

TOWN OF FARMINGDALE, MAINE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2019

Town of Farmingdale, Maine
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1,951,764	\$ 510,216	\$ 2,461,979
Loan proceeds receivable	1,419,962	-	1,419,962
Interfund receivable	140	-	140
Accounts receivable	-	148,289	148,289
Prepaid expense	270	-	270
Taxes receivable	133,625	-	133,625
Tax liens receivable	36,673	-	36,673
<i>Total current assets</i>	<u>3,542,433</u>	<u>658,504</u>	<u>4,200,937</u>
<i>Non-current assets:</i>			
Capital assets, net of accumulated depreciation	1,820,418	3,468,132	5,288,550
<i>Total non-current assets</i>	<u>1,820,418</u>	<u>3,468,132</u>	<u>5,288,550</u>
TOTAL ASSETS	\$ 5,362,852	\$ 4,126,636	\$ 9,489,487
LIABILITIES:			
<i>Current liabilities:</i>			
Accounts payable	\$ 153,231	\$ 1,029	\$ 154,260
Other accrued expenses	1,165	-	1,165
Due to other governments	13,851	-	13,851
Interfund payable	-	140	140
Current portion of long-term debt	100,392	7,688	108,080
<i>Total current liabilities</i>	<u>268,640</u>	<u>8,857</u>	<u>277,496</u>
<i>Non-current liabilities:</i>			
<i>Non-current portion of long-term debt:</i>			
Bonds payable	2,209,608	263,565	2,473,173
OPEB liabilities	31,411	-	31,411
<i>Total non-current liabilities</i>	<u>2,241,019</u>	<u>263,565</u>	<u>2,504,584</u>
TOTAL LIABILITIES	2,509,658	272,422	2,782,080
DEFERRED INFLOWS OF RESOURCES:			
Prepaid property taxes	25,429	-	25,429
OPEB related inflows	33,716	-	33,716
TOTAL DEFERRED INFLOWS OF RESOURCES	59,145	-	59,145
NET POSITION:			
Invested in capital assets, net of related debt	930,380	3,196,879	4,127,259
Unrestricted	1,863,668	657,335	2,521,003
TOTAL NET POSITION	2,794,048	3,854,214	6,648,262
TOTAL LIABILITIES AND NET POSITION	\$ 5,362,852	\$ 4,126,636	\$ 9,489,487

The accompanying notes are an integral part of this statement.

Town of Farmingdale, Maine
Statement of Activities
For the Year Ended June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 270,879	\$ 11,236	\$ -	\$ -	(259,642)	\$ -	(259,642)
Public safety	337,692	-	-	51,888	(285,804)	-	(285,804)
Public works	538,224	-	-	24,764	(513,460)	-	(513,460)
Health and sanitation	30,085	-	-	-	(30,085)	-	(30,085)
Education	2,664,657	-	-	-	(2,664,657)	-	(2,664,657)
County tax	221,054	-	-	-	(221,054)	-	(221,054)
Interest expense	17,344	-	-	-	(17,344)	-	(17,344)
Recreation	6,500	-	669	-	(5,831)	-	(5,831)
Other	111,590	-	1,548	-	(110,042)	-	(110,042)
Depreciation	143,744	-	-	-	(143,744)	-	(143,744)
Total governmental activities	4,341,769	11,236	2,217	76,652	(4,251,664)	-	(4,251,664)
Business-Type activities:							
Sewer	304,651	466,475	-	7,134	-	168,958	168,958
Total business-type activities	304,651	466,475	-	7,134	-	168,958	168,958
Total primary government	4,646,420	477,711	2,217	83,786	(4,251,664)	168,958	(4,082,705)
General revenues:							
Property taxes, levied for general purposes					3,292,038	-	3,292,038
Excise taxes					555,731	-	555,731
Interest and lien fees					12,911	-	12,911
Licenses and permits					8,835	-	8,835
Grants and contributions not restricted to specific programs:							
State revenue sharing					133,259	-	133,259
Homestead exemption					140,979	-	140,979
Other					5,725	-	5,725
Unrestricted investment earnings					12,411	1,551	13,961
Miscellaneous revenues					31,998	-	31,998
Transfers between general and proprietary funds					100,900	(100,900)	-
Total general revenues and transfers					4,294,787	(99,349)	4,195,437
Changes in net position					43,123	69,609	112,732
NET POSITION - BEGINNING - RESTATED					2,750,925	3,784,605	6,535,530
NET POSITION - ENDING					\$ 2,794,048	\$ 3,854,214	\$ 6,648,262

The accompanying notes are an integral part of this statement.

