

Audited Financial Statements and  
Other Financial Information

**Town of Rumford, Maine**

June 30, 2020



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TOWN OF RUMFORD, MAINE

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JUNE 30, 2020

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
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, 2020 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 12 and 72 through 79 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of

Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements 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 June 9, 2021 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  
June 9, 2021

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**(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, 2020. 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 fund 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, Schedule of Proportionate Share of the Net OPEB Liability - Group Life, Schedule of Changes in Net OPEB Liability - Health Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan, 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 \$2,233,376 from \$18,984,805 to \$21,218,181. For the business-type activities, the Town's total net position decreased by \$38,131 from \$195,551 to \$157,420.

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 \$7,372,797 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased to a balance of \$157,420.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2019</b>			
	<b>2020</b>	<b>(Restated)</b>	<b>2020</b>	<b>2019</b>
<b>Assets:</b>				
Current Assets	\$ 12,961,886	\$ 11,330,636	\$ 288,822	\$ 305,782
Noncurrent Assets - Capital Assets	16,009,148	13,093,932	-	-
Total Assets	<u>\$ 28,971,034</u>	<u>\$ 24,424,568</u>	<u>\$ 288,822</u>	<u>\$ 305,782</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to OPEB	190,436	113,168	-	-
Deferred Outflows Related to Pensions	497,148	590,891	-	-
Total Deferred Outflows of Resources	<u>\$ 687,584</u>	<u>\$ 704,059</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Current Liabilities	811,598	401,836	-	-
Noncurrent Liabilities	7,056,805	5,176,583	-	-
Total Liabilities	<u>\$ 7,868,403</u>	<u>\$ 5,578,419</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	13,743	6,235	6,243	5,049
Deferred Sewer Taxes	-	-	125,159	105,182
Deferred Inflows Related to OPEB	181,519	88,251	-	-
Deferred Inflows Related to Pensions	376,772	470,917	-	-
Total Deferred Inflows of Resources	<u>\$ 572,034</u>	<u>\$ 565,403</u>	<u>\$ 131,402</u>	<u>\$ 110,231</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	11,175,787	10,089,229	-	-
Restricted	2,669,597	1,094,521	-	-
Unrestricted	7,372,797	7,801,055	157,420	195,551
Total Net Position	<u>\$ 21,218,181</u>	<u>\$ 18,984,805</u>	<u>\$ 157,420</u>	<u>\$ 195,551</u>

### Revenues and Expenses

Revenues for the Town's governmental activities decreased by 3.64%, while total expenses increased by 2.30%. The decrease in revenues was mainly due to capital grants and contributions and taxes. The increase in expenses was primarily due to capital outlay. For the business-type activities revenues increased by 22.02%, while total expenses increased by 13.25%.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 840,104	\$ 760,502	\$ 823,691	\$ 674,872
Operating grants and contributions	550,576	469,662	-	-
Capital grants and contributions	16,242	2,050,591	-	-
<i>General Revenues:</i>				
Taxes	17,029,167	17,093,418	-	-
Grants and contributions not restricted to specific programs	2,299,344	1,853,925	-	-
Miscellaneous	914,138	239,186	19,190	15,889
<b>Total Revenues</b>	<b>21,649,571</b>	<b>22,467,284</b>	<b>842,881</b>	<b>690,761</b>
<b>Expenses</b>				
General government	233,379	604,029	-	-
Public safety	2,672,756	2,647,226	-	-
Public works	1,945,396	2,845,679	-	-
Health and sanitation	763,626	743,263	-	-
Welfare	46,495	41,847	-	-
Public services	(214,569)	712,674	-	-
Social services	212,750	197,130	-	-
Education	6,828,535	6,825,175	-	-
County tax	528,368	509,947	-	-
Tax increment financing agreement	2,629,279	2,568,995	-	-
Interest on long-term debt	51,482	52,814	-	-
Capital outlay	2,588,148	-	-	-
Sewer fund	-	-	615,902	543,852
Unallocated depreciation (Note 4)	63,089	63,089	-	-
Unclassified	1,332,571	1,426,331	-	-
<b>Total Expenses</b>	<b>19,681,305</b>	<b>19,238,199</b>	<b>615,902</b>	<b>543,852</b>
Transfers	265,110	102,460	(265,110)	(102,460)
Change in Net Position	2,233,376	3,331,545	(38,131)	44,449
Net Position - July 1, Restated	18,984,805	15,653,260	195,551	151,102
Net Position - June 30	<b>\$ 21,218,181</b>	<b>\$ 18,984,805</b>	<b>\$ 157,420</b>	<b>\$ 195,551</b>

### 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>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 352,347	\$ 320,478	\$ 31,869
Restricted	171,720	321,137	(149,417)
Committed	2,036,854	2,285,253	(248,399)
Assigned	1,295,726	871,835	423,891
Unassigned	4,142,052	3,821,702	320,350
Total General Fund	<u>\$ 7,998,699</u>	<u>\$ 7,620,405</u>	<u>\$ 378,294</u>
 Sewer Extension Fund:			
Committed	\$ 61,956	\$ 263,248	\$ (201,292)
Total Sewer Extension Fund	<u>\$ 61,956</u>	<u>\$ 263,248</u>	<u>\$ (201,292)</u>
 Congress Street Sidewalk:			
Restricted	\$ 1,580,182	107,760	\$ 1,472,422
Total Congress Street Sidewalk	<u>\$ 1,580,182</u>	<u>\$ 107,760</u>	<u>\$ 1,472,422</u>
 Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 542,703	\$ 541,548	\$ 1,155
Capital Projects Funds:			
Committed	1,827,239	2,227,564	(400,325)
Permanent Funds:			
Restricted	374,992	124,076	250,916
Total Nonmajor Funds	<u>\$ 2,563,996</u>	<u>\$ 2,893,188</u>	<u>\$ (148,254)</u>

The changes to total fund balances for the general fund, sewer extension fund, congress street sidewalk and nonmajor funds were due to the regular activity of operations.

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

The changes to total net position for the sewer department were due to the regular activity of operations.

### Budgetary Highlights

The significant difference between the original and final budget for the general fund was the utilization of restricted, committed, assigned and unassigned fund balance.

The general fund actual revenues exceeded the budget by \$1,081,997. This was the result of all revenue categories being receipted in excess of budgeted amounts.

The general fund actual expenditures were under the budget by \$2,527,027. All of the expenditure categories were within or under budget.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2020, the net book value of capital assets recorded by the Town increased by \$2,915,216 from the prior year. The increase is the result of capital additions of \$3,824,760, less net disposals of \$340,901 and current year depreciation expense of \$568,643.

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

	<u>2020</u>	<u>2019</u>
Land	\$ 248,853	\$ 248,853
Land improvements	472,060	155,354
Art and antiques	1,262,409	1,262,409
Construction in progress	6,718,945	5,542,724
Buildings and improvements	1,315,965	1,247,669
Equipment	576,863	618,443
Vehicles	1,799,481	1,313,857
Infrastructure	<u>3,614,572</u>	<u>2,704,623</u>
Total	<u>\$ 16,009,148</u>	<u>\$ 13,093,932</u>

### **Debt**

At June 30, 2020, the Town had \$5,261,811 in bonds and notes from direct borrowings outstanding versus \$3,004,703 last year. Refer to Note 7 of the Notes to the Financial Statements for detailed information.

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

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

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

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

The Town'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, 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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,009,798	\$ 219,214	\$ 8,229,012
Accounts receivable (net of allowance for uncollectibles):			
Taxes	364,806	-	364,806
Liens	105,778	13,564	119,342
Other	3,618,656	180,256	3,798,912
Loans receivable (net of allowance for uncollectibles)	386,289	-	386,289
Inventory	299,339	-	299,339
Prepaid items	5,286	-	5,286
Tax acquired property	47,722	-	47,722
Internal balances	124,212	(124,212)	-
Total current assets	<u>12,961,886</u>	<u>288,822</u>	<u>13,250,708</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	8,230,207	-	8,230,207
Buildings and vehicles net of accumulated depreciation	<u>7,778,941</u>	<u>-</u>	<u>7,778,941</u>
Total noncurrent assets	<u>16,009,148</u>	<u>-</u>	<u>16,009,148</u>
TOTAL ASSETS	<u>28,971,034</u>	<u>288,822</u>	<u>29,259,856</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	190,436	-	190,436
Deferred outflows related to pensions	<u>497,148</u>	<u>-</u>	<u>497,148</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>687,584</u>	<u>-</u>	<u>687,584</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 29,658,618</u>	<u>\$ 288,822</u>	<u>\$ 29,947,440</u>

## STATEMENT A (CONTINUED)

## TOWN OF RUMFORD, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 417,870	\$ -	\$ 417,870
Due to other governments	1,154	-	1,154
Current portion of long-term obligations	392,574	-	392,574
Total current liabilities	811,598	-	811,598
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	4,549,019	-	4,549,019
Accrued compensated absences	324,696	-	324,696
OPEB obligation	816,487	-	816,487
Net pension liability	1,366,603	-	1,366,603
Total noncurrent liabilities	7,056,805	-	7,056,805
TOTAL LIABILITIES	7,868,403	-	7,868,403
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	13,743	6,243	19,986
Deferred sewer taxes	-	125,159	125,159
Deferred inflows related to OPEB	181,519	-	181,519
Deferred inflows related to pensions	376,772	-	376,772
TOTAL DEFERRED INFLOWS OF RESOURCES	572,034	131,402	703,436
NET POSITION			
Net investment in capital assets	11,175,787	-	11,175,787
Restricted	2,669,597	-	2,669,597
Unrestricted	7,372,797	157,420	7,530,217
TOTAL NET POSITION	21,218,181	157,420	21,375,601
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 29,658,618	\$ 288,822	\$ 29,947,440

