845	1,120,412
State aid construction	55,000	406,404	461,404	44,628	416,776
Sidewalks	25,000	83,310	108,310	42	108,268
Bridges	25,000	215,750	240,750	180	240,570
Building demolition	40,000	91,739	131,739	95,965	35,774
PUIIA Business Park	-	97,857	97,857	-	97,857
Town garage	65,881	-	65,881	66,548	(667)
Equipment maintenance	-	433,152	433,152	408,400	24,752
N.O.R.S.W.B. trucking	-	88,752	88,752	70,469	18,283
	<u>1,828,585</u>	<u>3,063,866</u>	<u>4,892,451</u>	<u>2,758,824</u>	<u>2,133,627</u>
Health and sanitation:					
Health	138,272	-	138,272	137,688	584
Sewer maintenance	-	91,472	91,472	91,472	-
Solid waste	526,000	-	526,000	524,929	1,071
	<u>664,272</u>	<u>91,472</u>	<u>755,744</u>	<u>754,089</u>	<u>1,655</u>
Welfare:					
Welfare office	28,403	-	28,403	26,729	1,674
	<u>28,403</u>	<u>-</u>	<u>28,403</u>	<u>26,729</u>	<u>1,674</u>
Public service:					
Library	238,115	8,170	246,285	243,167	3,118
Municipal planning	24,500	7,254	31,754	19,173	12,581
Park and rec - parks	193,273	27,594	220,867	182,407	38,460
Park and rec - cemeteries	22,280	225	22,505	17,711	4,794
Park and rec - 4th of July	-	18,483	18,483	14,569	3,914
	<u>478,168</u>	<u>61,726</u>	<u>539,894</u>	<u>477,027</u>	<u>62,867</u>

TOWN OF RUMFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	238,334	-	238,334	238,333	1
Interest	63,275	-	63,275	43,200	20,075
	<u>301,609</u>	<u>-</u>	<u>301,609</u>	<u>281,533</u>	<u>20,076</u>
Social services	<u>193,980</u>	<u>-</u>	<u>193,980</u>	<u>193,980</u>	<u>-</u>
Education	<u>6,535,274</u>	<u>-</u>	<u>6,535,274</u>	<u>6,535,274</u>	<u>-</u>
County tax	<u>441,791</u>	<u>-</u>	<u>441,791</u>	<u>441,791</u>	<u>-</u>
TIF	<u>2,492,817</u>	<u>-</u>	<u>2,492,817</u>	<u>2,490,841</u>	<u>1,976</u>
Unclassified:					
Insurances/social security	1,255,410	150,000	1,405,410	1,271,226	134,184
Contingency	20,000	-	20,000	1,747	18,253
Cable tv franchise	-	31,118	31,118	31,118	-
Overlay	399,513	-	399,513	-	399,513
	<u>1,674,923</u>	<u>181,118</u>	<u>1,856,041</u>	<u>1,304,091</u>	<u>551,950</u>
Transfers to other funds:					
Special revenue funds	-	-	-	1,976	(1,976)
Capital projects funds	716,638	45,280	761,918	761,918	-
	<u>716,638</u>	<u>45,280</u>	<u>761,918</u>	<u>763,894</u>	<u>(1,976)</u>
Total Departmental Operations	<u>\$ 18,580,002</u>	<u>\$ 3,677,423</u>	<u>\$ 22,257,425</u>	<u>\$ 19,316,701</u>	<u>\$ 2,940,724</u>

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

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 150,206	\$ 2,221,617	\$ 73,385	\$ 2,445,208
Accounts receivable (net of allowance for uncollectibles)	-	2,250	-	2,250
Loans receivable (net of allowance for uncollectibles)	364,354	-	-	364,354
Due from other governments	34,173	17,538	-	51,711
Due from other funds	10,981	933	4	11,918
TOTAL ASSETS	<u>\$ 559,714</u>	<u>\$ 2,242,338</u>	<u>\$ 73,389</u>	<u>\$ 2,875,441</u>
LIABILITIES				
Accounts payable	\$ 2,524	\$ -	\$ 149	\$ 2,673
Due to other funds	46,924	95,362	-	142,286
TOTAL LIABILITIES	<u>49,448</u>	<u>95,362</u>	<u>149</u>	<u>144,959</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	510,266	-	73,240	583,506
Committed	-	2,146,976	-	2,146,976
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>510,266</u>	<u>2,146,976</u>	<u>73,240</u>	<u>2,730,482</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 559,714</u>	<u>\$ 2,242,338</u>	<u>\$ 73,389</u>	<u>\$ 2,875,441</u>