Town of Farmingdale, Maine
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,497,509	\$ 454,255	\$ 1,951,764
Loan proceeds receivable	1,419,962	-	1,419,962
Due from Enterprise Fund	140	-	140
Prepaid expense	270	-	270
Taxes receivable, net	133,625	-	133,625
Tax liens receivable	36,673	-	36,673
TOTAL ASSETS	\$ 3,088,178	\$ 454,255	\$ 3,542,433
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ 153,231	\$ -	\$ 153,231
Accrued expenses	1,165	-	1,165
Due to other governments	13,851	-	13,851
<i>Total liabilities</i>	<i>168,247</i>	<i>-</i>	<i>168,247</i>
<i>Deferred inflows of resources:</i>			
Prepaid property taxes	25,429	-	25,429
Deferred property tax revenue	136,238	-	136,238
<i>Total deferred inflows of resources</i>	<i>161,667</i>	<i>-</i>	<i>161,667</i>
<i>Fund balances:</i>			
Non-spendable	-	26,240	26,240
Assigned	1,633,796	428,015	2,061,811
Unassigned	1,124,468	-	1,124,468
<i>Total fund balances</i>	<i>2,758,264</i>	<i>454,255</i>	<i>3,212,519</i>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,088,178	\$ 454,255	
<i>Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because:</i>			
Depreciable and non-depreciable capital assets as reported in Stmt. 1			1,820,418
Long-term liabilities, including bonds payable, as reported on Stmt. 1			(2,310,000)
Deferred property taxes not reported on Stmt. 1			136,238
Deferred outflows of resources - OPEB related expenditures			-
Deferred inflows of resources - OPEB related inflows			(33,716)
OPEB liabilities			(31,411)
NET POSITION OF GOVERNMENTAL ACTIVITIES			\$ 2,794,048

The accompanying notes are an integral part of this statement.

Town of Farmingdale, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	\$ 3,269,464	\$ -	\$ 3,269,464
Excise taxes	555,731	-	555,731
Intergovernmental revenue	358,832	-	358,832
Charges for services	11,236	-	11,236
Investment income	11,311	1,100	12,411
Interest and lien fees	12,911	-	12,911
Licenses and permits	8,835	-	8,835
Other revenue	31,998	-	31,998
<i>Total revenues</i>	4,260,318	1,100	4,261,418
EXPENDITURES:			
General government	282,931	12	282,943
Public safety	771,710	-	771,710
Public works	594,574	-	594,574
Health and sanitation	30,085	-	30,085
Education	2,664,657	-	2,664,657
County tax	221,054	-	221,054
Recreation	6,500	-	6,500
Debt service	67,344	-	67,344
Unclassified	111,590	-	111,590
<i>Total expenditures</i>	4,750,445	12	4,750,457
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(490,127)	1,088	(489,039)
OTHER FINANCING SOURCES (USES):			
Proceeds from the issuance of long-term debt	1,700,000.00	-	1,700,000.00
Operating transfers in	105,922	38,797	144,719
Operating transfers (out)	(38,797)	(5,022)	(43,819)
<i>Total other financing sources (uses)</i>	1,767,126	33,774	1,800,900
<i>Net change in fund balances</i>	1,276,999	34,862	1,311,861
FUND BALANCES - BEGINNING	1,481,265	419,392	1,900,658
FUND BALANCES - ENDING	\$ 2,758,264	\$ 454,255	\$ 3,212,519

The accompanying notes are an integral part of this statement.

(Continued)

**Town of Farmingdale, 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, 2019**

Net change in fund balances - total governmental funds (Statement 4)	\$ 1,311,861
Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:	
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditure on governmental funds	(143,744)
Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)	490,368
Revenues in the Statement of Activities (Stmt. 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.	22,574
Repayment of bond principal reported as an expense on the Governmental Funds report (Stmt. 4), yet not considered an expense on the Statement of Activities (Stmt. 2).	50,000
Issuance of long-term debt recognized as revenue in the Governmental Funds report (Stmt. 4), yet not considered a revenue on the Statement of Activities (Stmt. 2)	(1,700,000)
OPEB expenses under GASB #75 are not reported in the governmental fund statements	12,064
Changes in net position of governmental activities (see Stmt. 2)	\$ 43,123

The accompanying notes are an integral part of this statement.