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

## STATEMENT B

## TOWN OF RUMFORD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 233,379	\$ 89,372	\$ -	\$ -	\$ (144,007)	\$ -	\$ (144,007)
Public safety	2,672,756	64,257	-	-	(2,608,499)	-	(2,608,499)
Public works	1,945,396	615,563	97,300	16,242	(1,216,291)	-	(1,216,291)
Health and sanitation	763,626	227	-	-	(763,399)	-	(763,399)
Welfare	46,495	29,373	-	-	(17,122)	-	(17,122)
Public services	(214,569)	41,312	-	-	255,881	-	255,881
Social services	212,750	-	-	-	(212,750)	-	(212,750)
Education	6,828,535	-	-	-	(6,828,535)	-	(6,828,535)
County tax	528,368	-	-	-	(528,368)	-	(528,368)
Tax increment financing agreement	2,629,279	-	-	-	(2,629,279)	-	(2,629,279)
Interest on long-term debt	51,482	-	-	-	(51,482)	-	(51,482)
Capital outlay	2,588,148	-	-	-	(2,588,148)	-	(2,588,148)
Unallocated depreciation (Note 5)*	63,089	-	-	-	(63,089)	-	(63,089)
Unclassified	1,332,571	-	453,276	-	(879,295)	-	(879,295)
Total governmental activities	<u>19,681,305</u>	<u>840,104</u>	<u>550,576</u>	<u>16,242</u>	<u>(18,274,383)</u>	<u>-</u>	<u>(18,274,383)</u>
Business-type activities:							
Sewer fund	615,902	823,691	-	-	-	207,789	207,789
Total business-type activities	<u>615,902</u>	<u>823,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,789</u>	<u>207,789</u>
Total government	<u>\$ 20,297,207</u>	<u>\$ 1,663,795</u>	<u>\$ 550,576</u>	<u>\$ 16,242</u>	<u>(18,274,383)</u>	<u>207,789</u>	<u>(18,066,594)</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, 2020

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(18,274,383)	207,789	(18,066,594)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	16,129,521	-	16,129,521
Excise taxes	899,646	-	899,646
Grants and contributions not restricted to specific programs	2,299,344	-	2,299,344
Miscellaneous	914,138	19,190	933,328
Transfers	265,110	(265,110)	-
Total general revenues and transfers	20,507,759	(245,920)	20,261,839
Change in net position	2,233,376	(38,131)	2,195,245
NET POSITION - JULY 1, RESTATED	18,984,805	195,551	19,180,356
NET POSITION - JUNE 30	\$ 21,218,181	\$ 157,420	\$ 21,375,601

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

## TOWN OF RUMFORD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Sewer Extension Fund	Congress Street Sidewalk	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,132,612	\$ 13,898	\$ 225,020	\$ 2,638,268	\$ 8,009,798
Accounts receivable (net of allowance for uncollectibles):					
Taxes	364,806	-	-	-	364,806
Liens	105,778	-	-	-	105,778
Other	31,661	-	3,516,365	70,630	3,618,656
Loans receivable (net of allowance for uncollectibles)	191,169	-	-	195,120	386,289
Inventory	299,339	-	-	-	299,339
Prepaid items	5,286	-	-	-	5,286
Tax acquired property	47,722	-	-	-	47,722
Due from other funds	2,204,311	67,500	512,211	67,788	2,851,810
<b>TOTAL ASSETS</b>	<b>\$ 8,382,684</b>	<b>\$ 81,398</b>	<b>\$ 4,253,596</b>	<b>\$ 2,971,806</b>	<b>\$ 15,689,484</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 44,802	\$ 19,442	\$ 137,295	\$ 216,331	\$ 417,870
Due to other governments	1,154	-	-	-	1,154
Due to other funds	-	-	2,536,119	191,479	2,727,598
<b>TOTAL LIABILITIES</b>	<b>45,956</b>	<b>19,442</b>	<b>2,673,414</b>	<b>407,810</b>	<b>3,146,622</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes	13,743	-	-	-	13,743
Deferred tax revenues	324,286	-	-	-	324,286
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>338,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>338,029</b>
<b>FUND BALANCES</b>					
Nonspendable	352,347	-	-	-	352,347
Restricted	171,720	-	1,580,182	917,695	2,669,597
Committed	2,036,854	61,956	-	1,827,239	3,926,049
Assigned	1,295,726	-	-	-	1,295,726
Unassigned	4,142,052	-	-	(180,938)	3,961,114
<b>TOTAL FUND BALANCES</b>	<b>7,998,699</b>	<b>61,956</b>	<b>1,580,182</b>	<b>2,563,996</b>	<b>12,204,833</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,382,684</b>	<b>\$ 81,398</b>	<b>\$ 4,253,596</b>	<b>\$ 2,971,806</b>	<b>\$ 15,689,484</b>

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, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 12,204,833
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	16,009,148
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	324,286
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds:	
OPEB	190,436
Pension	497,148
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(4,833,361)
Accrued compensated absences	(432,928)
Net OPEB liability	(816,487)
Net pension liability	(1,366,603)
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds:	
OPEB	(181,519)
Pension	(376,772)
Net position of governmental activities	<u>\$ 21,218,181</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, 2020

	General Fund	Sewer Extension Fund	Congress Street Sidewalk	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 16,114,707	\$ -	\$ -	\$ -	\$ 16,114,707
Excise taxes	899,646	-	-	-	899,646
Intergovernmental	2,396,644	-	16,242	453,276	2,866,162
Charges for services	840,104	-	-	-	840,104
Miscellaneous revenues	522,545	1,951	2,226	387,416	914,138
TOTAL REVENUES	<u>20,773,646</u>	<u>1,951</u>	<u>18,468</u>	<u>840,692</u>	<u>21,634,757</u>
EXPENDITURES					
Current:					
General government	998,126	-	-	-	998,126
Public safety	2,687,680	-	-	111,664	2,799,344
Public works	3,555,960	-	-	-	3,555,960
Health and sanitation	763,626	-	-	-	763,626
Welfare	46,495	-	-	-	46,495
Public service	436,054	-	-	66,005	502,059
Social services	212,750	-	-	-	212,750
Education	6,659,088	-	-	169,447	6,828,535
County tax	528,368	-	-	-	528,368
Tax increment financing agreement	2,629,279	-	-	-	2,629,279
Unclassified	1,332,425	-	-	146	1,332,571
Debt service:					
Principal	171,342	-	-	-	171,342
Interest	51,482	-	-	-	51,482
Capital outlay	-	370,743	546,046	1,671,359	2,588,148
TOTAL EXPENDITURES	<u>20,072,675</u>	<u>370,743</u>	<u>546,046</u>	<u>2,018,621</u>	<u>23,008,085</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>700,971</u>	<u>(368,792)</u>	<u>(527,578)</u>	<u>(1,177,929)</u>	<u>(1,373,328)</u>
OTHER FINANCING SOURCES (USES)					
Bond and note proceeds	428,450	-	2,000,000	-	2,428,450
Transfers in	90,585	167,500	-	948,186	1,206,271
Transfers (out)	(841,712)	-	-	(99,449)	(941,161)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(322,677)</u>	<u>167,500</u>	<u>2,000,000</u>	<u>848,737</u>	<u>2,693,560</u>
NET CHANGE IN FUND BALANCES	378,294	(201,292)	1,472,422	(329,192)	1,320,232
FUND BALANCES - JULY 1	<u>7,620,405</u>	<u>263,248</u>	<u>107,760</u>	<u>2,893,188</u>	<u>10,884,601</u>
FUND BALANCES - JUNE 30	<u>\$ 7,998,699</u>	<u>\$ 61,956</u>	<u>\$ 1,580,182</u>	<u>\$ 2,563,996</u>	<u>\$ 12,204,833</u>

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, 2020

Net change in fund balances - total governmental funds (Statement E)	\$ 1,320,232
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	3,824,760
Capital asset disposals	(340,901)
Depreciation expense	(568,643)
	<u>2,915,216</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	14,814
Note proceeds	428,450
	<u>443,264</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:	
OPEB	77,268
Pension	(93,743)
	<u>(16,475)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(2,428,450)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>171,342</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:	
OPEB	(93,268)
Pension	94,145
	<u>877</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	(32,259)
Net OPEB liability	19,214
Net pension liability	(159,585)
	<u>(172,630)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,233,376</u>