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

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 492,637	\$ -	\$ -	\$ 492,637
Investment income, net of unrealized gains/(losses)	5,878	19,893	653	26,424
Other	21,316	35,943	-	57,259
TOTAL REVENUES	<u>519,831</u>	<u>55,836</u>	<u>653</u>	<u>576,320</u>
EXPENDITURES				
General government	340,043	-	-	340,043
Public safety	160,578	-	-	160,578
Public service	4,939	-	-	4,939
Cemeteries	-	-	99	99
Capital outlay	-	273,990	-	273,990
TOTAL EXPENDITURES	<u>505,560</u>	<u>273,990</u>	<u>99</u>	<u>779,649</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,271</u>	<u>(218,154)</u>	<u>554</u>	<u>(203,329)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,976	827,244	-	829,220
Transfers (out)	-	(111,436)	-	(111,436)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,976</u>	<u>715,808</u>	<u>-</u>	<u>717,784</u>
NET CHANGE IN FUND BALANCES	16,247	497,654	554	514,455
FUND BALANCES - JULY 1	<u>494,019</u>	<u>1,649,322</u>	<u>72,686</u>	<u>2,216,027</u>
FUND BALANCES - JUNE 30	<u>\$ 510,266</u>	<u>\$ 2,146,976</u>	<u>\$ 73,240</u>	<u>\$ 2,730,482</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 RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2018

	UDAG Funds	CDBG Funds	EDA Escrow Fund	Gateway Plaza-DPF Escrow	JAG 2016 Grant	JAG 2015 Grant	MDEA Grant
ASSETS							
Cash and cash equivalents	\$ 35,196	\$ 54,773	\$ 41,196	\$ 7,326	\$ -	\$ -	\$ -
Loans receivable (net of allowance for uncollectibles)	364,354	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	26,584
Due from other funds	-	1	-	-	2,030	494	-
TOTAL ASSETS	<u>\$ 399,550</u>	<u>\$ 54,774</u>	<u>\$ 41,196</u>	<u>\$ 7,326</u>	<u>\$ 2,030</u>	<u>\$ 494</u>	<u>\$ 26,584</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,030	\$ 494	\$ -
Due to other funds	251	12,500	-	-	-	-	26,584
TOTAL LIABILITIES	<u>251</u>	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>2,030</u>	<u>494</u>	<u>26,584</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	399,299	42,274	41,196	7,326	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>399,299</u>	<u>42,274</u>	<u>41,196</u>	<u>7,326</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 399,550</u>	<u>\$ 54,774</u>	<u>\$ 41,196</u>	<u>\$ 7,326</u>	<u>\$ 2,030</u>	<u>\$ 494</u>	<u>\$ 26,584</u>

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	BHS Distracted Driver	DARE	Highway Safety Seatbelt Campaign	MMA Safety Enhancement Grant	Seizure Disbursement	Bullet Proof Vest Grant	DOC Snowmobile Muni Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,471	\$ -	\$ -	\$ 9,244	\$ -	\$ -
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	2,818	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,818	\$ 2,471	\$ -	\$ -	\$ 9,244	\$ -	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	2,818	-	-	-	-	-	-
TOTAL LIABILITIES	2,818	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	2,471	-	-	9,244	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	2,471	-	-	9,244	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,818	\$ 2,471	\$ -	\$ -	\$ 9,244	\$ -	\$ -