Town of Farmingdale, Maine
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type activities
	Enterprise Funds
	Sewer
ASSETS:	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 510,216
Grant receivable - USDA	-
Accounts receivable, net	148,289
<i>Total current assets</i>	658,504
 <i>Non-current assets:</i>	
<i>Capital assets:</i>	
Property, plant, and equipment	4,652,781
Less accumulated depreciation	(1,184,649)
<i>Total non-current assets</i>	3,468,132
TOTAL ASSETS	\$ 4,126,636
LIABILITIES:	
<i>Current liabilities:</i>	
Due to General Fund	\$ 140
Accounts payable	1,029
Bonds payable - current portion	7,688
<i>Total current liabilities</i>	8,857
 <i>Non-current liabilities:</i>	
Bonds payable - net of current portion	263,565
<i>Total non-current liabilities</i>	263,565
TOTAL LIABILITIES	272,422
NET POSITION:	
Invested in capital assets, net of related debt	3,196,879
Unrestricted	657,335
TOTAL NET POSITION	3,854,214
TOTAL NET POSITION OF BUSINESS-TYPE ACTIVITIES	\$ 4,126,636

The accompanying notes are an integral part of this statement.

Town of Farmingdale, Maine
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

		Business-type activities Enterprise Funds
		Sewer
Operating revenues:		
Charges for services	\$	461,367
Interest on user fees		5,037
Miscellaneous income		71
Total operating revenues		466,475
Operating expenses:		
Treatment costs		171,325
Administrative operating costs		9,456
Contract services		16,800
Maintenance - pump stations, manhole, and sewer line		73,222
Depreciation		26,182
Total operating expenses		296,986
Operating income (loss)		169,489
Non-operating revenues (expenses):		
Interest income		1,551
Interest expense		(7,665)
Grant funds		7,134
Transfers in (out)		(100,900)
Total non-operating revenues (expenses)		(99,880)
Net income (loss)		69,609
TOTAL NET POSITION - BEGINNING		3,784,605
TOTAL NET POSITION - ENDING	\$	3,854,214

The accompanying notes are an integral part of this statement.

Town of Farmingdale, Maine
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type activities Enterprise Funds	
	Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$	453,365
Payments to suppliers		(273,533)
<i>Net cash provided (used) by operating activities</i>		179,832
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Bond repayments		(7,482)
Interest expense on bonds payable		(7,665)
Interfund transfers		(100,900)
<i>Net cash (used) in non-capital financing activities</i>		(116,047)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets		-
Grant income		7,134
Interest on investments		1,551
<i>Net cash provided (used) by investing activities</i>		8,685
<i>Net increase (decrease) in cash and cash equivalents</i>		72,470
CASH BALANCES - BEGINNING OF YEAR		437,746
CASH BALANCES - END OF YEAR	\$	510,216
 <i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>		
Operating income (loss)	\$	169,489
<i>Adjustments to reconcile operating income to net cash provided (used) in operating activities:</i>		
Depreciation expense		26,182
<i>Change in net assets and liabilities:</i>		
Accounts receivable		(16,500)
Grants receivable		3,390
Accounts payable		(2,730)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$	179,832

The accompanying notes are an integral part of this statement.

**TOWN OF FARMINGDALE, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/18	Additions	Deletions	Balance 6/30/19
Buildings/Improvements	\$ 315,872.00	\$ 408,187.00	\$ -	\$ 724,059.00
Equipment & vehicles	1,027,337.00	25,831.00	-	1,053,168.00
Infrastructure	1,729,980.00	56,350.00	-	1,786,330.00
Total capital assets being depreciated	3,073,188.00	490,368.00	-	3,563,557.00
Less accumulated depreciation				
Buildings/Improvements	(53,298.00)	(3,624.00)	-	(56,922.00)
Equipment & vehicles	(603,817.00)	(43,182.00)	-	(646,999.00)
Infrastructure	(942,280.00)	(96,938.00)	-	(1,039,218.00)
Total accumulated depreciation	(1,599,395.00)	(143,744.00)	-	(1,743,139.00)
Governmental activities Capital assets, net	\$ 1,473,794.00	\$ 346,634.00	\$ -	\$ 1,820,418.00

Depreciation expense can be broken down by department as follows:

Public safety	\$ 45,956.00
Public works	<u>97,788.00</u>
	<u>\$ 143,744.00</u>

Business-type activities:	Balance 7/1/18	Additions	Deletions	Balance 6/30/19
Capital assets not being depreciated:				
Land	\$ 1,800.00	\$ -	\$ -	\$ 1,800.00
Capital assets being depreciated:				
Plant & improvements	4,647,706.00	-	-	4,647,706.00
Equipment	3,275.00	-	-	3,275.00
Total capital assets	4,652,781.00	-	-	4,652,781.00
Less accumulated depreciation				
Plant & improvements	(1,155,191.00)	(26,182.00)	-	(1,181,373.00)
Equipment	(3,275.00)	-	-	(3,275.00)
Total accum deprec.	(1,158,466.00)	(26,182.00)	-	(1,184,648.00)
Total capital assets, net	3,494,315.00	(26,182.00)	-	3,468,133.00
Business-type activities Capital assets, net	\$ 3,494,315.00	\$ (26,182.00)	\$ -	\$ 3,468,133.00