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

## TOWN OF RUMFORD, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2020

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 219,214
Accounts receivable (net of allowance for uncollectibles):	
Taxes	180,256
Liens	<u>13,564</u>
Total current assets	<u>413,034</u>
TOTAL ASSETS	<u>\$ 413,034</u>
LIABILITIES	
Current liabilities:	
Due to other funds	\$ 124,212
Total current liabilities	<u>124,212</u>
TOTAL LIABILITIES	<u>124,212</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	6,243
Deferred taxes	<u>125,159</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>131,402</u>
NET POSITION	
Unrestricted	<u>157,420</u>
TOTAL NET POSITION	<u>157,420</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 413,034</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, 2020

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 823,691
Other	15,527
TOTAL OPERATING REVENUES	<u>839,218</u>
OPERATING EXPENSES	
Contracted services	587,524
Miscellaneous	28,378
TOTAL OPERATING EXPENSES	<u>615,902</u>
OPERATING INCOME (LOSS)	<u>223,316</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	3,663
Transfers in	-
Transfers (out)	(265,110)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(261,447)</u>
CHANGE IN NET POSITION	(38,131)
NET POSITION - JULY 1	<u>195,551</u>
NET POSITION - JUNE 30	<u><u>\$ 157,420</u></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, 2020

	Enterprise Fund Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 798,754
Internal activity - receipts (payments) from/to other funds	22,438
Payments to suppliers	(614,708)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>206,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	3,663
Transfers to other funds	(265,110)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(261,447)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(54,963)
CASH AND CASH EQUIVALENTS - JULY 1	<u>274,177</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 219,214</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 223,316
Changes in operating assets, liabilities and deferred inflows of resources:	
(Increase) decrease in taxes receivable	(62,498)
(Increase) decrease in liens receivable	2,057
(Increase) decrease in due from other funds	686
Increase (decrease) in due to other funds	21,752
Increase (decrease) in prepaid taxes	1,194
Increase (decrease) in deferred taxes	19,977
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 206,484</u></u>

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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 selectboard-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.

**COVID-19 Outbreak**

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

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to June 11, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

*Impact on and Results of Operations*

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town needed to postpone Town Meeting; needed to use the prior year's approved budget for 1 time during the new budget year. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and services were modified to be available online or by telephone from March 17, 2020 to May 26, 2020. The Town was required to reduce its staff temporarily/permanently.

*Tax and excise tax 60-day deferred revenue extended*

Closures and/or reduced hours of Town facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) allowed municipal officers to extend both tax due dates and interest dates for the fiscal year 2019 property taxes due as well as the option to delay property tax lien filing dates until after the state of emergency has expired. The Town extended interest due dates from April 1st to May 1<sup>st</sup>.

*Impact on Finances*

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

*Expected Federal/State Support*

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

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

**Implementation of New Accounting Standards**

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund 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 is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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. Primary revenue sources include transfers from the general fund and miscellaneous receipts.
- 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. Primary revenue sources include intergovernmental funds and bond proceeds.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

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.

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$4,185,201 for the year ended June 30, 2020.

**Prepaid Items**

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

**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.

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

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

**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 acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are valued at their estimated acquisition value on the date received. All retirements have been recorded by eliminating the net carrying values. Print books and media, monuments and art work have been capitalized as art and historical items. These items are categorized as non-depreciable assets as they are considered inexhaustible.

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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

**Pensions**

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

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the Town's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

**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.

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

**Deferred Outflows and Inflows of Resources**

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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 OPEB and deferred inflows related to pensions qualifies for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

The Town's property tax for the current year was levied September 18, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due in two installments on October 25, 2019 and April 1, 2020. Interest on unpaid taxes commenced on October 26, 2019 and April 2, 2020, 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 \$279,608 for the year ended June 30, 2020.

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.

**Tax Acquired**

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of {the Town charter or name specific ordinance}.

**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, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Deposits:**

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

At June 30, 2020, the Town's cash balance amounting to \$8,229,012 were comprised of bank deposits of \$8,612,346. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these bank deposits, \$296,007 was covered by federal depository insurance and not exposed to custodial credit risk and \$8,316,339 was collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 290,103
Repurchase agreements	8,015,757
Savings accounts	5,904
ICS accounts	300,582
	<u>\$ 8,612,346</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.

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.

The Town does not have any investments as of June 30, 2020.

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 OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 2,204,311	\$ -
Sewer extension fund	67,500	-
Congress Street sidewalk	512,211	2,536,119
Nonmajor special revenue funds	2,247	60,374
Nonmajor capital projects funds	65,274	131,105
Nonmajor permanent funds	267	-
Enterprise funds	-	124,212
	<u>\$ 2,851,810</u>	<u>\$ 2,851,810</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 90,585	\$ 841,712
Sewer extension fund	167,500	-
Nonmajor special revenue funds	3,134	12,000
Nonmajor capital projects funds	945,052	87,449
Enterprise funds	-	265,110
	<u>\$ 1,206,271</u>	<u>\$ 1,206,271</u>

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/2019 (Restated)	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 248,853	\$ -	\$ -	\$ 248,853
Art and antiques	1,262,409	-	-	1,262,409
Construction in progress	5,542,724	1,176,221	-	6,718,945
	<u>7,053,986</u>	<u>1,176,221</u>	<u>-</u>	<u>8,230,207</u>
Depreciated assets:				
Land improvements	1,625,813	330,600	(150,000)	1,806,413
Buildings and improvements	2,522,428	140,817	-	2,663,245
Equipment	3,184,321	160,636	(746,549)	2,598,408
Vehicles	3,866,319	898,351	(1,657,476)	3,107,194
Infrastructure	16,107,230	1,118,135	-	17,225,365
	<u>27,306,111</u>	<u>2,648,539</u>	<u>(2,554,025)</u>	<u>27,400,625</u>
Less: accumulated depreciation	(21,266,165)	(568,643)	2,213,124	(19,621,684)
	<u>6,039,946</u>	<u>2,079,896</u>	<u>(340,901)</u>	<u>7,778,941</u>
Net governmental capital assets	<u>\$ 13,093,932</u>	<u>\$ 3,256,117</u>	<u>\$ (340,901)</u>	<u>\$ 16,009,148</u>
<u>Current year depreciation</u>				
General government				\$ 31,292
Public safety				121,502
Public works				290,772
Recreation				50,137
Library				11,851
Town-wide				63,089
Total depreciation expense				<u>\$ 568,643</u>

NOTE 6 - 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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6 - LOANS RECEIVABLE (CONTINUED)

The following is a summary of changes in the loans receivable for the year ended June 30, 2020:

Borrower	Balance 7/1/2019	Payments	Loans	Interest	Adjustments	Balance 6/30/2020
Bartash, John and Barbara	\$ 9,490	\$ -	\$ -	\$ -	\$ -	\$ 9,490
Gateway Plaza, Roderick, Stephen	11,822	5,444	-	-	-	6,378
Gateway Plaza, Amatos	20,829	3,722	-	-	-	17,107
Good Karma Health	15,215	15,215	-	-	-	-
JEC, LLC	70,738	11,344	-	-	-	59,394
Rumford Island Housing	98,800	-	-	-	-	98,800
Teena's / Christina Gorham	1,302	1,302	-	-	-	-
Total	<u>\$ 228,196</u>	<u>\$ 37,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,169</u>

The following is a summary of the terms for the outstanding loans receivable:

Borrower	Date of Loan	Loan Amount	Term (in months)	Interest Rate
Bartash, John and Barbara	2/7/2019	\$ 10,000	36	6.00%
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%
JEC, LLC	1/7/2019	75,000	60	5.00%
Rumford Island Housing	4/29/2004	77,750	367	4.00%
Teena's / Christina Gorham	10/16/2008	30,000	120	6.00%

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Bonds payable	\$ 3,004,703	\$ 2,000,000	\$ (171,342)	\$ 4,833,361	\$ 284,342
Notes from direct borrowings payable	-	428,450	-	428,450	-
	<u>\$ 3,004,703</u>	<u>\$ 2,428,450</u>	<u>\$ (171,342)</u>	<u>\$ 5,261,811</u>	<u>\$ 284,342</u>

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds payable:

Bonds payable:

\$2,000,000, 2016 General Obligation Pension Bond due in annual principal payments of \$133,333, through November of 2031. Interest is charged at a fixed rate ranging from 1.160% to 3.201% per annum.	\$ 1,600,000
\$1,379,000, 2018 Clean Water State Revolving Loan Fund Bond due in annual principal installments and semiannual interest installments through June 2048. Interest is charged at a fixed rate of 1.0% per annum. Rumford qualified for a \$70,000 forgiveness, which was applied in July 2018.	1,233,361
\$2,000,000, 2020 Clean Water State Revolving Loan Fund Bond due in annual principal installments and semiannual interest installments through July 2050. Interest is charged at a fixed rate of 1.0% per annum.	<u>2,000,000</u>
Total bonds payable	<u><u>\$ 4,833,361</u></u>

Note from direct borrowings:

\$428,450, 2020 Master Lease Purchase Agreement, for Street Light acquisition and conversion due in annual principal and interest installments through November 2026. Interest is charged at a fixed rate of 3.47% per annum.	<u>\$ 428,450</u>
Total note from direct borrowings	<u><u>\$ 428,450</u></u>

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

	Principal	Interest	Total Debt Service
2021	\$ 284,342	\$ 61,641	\$ 345,983
2022	287,213	57,417	344,630
2023	290,161	52,977	343,138
2024	293,188	48,304	341,492
2025	296,295	43,383	339,678
2026-2030	1,313,741	144,195	1,457,936
2031-2035	806,939	45,747	852,686
2036-2040	567,835	26,271	594,106
2041-2045	596,799	14,674	611,473
2046-2050	525,298	2,993	528,291
	<u>\$ 5,261,811</u>	<u>\$ 497,602</u>	<u>\$ 4,025,543</u>

# TOWN OF RUMFORD, MAINE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

### NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

### NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2020 is as follows:

	Balance 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Accrued compensated absences	\$ 400,669	\$ 32,259	\$ -	\$ 432,928	\$ 108,232
Net OPEB liability	835,701	-	(19,214)	816,487	-
Net pension liability	1,207,018	159,585	-	1,366,603	-
Total	<u>\$ 2,443,388</u>	<u>\$ 191,844</u>	<u>\$ (19,214)</u>	<u>\$ 2,616,018</u>	<u>\$ 108,232</u>

Please see Notes 9, 18 and 19 for detailed information on each of the other long-term obligations.

### NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$432,928.

### NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2020, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 299,339
Prepaid items	5,286
Tax acquired property	47,722
	<u>\$ 352,347</u>

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 11 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted net position and restricted fund balances:

General fund:	
State aid construction	\$ 171,720
Congress Street sidewalk	1,580,182
Nonmajor special revenue funds (Schedule E)	
UDAG funds	434,234
CDBG funds	43,202
EDA Escrow fund	41,679
Gateway Plaza-DPF Escrow	13,215
Dare	7,152
Seizure disbursement	1,506
Walmart grant	544
K-9 donations	187
Library grant	61
Fuel donations	923
Nonmajor permanent funds (Schedule I)	
Cemetery trust fund	50,849
Library trust fund	23,561
Poland Springs RDM Comm	300,582
	<u>\$ 2,669,597</u>

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

General fund:

Town clerk - contractual - codif. Chart	\$ 6,150
Town clerk - maint. and repairs - record restoration	690
Town solicitor - legal fees	7,108
Town auditor - contractual	2,700
Economic development	87,691
Economic development - performing arts committee	1,365
Elections	7,941
Sealer of weights and measures	317
Police department - clothing allowance	295
Police department - clothing allowance	13,500
Fire department - maint. and repairs - equipment	4,790
Public works - bituminous	72,197
Permanent roads	954,892
Sidewalks	158,268
Bridges	281,245
Building demolition	178,124
PUIIA business park	3,309
Equipment maintenance	19,594
N.O.R.S.W.B. trucking	8,075
Municipal planning - comprehensive	7,254
Parks department - purchase safety equip.	2,200
Capital improvement - parks	53,941
Parks department - 4th of July committee	15,209
M.M.E.H.T. - health insurance	150,000
Subtotal general fund	<u>2,036,854</u>

Sewer extension fund	61,956
Nonmajor capital projects funds (Schedule G)	<u>1,827,239</u>
	<u>\$ 3,926,049</u>

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

General fund:	
State municipal revenue sharing	\$ 857,440
Rumford bicentennial oral history	2,978
Planning board escrow	2,305
TIF	20
Moontide fireworks	55
Accrued compensated absences	432,928
	<u>\$ 1,295,726</u>

NOTE 14 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of county and school debt. As of June 30, 2020, 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	\$ 611,806	44.97%	<u>\$ 275,148</u>

NOTE 15 - DEFICIT FUND BALANCE

At June 30, 2020, the Town had the following deficit fund balance:

Highway department fund	<u>\$ 180,938</u>
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NOTE 16 - ECONOMIC DEPENDENCY

The Town has two taxpayers whose property tax assessments represent a significant portion of the Town's tax base. The Rumford Falls Hydro LLC has an assessed value of \$100,932,480, which is 21.62% of the Town's total assessed value of \$466,847,734. For the year ended June 30, 2020, Rumford Falls Hydro LLC's property tax assessment was \$3,019,500. The Rumford Paper Company has an assessed value of \$95,156,826, which is 20.68% of the Town's total assessed value. For the year ended June 30, 2020, Rumford Paper Company's property tax assessment was \$2,888,779.

## TOWN OF RUMFORD, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

#### NOTE 17 - 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, 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 Insurance 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 \$14,881,482. 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 \$3,000,000 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, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

#### NOTE 18 - DEFINED BENEFIT PENSION PLAN

##### MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

##### **Plan Description**

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2019, there were 307 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2020 employer contributions to the "2C," "4C" and "AC" plans were 10.5%, 8.7% and 10.0%, respectively, of covered payroll. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2020 was \$242,780, which includes an additional \$40,293 that the Town is obligated to pay based on a collective bargaining agreement.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2020, the Town reported a liability of \$1,366,603 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 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, 2019, the Town's proportion was 0.44709% which was an increase of 0.00606% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the Town recognized net pension expense of \$159,183. At June 30, 2020, 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	\$ 161,810	\$ -
Changes of assumptions	69,210	-
Net difference between projected and actual earnings on pension plan investments	-	342,300
Changes in proportion and differences between contributions and proportionate share of contributions	23,348	34,472
Contributions subsequent to the measurement date	242,780	-
Total	<u>\$ 497,148</u>	<u>\$ 376,772</u>

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$242,780 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2020	\$ 39,971
2021	(143,396)
2022	(18,763)
2023	(217)
2024	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2019, 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., actual decreases or increases in liabilities and/or in assets which differ actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Asset Valuation Method*

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

*Amortization*

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

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

*Investment Rate of Return* - 6.75% per annum for the year ended June 30, 2019 compounded annually.

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

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

*Cost of Living Benefit Increases* - 1.91%; in 2017 the rate was 2.20%

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, 2019 are summarized in the following table.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2019. 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 as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 3,113,034	\$ 1,366,603	\$ (267,016)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2019 with the following exceptions.

*Differences between Expected and Actual Experience*

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

*Differences between Expected and Actual Investment Earnings*

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

*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, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2019, there were 239 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2020 was \$6,296.

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

At June 30, 2019, the Town reported a liability of \$122,406 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the Town's proportion was 0.57206%, which was a decrease of 0.04746% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized net OPEB revenue of \$3,944. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,801	\$ -
Changes of assumptions	10,188	15,993
Net difference between projected and actual earnings on pension plan investments	-	5,474
Changes in proportion and differences between contributions and proportionate share of contributions	-	17,781
Contributions subsequent to the measurement date	6,296	-
Total	<u>\$ 24,285</u>	<u>\$ 39,248</u>

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

\$6,296 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2020	\$ (7,465)
2021	(7,465)
2022	(6,320)
2023	684
2024	(691)
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

Investments are reported at fair value.

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2019, there were 11 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

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

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

*Inflation Rate* - 2.75%

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

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

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

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

*Form of Benefit Payment* - Lump sum

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

target asset allocation as of June 30, 2019 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 4.98% for 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2019 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 4.98% for the PLD Plan.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
PLD Life Insurance: Discount rate	3.98%	4.98%	5.98%
Town's proportionate share of the net OPEB benefits liability	\$ 161,649	\$ 122,406	\$ 91,469

**Changes in Net OPEB Liability**

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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. There were no differences between expected and actual experience as of June 30, 2019.

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

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to 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 for the PLD Plan was six years for 2019. For the fiscal year ended June 30, 2019, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2019.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

**MAINE MUNICIPAL EMPLOYEES HEALTH TRUST**

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	49
Retirees and spouses	16
Total	<u>65</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	\$869.14	\$1,949.59
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

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

At June 30, 2020, the Town reported a liability of \$694,081 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (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, 2020, the Town recognized OPEB expense of \$730. At June 30, 2020, 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	\$ 44,123	\$ 105,460
Changes of assumptions	107,823	36,811
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	14,205	-
Total	<u>\$ 166,151</u>	<u>\$ 142,271</u>

\$14,205 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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:	
2021	\$ 6,554
2022	6,554
2023	6,556
2024	(9,465)
2025	(263)
Thereafter	(261)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.74% per annum for June 30, 2020 was based upon a

# TOWN OF RUMFORD, MAINE

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

### NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 791,896	\$ 694,081	\$ 613,725
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 791,896</u>	<u>\$ 694,081</u>	<u>\$ 613,725</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	\$ 609,753	\$ 694,081	\$ 799,772
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 609,753</u>	<u>\$ 694,081</u>	<u>\$ 799,772</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

### Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, using the following methods and assumptions applied to all periods included in the measurement:

#### *Actuarial Cost Method*

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

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

*Assumptions*

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

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

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

*Trend Assumptions:*

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020\_b was used for this valuation. The following assumptions were input into this model:

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

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

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

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

Administrative and claims expense - 3% per annum.

Future plan changes - 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, 2020, they are as follows:

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

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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.

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.

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

TOWN OF RUMFORD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$123,037.

*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 2019. For the fiscal year ended June 30, 2019, 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.

**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.

## TOWN OF RUMFORD, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

#### NOTE 20 - 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 21 - 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 2015-2020 for this Tax Increment Financing District is \$86,095,885. 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 18<sup>th</sup> year of this TIF agreement, the Town of Rumford retained an amount of \$826,422 to help reduce its tax burden and reimbursed MPA an amount of \$2,561,353. 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.