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Maine Snowmobile Reg. Refund	Homeland Security Stone Garden	Underage Drinking Task Force	BHS Speed Grant	Drive Sober Maine Grant	Walmart Grant	RVHCC Underage Drinking Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	-	4,208	-	563	-	-	-
Due from other funds	-	-	-	-	-	2,324	613
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,208</u>	<u>\$ -</u>	<u>\$ 563</u>	<u>\$ -</u>	<u>\$ 2,324</u>	<u>\$ 613</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	4,208	-	563	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>4,208</u>	<u>-</u>	<u>563</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	2,324	613
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,324</u>	<u>613</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 4,208</u>	<u>\$ -</u>	<u>\$ 563</u>	<u>\$ -</u>	<u>\$ 2,324</u>	<u>\$ 613</u>

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	K-9 Donations	Police Reimb.	Fire Reimb.	Maine State Library Grant	General Assistance Fuel Donations	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,206
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	-	364,354
Due from other governments	-	-	-	-	-	34,173
Due from other funds	3,025	-	1,068	61	1,365	10,981
TOTAL ASSETS	<u>\$ 3,025</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 61</u>	<u>\$ 1,365</u>	<u>\$ 559,714</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,524
Due to other funds	-	-	-	-	-	46,924
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,448</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	3,025	-	1,068	61	1,365	510,266
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>3,025</u>	<u>-</u>	<u>1,068</u>	<u>61</u>	<u>1,365</u>	<u>510,266</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,025</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 61</u>	<u>\$ 1,365</u>	<u>\$ 559,714</u>

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

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	UDAG Funds	CDBG Funds	EDA Escrow Fund	Gateway Plaza-DPF Escrow	JAG 2016 Grant	JAG 2015 Grant	MDEA Grant
REVENUES							
Intergovernmental	\$ -	\$ 312,637	\$ -	\$ -	\$ 17,158	\$ 494	\$ 101,676
Investment income, net of unrealized gains/(losses)	4,727	624	386	63	-	-	-
Other	526	-	-	-	-	-	-
TOTAL REVENUES	<u>5,253</u>	<u>313,261</u>	<u>386</u>	<u>63</u>	<u>17,158</u>	<u>494</u>	<u>101,676</u>
EXPENDITURES							
General government	-	312,635	-	-	-	-	-
Public safety	-	-	-	-	17,158	494	101,676
Public service	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>312,635</u>	<u>-</u>	<u>-</u>	<u>17,158</u>	<u>494</u>	<u>101,676</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,253</u>	<u>626</u>	<u>386</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	1,976	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,253	626	386	2,039	-	-	-
FUND BALANCES - JULY 1	<u>\$ 394,046</u>	<u>\$ 41,648</u>	<u>\$ 40,810</u>	<u>\$ 5,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES - JUNE 30	<u>\$ 399,299</u>	<u>\$ 42,274</u>	<u>\$ 41,196</u>	<u>\$ 7,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	BHS Distracted Driver	DARE	Highway Safety Seatbelt Campaign	MMA Safety Enhancement Grant	Seizure Disbursement	Bullet Proof Vest Grant	DOC Snowmobile Muni Grant
REVENUES							
Intergovernmental	\$ 2,818	\$ -	\$ 2,178	\$ 2,000	\$ -	\$ 378	\$ 24,487
Investment income, net of unrealized gains/(losses)	-	28	-	-	50	-	-
Other	-	2,870	-	-	6,837	-	-
TOTAL REVENUES	2,818	2,898	2,178	2,000	6,887	378	24,487
EXPENDITURES							
General government	-	-	-	-	-	-	24,487
Public safety	2,818	1,762	2,178	2,000	253	378	-
Public service	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,818	1,762	2,178	2,000	253	378	24,487
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,136	-	-	6,634	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1,136	-	-	6,634	-	-
FUND BALANCES - JULY 1	\$ -	\$ 1,335	\$ -	\$ -	\$ 2,610	\$ -	\$ -
FUND BALANCES - JUNE 30	\$ -	\$ 2,471	\$ -	\$ -	\$ 9,244	\$ -	\$ -