**TOWN OF FARMINGDALE, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

4. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019, was as follows:

Description	Balance 7/1/18	Additions	(Reductions)	Balance 6/30/19
Governmental activities:				
<i>General obligation bond payable:</i>				
Maine Municipal Bond Bank Due 2018, interest 2.075%-5.366%	\$ 5,000.00	\$ -	\$ (5,000.00)	\$ -
Maine Municipal Bond Bank Due 2032, interest 1.48%-3.706%	375,000.00	-	(25,000.00)	350,000.00
Kennebec Savings Bank Due 2039, interest 4.29%	-	1,700,000.00	-	1,700,000.00
Kennebec Savings Bank Due 2032, interest 2.49%	280,000.00	-	(20,000.00)	260,000.00
Total	<u>\$ 660,000.00</u>	<u>\$ 1,700,000.00</u>	<u>\$ (50,000.00)</u>	<u>\$ 2,310,000.00</u>

The annual future principal payment requirement for bonds payable outstanding as of June 30, 2019, is as follows:

Year ending June 30,	Governmental Activities		Total
	Principal	Interest	
2020	\$ 100,392	\$ 89,319	\$ 189,711
2021	102,768	85,995	188,763
2022	105,247	82,476	187,723
2023	107,831	78,817	186,648
2024	110,527	74,995	185,522
2025-2029	597,291	311,743	909,034
2030-2034	619,300	192,439	811,739
2035-2039	566,644	74,968	641,612
Total	<u>\$ 2,310,000</u>	<u>\$ 990,752</u>	<u>\$ 3,300,752</u>

A bond was issued through Kennebec Savings Bank dated May 1, 2019 in the amount of \$ 1,700,000 for the construction of a new fire station on Maine Avenue. The note was established as a line of credit, where the Town will request drawdowns from the note as work is completed on the project. As of June 30, 2019, \$280,038 has been drawn on the note, leaving a remainder available of \$1,419,962. The remaining amount available has been recorded as a note receivable on the financial statements and is expected to be drawn down during fiscal year 2020.

**TOWN OF FARMINGDALE, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

4. LONG-TERM DEBT (CONTINUED)

Description	Balance 7/1/18	Additions	(Reductions)	Balance 6/30/19
Business-type activities:				
General obligation bond payable:				
USDA, Sewer bond, 2.75%, due 2044	\$ 278,735	\$ -	\$ (7,482)	\$ 271,253
Total	<u>\$ 278,735</u>	<u>\$ -</u>	<u>\$ (7,482)</u>	<u>\$ 271,253</u>

The annual future principal payment requirement for bonds payable outstanding as of June 30, 2019, is as follows:

Year ending June 30,	Business-Type Activities		Total
	Principal	Interest	
2020	\$ 7,688	\$ 7,459	\$ 15,147
2021	7,899	7,248	15,147
2022	8,116	7,031	15,147
2023	8,339	6,808	15,147
2024	8,569	6,578	15,147
2025-2029	46,510	29,226	75,736
2030-2034	53,267	22,469	75,736
2035-2039	61,005	14,731	75,736
2040-2044	69,860	5,867	75,727
Total	<u>\$ 271,253</u>	<u>\$ 107,417</u>	<u>\$ 378,670</u>

5. PENDING LITIGATION

According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

**TOWN OF FARMINGDALE, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

6. ASSIGNED BALANCES

The Board of Selectmen has the authority to assign amounts for specific future purposes. Approved assigned balances at June 30, 2019, consist of:

General Fund:

State revenue sharing	\$ 14,939
General admin – repairs/addition	10,000
Constable reserve account	2,500
Highway – culvert/ditching – FEMA funds	2,200
Highway – catch basin drainage	26,500
Highway – Northern Ave project	264,821
Highway – FEMA funds emergency	20,000
New fire station construction	1,282,863
Fire department	<u>9,973</u>
Total	<u>\$ 1,633,796</u>

Capital Projects Fund:

Underground drains	\$ 172,658
Capital improvements	152,406
Local road assistance	44,027
Fire department fund	18,294
Rebuilding commons	7,084
Fuel donations	<u>657</u>
Total	<u>\$ 395,126</u>

Permanent Fund:

Permanent fund	<u>\$ 32,889</u>
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7. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.