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

## TOWN OF RUMFORD, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

#### NOTE 21 - TAX INCREMENT FINANCING AGREEMENT

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 22 - 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, 2020, payments to this vendor for legal services totaled \$27,234.

The Town's Tax Collector has a business and during the fiscal year ended June 30, 2020, payments to this vendor for supplies totaled \$2,033.

#### NOTE 23 - 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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 24 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2019 to account for capital assets. The beginning net position was restated by \$147,417. The resulting restatement decreased net position from \$19,132,222 to \$18,984,805.

### Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of the Net OPEB Liability - Group Life
- Schedule of Changes in Net OPEB Liability - Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan
- 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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 7,620,405	\$ 7,620,405	\$ 7,620,405	\$ -
Resources (Inflows):				
Property taxes	16,076,486	16,076,486	16,114,707	38,221
Excise taxes	500,000	500,000	899,646	399,646
Intergovernmental	1,883,703	1,981,003	2,396,644	415,641
Charges for services	-	673,695	840,104	166,409
Miscellaneous revenues	-	460,465	522,545	62,080
Bond proceeds	428,450	428,450	428,450	-
Transfers from other funds	-	90,585	90,585	-
Amounts Available for Appropriation	<u>26,509,044</u>	<u>27,831,089</u>	<u>28,913,086</u>	<u>1,081,997</u>
Charges to Appropriations (Outflows):				
General government	1,069,786	1,241,410	998,126	243,284
Public safety	2,365,066	2,787,828	2,687,680	100,148
Public works	2,045,529	4,974,931	3,555,960	1,418,971
Health and sanitation	695,000	763,813	763,626	187
Welfare	64,357	64,357	46,495	17,862
Public service	496,249	553,724	436,054	117,670
Social services	213,250	213,250	212,750	500
Education	6,659,088	6,659,088	6,659,088	-
County tax	528,368	528,368	528,368	-
Tax increment financing agreement	2,629,280	2,629,280	2,629,279	1
Debt service:				
Principal	171,342	171,342	171,342	-
Interest	71,490	71,490	51,482	20,008
Unclassified	1,740,710	1,940,821	1,332,425	608,396
Transfers to other funds	763,372	841,712	841,712	-
Total Charges to Appropriations	<u>19,512,887</u>	<u>23,441,414</u>	<u>20,914,387</u>	<u>2,527,027</u>
Budgetary Fund Balance, June 30	<u>\$ 6,996,157</u>	<u>\$ 4,389,675</u>	<u>\$ 7,998,699</u>	<u>\$ 3,609,024</u>
Utilization of restricted fund balance	\$ -	\$ 321,137	\$ -	\$ (321,137)
Utilization of committed fund balance	-	2,285,253	-	(2,285,253)
Utilization of assigned fund balance	-	92	-	(92)
Utilization of unassigned fund balance	1,052,698	1,052,698	-	(1,052,698)
	<u>\$ 1,052,698</u>	<u>\$ 3,659,180</u>	<u>\$ -</u>	<u>\$ (3,659,180)</u>

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

SCHEDULE 2

TOWN OF RUMFORD, MAINE

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

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Proportion of the net pension liability	0.44709%	0.44104%	0.45929%	0.44197%	0.53355%	0.19518%
Proportionate share of the net pension liability	\$ 1,366,603	\$ 1,207,018	\$ 1,880,499	\$ 2,348,317	\$ 1,702,280	\$ 848,592
Covered payroll	2,663,860	2,587,279	2,613,313	2,447,451	2,398,582	2,414,736
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.30%	46.65%	71.96%	95.95%	70.97%	35.14%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

\* 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.

SCHEDULE 3

TOWN OF RUMFORD, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 242,780	\$ 324,532	\$ 291,784	\$ 235,406	\$ 207,392	\$ 191,171
Contributions in relation to the contractually required contribution	<u>(242,780)</u>	<u>(324,532)</u>	<u>(291,784)</u>	<u>(235,406)</u>	<u>(207,392)</u>	<u>(191,171)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	2,268,291	2,663,860	2,587,279	\$ 2,613,313	\$ 2,447,451	\$ 2,398,582
Contributions as a percentage of covered payroll	10.70%	12.18%	11.28%	9.01%	8.47%	7.97%

\* 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.

SCHEDULE 4

TOWN OF RUMFORD, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - GROUP LIFE  
LAST 10 FISCAL YEARS\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>				
Proportion of the net OPEB liability	0.57206%	0.61417%	0.66163%	0.68856%
Town's proportionate share of the net OPEB liability	\$ 122,406	\$ 124,068	\$ 110,634	\$ 155,711
Total	<u>\$ 122,406</u>	<u>\$ 124,068</u>	<u>\$ 110,634</u>	<u>\$ 155,711</u>
Covered payroll	\$ 2,663,860	\$ 2,587,279	\$ 2,613,313	\$ 2,447,451
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.60%	4.80%	4.23%	6.36%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%	0.00%

\* 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 - HEALTH PLAN  
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 711,633	\$ -	\$ 711,633
Changes for the year:			
Service cost	19,753	-	19,753
Interest	28,970	-	28,970
Changes of benefits	(14,322)	-	(14,322)
Differences between expected and actual experience	(123,037)	-	(123,037)
Changes of assumptions	121,198	-	121,198
Contributions - employer	-	50,114	(50,114)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(50,114)	(50,114)	-
Administrative expense	-	-	-
Net changes	(17,552)	-	(17,552)
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 694,081</u>	<u>\$ -</u>	<u>\$ 694,081</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 - HEALTH PLAN  
LAST 10 FISCAL YEARS\*

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 19,753	\$ 22,021	\$ 17,574
Interest (includes interest on service cost)	28,970	26,310	25,014
Changes of benefit terms	(14,322)	-	-
Differences between expected and actual experience	(123,037)	-	88,244
Changes of assumptions	121,198	(55,217)	7,878
Benefit payments, including refunds of member contributions	(50,114)	(48,187)	(32,071)
Net change in total OPEB liability	\$ (17,552)	\$ (55,073)	\$ 106,639
Total OPEB liability - beginning	\$ 711,633	\$ 766,706	\$ 660,067
Total OPEB liability - ending	\$ 694,081	\$ 711,633	\$ 766,706
<u>Plan fiduciary net position</u>			
Contributions - employer	50,114	48,187	32,071
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(50,114)	(48,187)	(32,071)
Administrative expense	-	-	-
Net change in fiduciary net position	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -
Net OPEB liability - ending	<u>\$ 694,081</u>	<u>\$ 711,633</u>	<u>\$ 766,706</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Covered payroll	\$ 2,349,541	\$ 2,227,709	\$ 2,227,709
Net OPEB liability as a percentage of covered payroll	29.5%	31.9%	34.4%

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

## TOWN OF RUMFORD, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017
<u>PLD Life Insurance:</u>				
Contractually required contribution	\$ 6,296	\$ 6,569	\$ 6,856	\$ 6,900
Contributions in relation to the contractually required contribution	<u>(6,296)</u>	<u>(6,569)</u>	<u>(6,856)</u>	<u>(6,900)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,268,291	\$ 2,663,860	\$ 2,587,279	\$ 2,613,313
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	2020	2019	2018	
<u>MMEHT Health Plan:</u>				
Employer contributions	\$ 50,114	\$ 48,187	\$ 32,071	
Benefit payments	<u>(50,114)</u>	<u>(48,187)</u>	<u>(32,071)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 2,349,541	\$ 2,227,709	\$ 2,227,709	
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	

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

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

TOWN OF RUMFORD, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

**Changes of Assumptions**

MEPERS PLD Plan:

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

MEPERS OPEB Plan:

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

Maine Municipal Health Trust OPEB Plan:

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

### Other Supplementary Information

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

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

## TOWN OF RUMFORD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 16,076,486	\$ 16,076,486	\$ 16,114,707	\$ 38,221
Excise taxes	500,000	500,000	899,646	399,646
Intergovernmental revenues:				
State revenue sharing	509,815	509,815	857,440	347,625
Homestead exemption	466,786	466,786	466,786	-
Local road assistance	-	97,300	97,300	-
Tree growth reimbursement	-	-	57,942	57,942
Veterans' reimbursement	-	-	7,422	7,422
BETE reimbursement	907,102	907,102	907,102	-
Other	-	-	2,652	2,652
Charges for services:				
Licenses and permits	-	-	32,575	32,575
Charges for services	-	-	19,532	19,532
General government	-	20,882	36,199	15,317
Fire revenue	-	-	35,446	35,446
Police revenue	-	-	28,811	28,811
Animal control fees	-	-	1,066	1,066
Solid waste	-	227	227	-
Public works	-	532,284	529,788	(2,496)
N.O.R.S.W.B. Trucking	-	85,775	85,775	-
N.O.R.S.W.B. Payroll	-	-	-	-
Parks and recreation committee	34,527	34,527	34,527	-
Welfare office	-	-	29,373	29,373
Library	-	-	6,785	6,785
Interest income	-	-	32,105	32,105
Other income:				
MSRS police and fire	-	-	4,660	4,660
Insurance settlement	-	410,354	410,354	-
Insurance/social security	-	-	20,339	20,339
Cable TV franchise	-	50,111	50,111	-
Other income	-	-	4,976	4,976
Bond proceeds	428,450	428,450	428,450	-
Transfers from other funds	-	90,585	90,585	-
TOTAL REVENUES	<u>\$ 18,923,166</u>	<u>\$ 20,210,684</u>	<u>\$ 21,292,681</u>	<u>\$ 1,081,997</u>