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Maine Snowmobile Reg. Refund	Homeland Security Stone Garden	Underage Drinking Task Force	BHS Speed Grant	Drive Sober Maine Grant	Walmart Grant	RVHCC Underage Drinking Grant
REVENUES							
Intergovernmental	\$ 2,357	\$ 17,040	\$ 400	\$ 2,964	\$ 4,050	\$ -	\$ 2,000
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>2,357</u>	<u>17,040</u>	<u>400</u>	<u>2,964</u>	<u>4,050</u>	<u>-</u>	<u>2,000</u>
EXPENDITURES							
General government	2,357	-	-	-	-	-	-
Public safety	-	17,040	400	2,964	4,050	30	1,387
Public service	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>2,357</u>	<u>17,040</u>	<u>400</u>	<u>2,964</u>	<u>4,050</u>	<u>30</u>	<u>1,387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>613</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	-	-	-	-	-	(30)	613
FUND BALANCES - JULY 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,354</u>	<u>\$ -</u>
FUND BALANCES - JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,324</u></u>	<u><u>\$ 613</u></u>

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	K-9 Donations	Police Reimb.	Fire Reimb.	Maine State Library Grant	General Assistance Fuel Donations	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,637
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	5,878
Other	3,025	1,950	5,108	-	1,000	21,316
TOTAL REVENUES	<u>3,025</u>	<u>1,950</u>	<u>5,108</u>	<u>-</u>	<u>1,000</u>	<u>519,831</u>
EXPENDITURES						
General government	-	-	-	-	564	340,043
Public safety	-	1,950	4,040	-	-	160,578
Public service	-	-	-	4,939	-	4,939
TOTAL EXPENDITURES	<u>-</u>	<u>1,950</u>	<u>4,040</u>	<u>4,939</u>	<u>564</u>	<u>505,560</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,025</u>	<u>-</u>	<u>1,068</u>	<u>(4,939)</u>	<u>436</u>	<u>14,271</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	1,976
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976</u>
NET CHANGE IN FUND BALANCES	3,025	-	1,068	(4,939)	436	16,247
FUND BALANCES - JULY 1	\$ -	\$ -	\$ -	\$ 5,000	\$ 929	494,019
FUND BALANCES - JUNE 30	<u>\$ 3,025</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 61</u>	<u>\$ 1,365</u>	<u>\$ 510,266</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 RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Highway Department Fund	NORSWB Trucking Fund	Town Hall Administration Fund	Town Hall Maintenance Fund	Fire Department Fund	Police Department Fund	Parks Department Fund
ASSETS							
Cash and cash equivalents	\$ 253,322	\$ 43,061	\$ 564	\$ 289,501	\$ 500,391	\$ 30,796	\$ 367,683
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	2,250	-
Due from other governments	-	-	-	11,000	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 253,322	\$ 43,061	\$ 564	\$ 300,501	\$ 500,391	\$ 33,046	\$ 367,683
LIABILITIES							
Due to other funds	\$ 4,444	-	-	-	-	1,748	-
TOTAL LIABILITIES	4,444	-	-	-	-	1,748	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	248,878	43,061	564	300,501	500,391	31,298	367,683
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	248,878	43,061	564	300,501	500,391	31,298	367,683
TOTAL LIABILITIES AND FUND BALANCES	\$ 253,322	\$ 43,061	\$ 564	\$ 300,501	\$ 500,391	\$ 33,046	\$ 367,683