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

## SCHEDULE B

## TOWN OF RUMFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Selectboard	\$ 10,727	\$ -	\$ 10,727	\$ 6,418	\$ 4,309
Town manager	250,703	-	250,703	200,313	50,390
Town clerk	108,959	3,650	112,609	101,881	10,728
Tax collector	82,935	10,000	92,935	80,323	12,612
Tax assessor	126,659	-	126,659	122,533	4,126
Town solicitor	80,000	-	80,000	51,289	28,711
Town audit	17,500	-	17,500	14,800	2,700
Dog officer	23,159	-	23,159	20,938	2,221
Economic development	54,200	157,657	211,857	122,800	89,057
Elections	32,529	-	32,529	23,204	9,325
Municipal building	104,315	-	104,315	92,085	12,230
Computer	24,300	-	24,300	21,639	2,661
Information booth	9,800	-	9,800	9,456	344
MSRS - town employees	144,000	-	144,000	130,447	13,553
Sealer of weights and measures	-	317	317	-	317
	<u>1,069,786</u>	<u>171,624</u>	<u>1,241,410</u>	<u>998,126</u>	<u>243,284</u>
Public safety:					
Police	857,956	408	858,364	844,858	13,506
Fire	773,672	-	773,672	755,883	17,789
Code enforcement	52,170	-	52,170	49,298	2,872
Emergency management	8,023	-	8,023	7,543	480
Utilities	475,445	410,354	885,799	836,393	49,406
MSRS - police and fire	185,800	-	185,800	177,588	8,212
Police K9	12,000	12,000	24,000	16,117	7,883
	<u>2,365,066</u>	<u>422,762</u>	<u>2,787,828</u>	<u>2,687,680</u>	<u>100,148</u>

## SCHEDULE B (CONTINUED)

## TOWN OF RUMFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public works:					
Summer roads	448,172	20,713	468,885	467,044	1,841
Winter roads	763,222	20,529	783,751	899,036	(115,285)
Bituminous	75,000	214,309	289,309	217,111	72,198
Permanent roads	500,000	1,057,569	1,557,569	1,031,127	526,442
State aid construction	55,000	418,437	473,437	188,274	285,163
Sidewalks	25,000	133,268	158,268	-	158,268
Bridges	25,000	265,570	290,570	9,325	281,245
Building demolition	82,500	99,296	181,796	3,672	178,124
PUIIA Business Park	-	97,057	97,057	93,748	3,309
Town garage	71,635	-	71,635	76,876	(5,241)
Equipment maintenance	-	516,879	516,879	492,047	24,832
N.O.R.S.W.B. trucking	-	85,775	85,775	77,700	8,075
	<u>2,045,529</u>	<u>2,929,402</u>	<u>4,974,931</u>	<u>3,555,960</u>	<u>1,418,971</u>
Health and sanitation:					
Health	160,000	-	160,000	160,942	(942)
Sewer maintenance	-	68,585	68,585	68,585	-
Solid waste	<u>535,000</u>	<u>228</u>	<u>535,228</u>	<u>534,099</u>	<u>1,129</u>
	<u>695,000</u>	<u>68,813</u>	<u>763,813</u>	<u>763,626</u>	<u>187</u>
Welfare:					
Welfare office	<u>64,357</u>	<u>-</u>	<u>64,357</u>	<u>46,495</u>	<u>17,862</u>
	<u>64,357</u>	<u>-</u>	<u>64,357</u>	<u>46,495</u>	<u>17,862</u>
Public service:					
Library	254,029	93	254,122	219,133	34,989
Municipal planning	20,400	7,254	27,654	16,323	11,331
Park and rec - parks	195,672	30,796	226,468	184,579	41,889
Park and rec - cemeteries	26,148	-	26,148	11,896	14,252
Park and rec - 4th of July	-	19,332	19,332	4,123	15,209
	<u>496,249</u>	<u>57,475</u>	<u>553,724</u>	<u>436,054</u>	<u>117,670</u>

SCHEDULE B (CONTINUED)

TOWN OF RUMFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	171,342	-	171,342	171,342	-
Interest	71,490	-	71,490	51,482	20,008
	<u>242,832</u>	<u>-</u>	<u>242,832</u>	<u>222,824</u>	<u>20,008</u>
Social services	<u>213,250</u>	<u>-</u>	<u>213,250</u>	<u>212,750</u>	<u>500</u>
Education	<u>6,659,088</u>	<u>-</u>	<u>6,659,088</u>	<u>6,659,088</u>	<u>-</u>
County tax	<u>528,368</u>	<u>-</u>	<u>528,368</u>	<u>528,368</u>	<u>-</u>
TIF	<u>2,629,280</u>	<u>-</u>	<u>2,629,280</u>	<u>2,629,279</u>	<u>1</u>
Unclassified:					
Insurances/social security	1,441,102	150,000	1,591,102	1,297,561	293,541
Contingency	20,000	-	20,000	1,457	18,543
Cable tv franchise	-	50,111	50,111	33,407	16,704
Overlay	279,608	-	279,608	-	279,608
	<u>1,740,710</u>	<u>200,111</u>	<u>1,940,821</u>	<u>1,332,425</u>	<u>608,396</u>
Transfers to other funds:					
Special revenue funds	3,134	17,553	20,687	20,687	-
Capital projects funds	760,238	60,787	821,025	821,025	-
	<u>763,372</u>	<u>78,340</u>	<u>841,712</u>	<u>841,712</u>	<u>-</u>
Total Departmental Operations	<u>\$ 19,512,887</u>	<u>\$ 3,928,527</u>	<u>\$ 23,441,414</u>	<u>\$ 20,914,387</u>	<u>\$ 2,527,027</u>

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

## TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 357,612	\$ 1,905,518	\$ 375,138	\$ 2,638,268
Accounts receivable (net of allowance for uncollectibles)	48,630	22,000	-	70,630
Loans receivable (net of allowance for uncollectibles)	195,120	-	-	195,120
Due from other funds	2,247	65,274	267	67,788
TOTAL ASSETS	<u>\$ 603,609</u>	<u>\$ 1,992,792</u>	<u>\$ 375,405</u>	<u>\$ 2,971,806</u>
LIABILITIES				
Accounts payable	\$ 532	\$ 215,386	\$ 413	\$ 216,331
Due to other funds	60,374	131,105	-	191,479
TOTAL LIABILITIES	<u>60,906</u>	<u>346,491</u>	<u>413</u>	<u>407,810</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	542,703	-	374,992	917,695
Committed	-	1,827,239	-	1,827,239
Assigned	-	-	-	-
Unassigned	-	(180,938)	-	(180,938)
TOTAL FUND BALANCES	<u>542,703</u>	<u>1,646,301</u>	<u>374,992</u>	<u>2,563,996</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 603,609</u>	<u>\$ 1,992,792</u>	<u>\$ 375,405</u>	<u>\$ 2,971,806</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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 276,084	\$ 177,192	\$ -	\$ 453,276
Investment income, net of unrealized gains/(losses)	2,841	19,681	1,062	23,584
Other	28,212	35,620	300,000	363,832
TOTAL REVENUES	<u>307,137</u>	<u>232,493</u>	<u>301,062</u>	<u>840,692</u>
EXPENDITURES				
Public safety	111,664	-	-	111,664
Public service	16,005	-	50,000	66,005
Cemeteries	-	-	146	146
Education	169,447	-	-	169,447
Capital outlay	-	1,671,359	-	1,671,359
TOTAL EXPENDITURES	<u>297,116</u>	<u>1,671,359</u>	<u>50,146</u>	<u>2,018,621</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,021</u>	<u>(1,438,866)</u>	<u>250,916</u>	<u>(1,177,929)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,134	945,052	-	948,186
Transfers (out)	(12,000)	(87,449)	-	(99,449)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,866)</u>	<u>857,603</u>	<u>-</u>	<u>848,737</u>
NET CHANGE IN FUND BALANCES	1,155	(581,263)	250,916	(329,192)
FUND BALANCES - JULY 1	<u>541,548</u>	<u>2,227,564</u>	<u>124,076</u>	<u>2,893,188</u>
FUND BALANCES - JUNE 30	<u>\$ 542,703</u>	<u>\$ 1,646,301</u>	<u>\$ 374,992</u>	<u>\$ 2,563,996</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.