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Public Library Fund	Other Town Properties	Code Enforcement Fund	Computer Fund	Voting Machine Fund	Sewer Capital	Joint Ladder Truck	Assessment Valuation	Total
ASSETS									
Cash and cash equivalents	\$ 75,365	\$ 50,525	\$ 8,168	\$ 10,271	\$ 15,665	\$ 182,019	\$ 161,054	\$ 233,232	\$ 2,221,617
Accounts receivable allowance for uncollectibles)	-	-	-	-	-	-	-	-	2,250
Due from other governments	-	-	-	-	-	-	6,538	-	17,538
Due from other funds	-	-	-	933	-	-	-	-	933
TOTAL ASSETS	<u>\$ 75,365</u>	<u>\$ 50,525</u>	<u>\$ 8,168</u>	<u>\$ 11,204</u>	<u>\$ 15,665</u>	<u>\$ 182,019</u>	<u>\$ 167,592</u>	<u>\$ 233,232</u>	<u>\$ 2,242,338</u>
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,170	\$ -	\$ -	\$ 95,362
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,170</u>	<u>-</u>	<u>-</u>	<u>95,362</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	75,365	50,525	8,168	11,204	15,665	92,849	167,592	233,232	2,146,976
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>75,365</u>	<u>50,525</u>	<u>8,168</u>	<u>11,204</u>	<u>15,665</u>	<u>92,849</u>	<u>167,592</u>	<u>233,232</u>	<u>2,146,976</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 75,365</u>	<u>\$ 50,525</u>	<u>\$ 8,168</u>	<u>\$ 11,204</u>	<u>\$ 15,665</u>	<u>\$ 182,019</u>	<u>\$ 167,592</u>	<u>\$ 233,232</u>	<u>\$ 2,242,338</u>

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

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Highway Department Fund	NORSWB Trucking Fund	Town Hall Administration Fund	Town Hall Maintenance Fund	Fire Department Fund	Police Department Fund	Parks Department Fund
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 2,748	\$ 307	\$ 5	\$ 2,606	\$ 4,363	\$ 204	\$ 3,291
Other	4,695	-	-	22,000	-	1,435	-
TOTAL REVENUES	<u>7,443</u>	<u>307</u>	<u>5</u>	<u>24,606</u>	<u>4,363</u>	<u>1,639</u>	<u>3,291</u>
EXPENDITURES							
Capital outlay	199,476	-	-	19,988	-	5,901	28,355
TOTAL EXPENDITURES	<u>199,476</u>	<u>-</u>	<u>-</u>	<u>19,988</u>	<u>-</u>	<u>5,901</u>	<u>28,355</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(192,033)</u>	<u>307</u>	<u>5</u>	<u>4,618</u>	<u>4,363</u>	<u>(4,262)</u>	<u>(25,064)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	250,000	27,329	-	50,000	160,900	30,000	105,689
Transfers (out)	-	-	-	-	(22,266)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>250,000</u>	<u>27,329</u>	<u>-</u>	<u>50,000</u>	<u>138,634</u>	<u>30,000</u>	<u>105,689</u>
NET CHANGE IN FUND BALANCES	57,967	27,636	5	54,618	142,997	25,738	80,625
FUND BALANCES - JULY 1	<u>\$ 190,911</u>	<u>\$ 15,425</u>	<u>\$ 559</u>	<u>\$ 245,883</u>	<u>\$ 357,394</u>	<u>\$ 5,560</u>	<u>\$ 287,058</u>
FUND BALANCES - JUNE 30	<u>\$ 248,878</u>	<u>\$ 43,061</u>	<u>\$ 564</u>	<u>\$ 300,501</u>	<u>\$ 500,391</u>	<u>\$ 31,298</u>	<u>\$ 367,683</u>

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Public Library Fund	Other Town Properties	Code Enforcement Fund	Computer Fund	Voting Machine Fund	Sewer Capital	Joint Ladder Truck	Assessment Valuation	Total
REVENUES									
Investment income, net of unrealized gains/(losses)	\$ 637	\$ 456	\$ 73	\$ 135	\$ 147	\$ 1,627	\$ 1,284	\$ 2,010	\$ 19,893
Other	-	-	-	-	-	-	7,813	-	35,943
TOTAL REVENUES	637	456	73	135	147	1,627	9,097	2,010	55,836
EXPENDITURES									
Capital outlay	15,300	-	-	4,970	-	-	-	-	273,990
TOTAL EXPENDITURES	15,300	-	-	4,970	-	-	-	-	273,990
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,663)	456	73	(4,835)	147	1,627	9,097	2,010	(218,154)
OTHER FINANCING SOURCES (USES)									
Transfers in	32,000	5,000	1,000	-	-	93,060	22,266	50,000	827,244
Transfers (out)	-	-	-	-	-	(89,170)	-	-	(111,436)
TOTAL OTHER FINANCING SOURCES (USES)	32,000	5,000	1,000	-	-	3,890	22,266	50,000	715,808
NET CHANGE IN FUND BALANCES	17,337	5,456	1,073	(4,835)	147	5,517	31,363	52,010	497,654
FUND BALANCES - JULY 1	\$ 58,028	\$ 45,069	\$ 7,095	\$ 16,039	\$ 15,518	\$ 87,332	\$ 136,229	\$ 181,222	1,649,322
FUND BALANCES - JUNE 30	\$ 75,365	\$ 50,525	\$ 8,168	\$ 11,204	\$ 15,665	\$ 92,849	\$ 167,592	\$ 233,232	\$ 2,146,976

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

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Cemetery Trust Fund	Library Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 50,310	\$ 23,075	\$ 73,385
Due from other funds	4	-	4
TOTAL ASSETS	<u>\$ 50,314</u>	<u>\$ 23,075</u>	<u>\$ 73,389</u>
LIABILITIES			
Accounts payable	\$ 149	\$ -	\$ 149
TOTAL LIABILITIES	<u>149</u>	<u>-</u>	<u>149</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	50,165	23,075	73,240
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>50,165</u>	<u>23,075</u>	<u>73,240</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 50,314</u>	<u>\$ 23,075</u>	<u>\$ 73,389</u>

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

TOWN OF RUMFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Cemetery Trust Fund	Library Trust Fund	Total
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 437	\$ 216	\$ 653
TOTAL REVENUES	<u>437</u>	<u>216</u>	<u>653</u>
EXPENDITURES			
Other	99	-	99
TOTAL EXPENDITURES	<u>99</u>	<u>-</u>	<u>99</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>338</u>	<u>216</u>	<u>554</u>
NET CHANGE IN FUND BALANCES	338	216	554
FUND BALANCES - JULY 1	<u>\$ 49,827</u>	<u>\$ 22,859</u>	<u>72,686</u>
FUND BALANCES - JUNE 30	<u><u>\$ 50,165</u></u>	<u><u>\$ 23,075</u></u>	<u><u>\$ 73,240</u></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 RUMFORD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 1,127,214	\$ -	\$ 186,513	\$ 150,976	\$ 1,464,703
Public safety	296	85,514	2,623,137	-	2,708,947
Public works	6,381	247,737	3,538,474	15,348,606	19,141,198
Recreation	121,557	1,864,851	434,224	-	2,420,632
Library	1,087,289	179,544	117,497	-	1,384,330
Cemeteries	4,987	-	-	-	4,987
Town-wide	290,752	1,669,307	85,105	-	2,045,164
Total General Capital Assets	2,638,476	4,046,953	6,984,950	15,499,582	29,169,961
Less: Accumulated Depreciation	-	(2,664,067)	(4,888,131)	(13,230,384)	(20,782,582)
Net General Capital Assets	\$ 2,638,476	\$ 1,382,886	\$ 2,096,819	\$ 2,269,198	\$ 8,387,379

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

TOWN OF RUMFORD, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
General government	\$ 511,525	\$ 953,178	\$ -	\$ 1,464,703
Public safety	2,667,564	63,258	(21,875)	2,708,947
Public works	19,141,198	-	-	19,141,198
Recreation	2,420,632	-	-	2,420,632
Library	1,384,330	-	-	1,384,330
Cemeteries	4,987	-	-	4,987
Town-wide	2,045,164	-	-	2,045,164
Total General Capital Assets	28,175,400	1,016,436	(21,875)	29,169,961
Less: Accumulated Depreciation	(20,173,282)	(625,722)	16,422	(20,782,582)
Net General Capital Assets	<u>\$ 8,002,118</u>	<u>\$ 390,714</u>	<u>\$ (5,453)</u>	<u>\$ 8,387,379</u>

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



Proven Expertise and Integrity

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

Board of Selectmen
Town of Rumford
Rumford, 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 Rumford, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Rumford, Maine's basic financial statements, and have issued our report thereon dated March 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Rumford, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Rumford, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Rumford, Maine's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Rumford, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
March 29, 2019