## SCHEDULE E

## TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	UDAG Funds	CDBG Funds	EDA Escrow Fund	Gateway Plaza-DPF Escrow	JAG 2017 Grant	JAG 2018 Grant	MDEA Grant
<b>ASSETS</b>							
Cash and cash equivalents	\$ 239,114	\$ 43,202	\$ 41,679	\$ 13,215	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	650	11,523
Loans receivable (net of allowance for uncollectibles)	195,120	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	6
<b>TOTAL ASSETS</b>	<u>\$ 434,234</u>	<u>\$ 43,202</u>	<u>\$ 41,679</u>	<u>\$ 13,215</u>	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ 11,529</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6
Due to other funds	-	-	-	-	-	650	11,523
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>11,529</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	434,234	43,202	41,679	13,215	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>434,234</u>	<u>43,202</u>	<u>41,679</u>	<u>13,215</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 434,234</u>	<u>\$ 43,202</u>	<u>\$ 41,679</u>	<u>\$ 13,215</u>	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ 11,529</u>

## SCHEDULE E (CONTINUED)

## TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	School Resource Officer	DARE	Bullet Proof Vest Grant	MMA Safety Enhancement Grant	Seizure Disbursement	DOC Snowmobile Muni Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 7,152	\$ -	\$ -	\$ 13,250	\$ -
Accounts receivable (net of allowance for uncollectibles)	380	-	1,064	-	256	-
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 380</u>	<u>\$ 7,152</u>	<u>\$ 1,064</u>	<u>\$ -</u>	<u>\$ 13,506</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	380	-	1,064	-	12,000	-
<b>TOTAL LIABILITIES</b>	<u>380</u>	<u>-</u>	<u>1,064</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	7,152	-	-	1,506	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>7,152</u>	<u>-</u>	<u>-</u>	<u>1,506</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 380</u>	<u>\$ 7,152</u>	<u>\$ 1,064</u>	<u>\$ -</u>	<u>\$ 13,506</u>	<u>\$ -</u>

## SCHEDULE E (CONTINUED)

## TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Maine Snowmobile Reg. Refund	2018 Homeland Security Stone Garden	2019 Homeland Security Stone Garden	Walmart Grant	Athletic Complex Grant	RVHCC Underage Drinking Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	19,972	14,685	-	-	-
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	526	-	544	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 20,498</b>	<b>\$ 14,685</b>	<b>\$ 544</b>	<b>\$ -</b>	<b>\$ -</b>
LIABILITIES						
Accounts payable	\$ -	\$ 526	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	19,972	14,685	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>20,498</b>	<b>14,685</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	544	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>544</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 20,498</b>	<b>\$ 14,685</b>	<b>\$ 544</b>	<b>\$ -</b>	<b>\$ -</b>

SCHEDULE E (CONTINUED)

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	K-9 Donations	Police Reimb.	Fire Reimb.	Maine State Library Grant	General Assistance Fuel Donations	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,612
Accounts receivable (net of allowance for uncollectibles)	-	-	100	-	-	48,630
Loans receivable (net of allowance for uncollectibles)	-	-	-	-	-	195,120
Due from other funds	187	-	-	61	923	2,247
TOTAL ASSETS	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 61</u>	<u>\$ 923</u>	<u>\$ 603,609</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 532
Due to other funds	-	-	100	-	-	60,374
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>60,906</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	187	-	-	61	923	542,703
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>187</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>923</u>	<u>542,703</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 61</u>	<u>\$ 923</u>	<u>\$ 603,609</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, 2020

	UDAG Funds	CDBG Funds	EDA Escrow Fund	Gateway Plaza-DPF Escrow	JAG 2017 Grant	JAG 2018 Grant	MDEA Grant
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 3,946	\$ 650	\$ 55,406
Investment income, net of unrealized gains/(losses)	1,841	374	364	98	-	-	-
Other	8,067	-	-	-	-	-	-
TOTAL REVENUES	<u>9,908</u>	<u>374</u>	<u>364</u>	<u>98</u>	<u>3,946</u>	<u>650</u>	<u>55,406</u>
EXPENDITURES							
Public safety	-	-	385	-	3,946	650	55,406
Public service	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>385</u>	<u>-</u>	<u>3,946</u>	<u>650</u>	<u>55,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,908</u>	<u>374</u>	<u>(21)</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	3,134	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,134</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,908	374	(21)	3,232	-	-	-
FUND BALANCES - JULY 1	<u>\$ 424,326</u>	<u>\$ 42,828</u>	<u>\$ 41,700</u>	<u>\$ 9,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES - JUNE 30	<u><u>\$ 434,234</u></u>	<u><u>\$ 43,202</u></u>	<u><u>\$ 41,679</u></u>	<u><u>\$ 13,215</u></u>	<u><u>\$ -</u></u>	<u><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, 2020

	School Resource Officer	DARE	Bullet Proof Vest Grant	MMA Safety Enhancement Grant	Seizure Disbursement	DOC Snowmobile Muni Grant
REVENUES						
Intergovernmental	\$ 4,166	\$ -	\$ 1,064	\$ 3,417	\$ -	\$ 23,469
Investment income, net of unrealized gains/(losses)	-	66	-	-	98	-
Other	-	2,515	-	-	2,370	-
TOTAL REVENUES	<u>4,166</u>	<u>2,581</u>	<u>1,064</u>	<u>3,417</u>	<u>2,468</u>	<u>23,469</u>
EXPENDITURES						
Public safety	4,166	1,922	1,064	3,417	-	-
Public service	-	-	-	-	-	-
Education	-	-	-	-	-	23,469
TOTAL EXPENDITURES	<u>4,166</u>	<u>1,922</u>	<u>1,064</u>	<u>3,417</u>	<u>-</u>	<u>23,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>659</u>	<u>-</u>	<u>-</u>	<u>2,468</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(12,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	659	-	-	(9,532)	-
FUND BALANCES - JULY 1	<u>\$ -</u>	<u>\$ 6,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,038</u>	<u>\$ -</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 7,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,506</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, 2020

	Maine Snowmobile Reg. Refund	2018 Homeland Security Stone Garden	2019 Homeland Security Stone Garden	Walmart Grant	Athletic Complex Grant	RVHCC Underage Drinking Grant
REVENUES						
Intergovernmental	\$ 2,065	\$ 21,144	\$ 14,685	\$ -	\$ 143,913	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>2,065</u>	<u>21,144</u>	<u>14,685</u>	<u>-</u>	<u>143,913</u>	<u>-</u>
EXPENDITURES						
Public safety	-	21,144	14,685	2,000	-	720
Public service	-	-	-	-	-	-
Education	<u>2,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,913</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,065</u>	<u>21,144</u>	<u>14,685</u>	<u>2,000</u>	<u>143,913</u>	<u>720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(720)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	(2,000)	-	(720)
FUND BALANCES - JULY 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,544</u>	<u>\$ -</u>	<u>\$ 720</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544</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, 2020

	<u>K-9 Donations</u>	<u>Police Reimb.</u>	<u>Fire Reimb.</u>	<u>Maine State Library Grant</u>	<u>General Assistance Fuel Donations</u>	<u>Total</u>
REVENUES						
Intergovernmental	\$ -	\$ 1,409	\$ 750	\$ -	\$ -	\$ 276,084
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	2,841
Other	-	-	-	-	15,260	28,212
TOTAL REVENUES	<u>-</u>	<u>1,409</u>	<u>750</u>	<u>-</u>	<u>15,260</u>	<u>307,137</u>
EXPENDITURES						
Public safety	-	1,409	750	-	-	111,664
Public service	-	-	-	-	16,005	16,005
Education	-	-	-	-	-	169,447
TOTAL EXPENDITURES	<u>-</u>	<u>1,409</u>	<u>750</u>	<u>-</u>	<u>16,005</u>	<u>297,116</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(745)</u>	<u>10,021</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	3,134
Transfers (out)	-	-	-	-	-	(12,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,866)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	(745)	1,155
FUND BALANCES - JULY 1	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 1,668</u>	<u>541,548</u>
FUND BALANCES - JUNE 30	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 923</u>	<u>\$ 542,703</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, 2020

	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	\$ 72,259	\$ 80,174	\$ 576	\$ 334,215	\$ 478,121	\$ 49,634	\$ 254,347
Accounts receivable (net of allowance for uncollectibles)	-	-	-	22,000	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 72,259</u>	<u>\$ 80,174</u>	<u>\$ 576</u>	<u>\$ 356,215</u>	<u>\$ 478,121</u>	<u>\$ 49,634</u>	<u>\$ 254,347</u>
LIABILITIES							
Accounts payable	\$ 212,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,604
Due to other funds	40,415	-	-	-	18,864	-	267
TOTAL LIABILITIES	<u>253,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,864</u>	<u>-</u>	<u>2,871</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	80,174	576	356,215	459,257	49,634	251,476
Assigned	-	-	-	-	-	-	-
Unassigned	(180,938)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(180,938)</u>	<u>80,174</u>	<u>576</u>	<u>356,215</u>	<u>459,257</u>	<u>49,634</u>	<u>251,476</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 72,259</u>	<u>\$ 80,174</u>	<u>\$ 576</u>	<u>\$ 356,215</u>	<u>\$ 478,121</u>	<u>\$ 49,634</u>	<u>\$ 254,347</u>

## TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020

	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	\$ 5,461	\$ 80,786	\$ 10,360	\$ 6,327	\$ 15,995	\$ 202,043	\$ 211,199	\$ 104,021	\$ 1,905,518
Accounts receivable allowance for uncollectibles)	-	-	-	-	-	-	-	-	22,000
Due from other funds	-	-	-	-	-	46,410	18,864	-	65,274
TOTAL ASSETS	<u>\$ 5,461</u>	<u>\$ 80,786</u>	<u>\$ 10,360</u>	<u>\$ 6,327</u>	<u>\$ 15,995</u>	<u>\$ 248,453</u>	<u>\$ 230,063</u>	<u>\$ 104,021</u>	<u>\$ 1,992,792</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,386
Due to other funds	-	-	-	2,974	-	68,585	-	-	131,105
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,974</u>	<u>-</u>	<u>68,585</u>	<u>-</u>	<u>-</u>	<u>346,491</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	5,461	80,786	10,360	3,353	15,995	179,868	230,063	104,021	1,827,239
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(180,938)
TOTAL FUND BALANCES (DEFICITS)	<u>5,461</u>	<u>80,786</u>	<u>10,360</u>	<u>3,353</u>	<u>15,995</u>	<u>179,868</u>	<u>230,063</u>	<u>104,021</u>	<u>1,646,301</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 5,461</u>	<u>\$ 80,786</u>	<u>\$ 10,360</u>	<u>\$ 6,327</u>	<u>\$ 15,995</u>	<u>\$ 248,453</u>	<u>\$ 230,063</u>	<u>\$ 104,021</u>	<u>\$ 1,992,792</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, 2020

	Highway Department Fund	NORSWB Trucking Fund	Town Hall Administration Fund	Town Hall Maintenance Fund	Fire Department Fund	Police Department Fund	Parks Department Fund
REVENUES							
Intergovernmental	\$ 169,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	2,361	598	5	2,433	5,237	288	2,269
Other	-	-	-	22,000	13,620	-	-
TOTAL REVENUES	<u>171,740</u>	<u>598</u>	<u>5</u>	<u>24,433</u>	<u>18,857</u>	<u>288</u>	<u>2,269</u>
EXPENDITURES							
Capital outlay	849,182	-	-	2,500	274,282	4,018	230,939
TOTAL EXPENDITURES	<u>849,182</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>274,282</u>	<u>4,018</u>	<u>230,939</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(677,442)</u>	<u>598</u>	<u>5</u>	<u>21,933</u>	<u>(255,425)</u>	<u>(3,730)</u>	<u>(228,670)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	250,000	17,553	-	63,000	166,500	30,000	148,525
Transfers (out)	-	-	-	-	(18,864)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>250,000</u>	<u>17,553</u>	<u>-</u>	<u>63,000</u>	<u>147,636</u>	<u>30,000</u>	<u>148,525</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(427,442)	18,151	5	84,933	(107,789)	26,270	(80,145)
FUND BALANCES (DEFICITS) - JULY 1	<u>\$ 246,504</u>	<u>\$ 62,023</u>	<u>\$ 571</u>	<u>\$ 271,282</u>	<u>\$ 567,046</u>	<u>\$ 23,364</u>	<u>\$ 331,621</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (180,938)</u>	<u>\$ 80,174</u>	<u>\$ 576</u>	<u>\$ 356,215</u>	<u>\$ 459,257</u>	<u>\$ 49,634</u>	<u>\$ 251,476</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, 2020

	Public Library Fund	Other Town Properties	Code Enforcement Fund	Computer Fund	Voting Machine Fund	Sewer Capital	Joint Ladder Truck	Assessment Valuation	Total
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,813	\$ -	\$ 177,192
Investment income, net of unrealized gains/(losses)	602	693	84	35	138	1,397	1,732	1,809	19,681
Other	-	-	-	-	-	-	-	-	35,620
TOTAL REVENUES	<u>602</u>	<u>693</u>	<u>84</u>	<u>35</u>	<u>138</u>	<u>1,397</u>	<u>9,545</u>	<u>1,809</u>	<u>232,493</u>
EXPENDITURES									
Capital outlay	109,167	21,257	-	3,854	-	-	-	176,160	1,671,359
TOTAL EXPENDITURES	<u>109,167</u>	<u>21,257</u>	<u>-</u>	<u>3,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,160</u>	<u>1,671,359</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(108,565)</u>	<u>(20,564)</u>	<u>84</u>	<u>(3,819)</u>	<u>138</u>	<u>1,397</u>	<u>9,545</u>	<u>(174,351)</u>	<u>(1,438,866)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	32,000	25,000	1,000	5,000	-	137,610	18,864	50,000	945,052
Transfers (out)	-	-	-	-	-	(68,585)	-	-	(87,449)
TOTAL OTHER FINANCING SOURCES (USES)	<u>32,000</u>	<u>25,000</u>	<u>1,000</u>	<u>5,000</u>	<u>-</u>	<u>69,025</u>	<u>18,864</u>	<u>50,000</u>	<u>857,603</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(76,565)	4,436	1,084	1,181	138	70,422	28,409	(124,351)	(581,263)
FUND BALANCES (DEFICITS) - JULY 1	<u>\$ 82,026</u>	<u>\$ 76,350</u>	<u>\$ 9,276</u>	<u>\$ 2,172</u>	<u>\$ 15,857</u>	<u>\$ 109,446</u>	<u>\$ 201,654</u>	<u>\$ 228,372</u>	<u>2,227,564</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 5,461</u>	<u>\$ 80,786</u>	<u>\$ 10,360</u>	<u>\$ 3,353</u>	<u>\$ 15,995</u>	<u>\$ 179,868</u>	<u>\$ 230,063</u>	<u>\$ 104,021</u>	<u>\$ 1,646,301</u>

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

## Permanent Funds

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

	Cemetery Trust Fund	Library Trust Fund	Poland Springs RDM Comm	Total
ASSETS				
Cash and cash equivalents	\$ 50,995	\$ 23,561	\$ 300,582	\$ 375,138
Due from other funds	267	-	-	267
TOTAL ASSETS	<u>\$ 51,262</u>	<u>\$ 23,561</u>	<u>\$ 300,582</u>	<u>\$ 375,405</u>
LIABILITIES				
Accounts payable	\$ 413	\$ -	\$ -	\$ 413
TOTAL LIABILITIES	<u>413</u>	<u>-</u>	<u>-</u>	<u>413</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	50,849	23,561	300,582	374,992
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>50,849</u>	<u>23,561</u>	<u>300,582</u>	<u>374,992</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 51,262</u>	<u>\$ 23,561</u>	<u>\$ 300,582</u>	<u>\$ 375,405</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, 2020

	Cemetery Trust Fund	Library Trust Fund	Poland Springs RDM Comm	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 397	\$ 204	\$ 461	\$ 1,062
Other	-	-	300,000	300,000
TOTAL REVENUES	<u>397</u>	<u>204</u>	<u>300,461</u>	<u>301,062</u>
EXPENDITURES				
Other	<u>146</u>	<u>-</u>	<u>50,000</u>	<u>50,146</u>
TOTAL EXPENDITURES	<u>146</u>	<u>-</u>	<u>50,000</u>	<u>50,146</u>
NET CHANGE IN FUND BALANCES	251	204	250,461	250,916
FUND BALANCES - JULY 1	<u>50,598</u>	<u>23,357</u>	<u>50,121</u>	<u>124,076</u>
FUND BALANCES - JUNE 30	<u>\$ 50,849</u>	<u>\$ 23,561</u>	<u>\$ 300,582</u>	<u>\$ 374,992</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, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 6,526,991	\$ -	\$ 112,251	\$ 469,386	\$ 7,108,628
Public safety	296	174,331	2,195,118	-	2,369,745
Public works	198,335	288,908	2,728,713	16,301,088	19,517,044
Recreation	121,557	2,045,451	448,773	454,891	3,070,672
Library	1,087,289	291,661	135,642	-	1,514,592
Cemeteries	4,987	-	-	-	4,987
Town-wide	290,752	1,669,307	85,105	-	2,045,164
Total General Capital Assets	8,230,207	4,469,658	5,705,602	17,225,365	35,630,832
Less: Accumulated Depreciation	-	(2,681,633)	(3,329,258)	(13,610,793)	(19,621,684)
Net General Capital Assets	<u>\$ 8,230,207</u>	<u>\$ 1,788,025</u>	<u>\$ 2,376,344</u>	<u>\$ 3,614,572</u>	<u>\$ 16,009,148</u>

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, 2020

	General Capital Assets (Restated)	Additions	Deletions	General Capital Assets 6/30/20
General government	\$ 6,198,623	\$ 984,267	\$ (74,262)	\$ 7,108,628
Public safety	2,965,416	311,551	(907,222)	2,369,745
Public works	19,169,366	1,748,960	(1,401,282)	19,517,044
Recreation	2,574,066	667,865	(171,259)	3,070,672
Library	1,402,475	112,117	-	1,514,592
Cemeteries	4,987	-	-	4,987
Town-wide	2,045,164	-	-	2,045,164
Total General Capital Assets	34,360,097	3,824,760	(2,554,025)	35,630,832
Less: Accumulated Depreciation	(21,266,165)	(568,643)	2,213,124	(19,621,684)
Net General Capital Assets	<u>\$ 13,093,932</u>	<u>\$ 3,256,117</u>	<u>\$ (340,901)</u>	<u>\$ 16,009,148</u>

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



*Proven Expertise & 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

Selectboard  
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, 2020 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 May 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not 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. We noted certain other matters that we reported to management of the Town of Rumford, Maine in a separate letter dated May 24, 2021.

#### Purpose of the 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.

*R.H.R. Smith & Company*

Buxton, Maine  
June 9, 2021