

Federal Compliance Audit

# Town of Lisbon, Maine

June 30, 2019



*Proven Expertise & Integrity*



# TOWN OF LISBON, MAINE

**Diane Barnes, Town Manager**

**Kayla Tierney, Finance Director**

March 31, 2020

To the Citizens of the Town of Lisbon

The comprehensive annual financial report of the Town of Lisbon, Maine for the fiscal year ended June 30, 2019, is hereby submitted. The Town is required to issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and are audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States by an independent firm of certified public accountants after the close of the fiscal year.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town of Lisbon, Maine.

This report consists of management's representations concerning the financial operation and condition of the Town. Responsibility for both the reliability of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To provide a reasonable basis for making these representations, management of the Town has established an internal control framework that is designed to protect the Town's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the Town of Lisbon and all disclosures deemed necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town's financial statements have been audited by RHR Smith & Company, CPAs, a firm of licensed certified public accountants, as required by Title 30A Subsection 5824 and Title 20A Chapter 221 Section 6051. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town of Lisbon for the fiscal

year ended June 30, 2019 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, an unmodified opinion was rendered and the Town of Lisbon's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal, state and county financial assistance, the Town is subject annually to the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including the schedule of expenditures of federal awards, findings and questioned costs and auditor's reports on the internal control and compliance with applicable laws and regulations are included in the compliance section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

#### Profile of the Town of Lisbon

The Town is ideally located approximately 6 miles east of downtown Lewiston and 6 miles west of the Mid-coast area, and only 39 minutes or 27 miles north of Portland. The Town has a land area of approximately twenty-three square miles and a population of 8,883 based on 2014 estimates. Founded in 1799, Abenaki Indians called the falls Anmecangin, meaning "much fish". The area was once part of Little River Plantation, a portion of which was incorporated in 1799 as Thompsonborough, then renamed in 1802 after Lisbon, Portugal. In 1806, Lisbon annexed the remainder of Little River Plantation.

Taking advantage of water power from the Androscoggin River, Lisbon Falls became a small mill town. Before it burned down in 1987, the Worumbo Mill was the main mill in Lisbon Falls. It had been incorporated in 1864 and was world famous for its woolens. Especially well known were its vicuna wool products, which became famous when President Eisenhower's Chief of Staff, Sherman Adams, received a vicuna sport coat as a gift from a wealthy industrialist and had to resign due to the resulting scandal.

As of 2019, the Town's largest employer is Dingley Press. According to the company's website, Dingley employs approximately 500 people achieving \$100 million in sales. According to information in the public domain, Dingley Press is the fifth largest catalogue printer in the United States with a presence in both print and digital media. Other services provided by the company include co-distribution and mailing services.

The Town operates under the council-manager form of government. Policy making and legislative authority are vested in the governing Town Council, which consists of a Chairperson and six other council members. The Town Council is responsible, among other things, for passing ordinances, adopting the budget and establishing fiscal and

operational policy. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council and for overseeing the day-to-day operations of the Town. Council members are elected to four-year staggered terms with seven council members elected every two years.

The financial reporting entity (the Town) includes all the funds of the primary government (i.e., the Town of Lisbon as legally defined) as well as the financial statement information of the Lisbon Water Department.

The Town provides a full range of services. These services include police and fire protection; storage and distribution of potable water through the Lisbon Water Department; sewerage collection and treatment; sanitation services; construction and maintenance of roadways, sidewalks, streets and infrastructure; code enforcement; planning and zoning; public services; parking enforcement; and education. The Town owns and operates its' own water and sewerage facilities.

The function of county government is a separate governmental entity and accordingly, is excluded from this report.

### Budgeting Controls

The annual budget serves as the foundation for the Town of Lisbon's financial planning and control. Beginning in January of each year the Town Manager and School Superintendent begin the preparation of the budget to be enacted by the Town Council by June 30th. The various Department Heads are required to submit their proposed budget requests to their respective Executive Heads.

For Municipal Operations, the Town Manager, along with the Department Heads, review the requests and develop the proposed budget submission. The School Department is required by Town Charter, Municipal Ordinance and by Title 20A, Section 15693 M.R.S.A., as amended, to submit the detailed school budget to the School Committee for review and approval of the allocation of resources. The School Committee, then makes its recommendations to the Council for funding. The Council has the final approval of the budget request to be sent to the voters for referendum on the budget.

After reviewing the department budget requests with each Department Head and the respective budget review teams, the Town Manager and School Committee present their proposed budgets to the Town Council in accordance with an established calendar year. The Town Council is required to hold public hearings on the proposed budgets and to adopt the final Budget no later than June 30 of each year.

In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Town Council and in the case of the School Department Budget voted upon in a referendum. Activities of the General, Special Revenue and Capital Projects are included in the annual budget. The School Department Budget is considered via a separate document. Interim financial statements are distributed to management and elected officials as required by each body to provide information on the status of actual revenues and expenditures as compared to the budgeted amounts and prior years. The

level of budgetary control (that is, the level at which expenditures cannot exceed the budgeted amount) is established at the individual fund level. Although the Town does not maintain an encumbrance system as one technique of accomplishing budgetary control, amounts committed are carried forward to the next fiscal year instead of being lapsed to Fund Balance at year-end.

### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Lisbon operates.

### Local Economy

The Town of Lisbon's overall economic outlook continues to improve especially in the downtown area with new businesses filling vacancies as well as business renovations. The village area continues the need of new development to help boost that end of town. Lisbon continues to make strides through its vision of the Rt. 196 and Downtown Master Plans with the help of a \$200,000 EPA Brownfields Assessment Grant, \$150,000 Community Development Block Grant for a Business Facade Grant Program and a \$320,000 Community Development Block Grant for Downtown Revitalization.

Lisbon is known primarily as a residential town, however with the close proximity to the Lewiston/Auburn I-95 and the Portland and Mid-Coast I-295 regions of Maine, there has been an increase in the development of new businesses including: Franks, Legendary Status, Verizon IM, Expert Volvo, Lisbon Family Dentist, Golden Dragon Martial Arts Academy and Fitness, Daniel Buck Auction & Art, Smiley's Ice Cream and Gentlemen's Quarters. Each of these businesses is within the Town's boundaries.

Lisbon is also seeing new development in housing with sub-division units as well as a new 4 building, 12-unit apartment complex (48 units) and 33 new home lots, which began construction spring of 2017.

Local property tax revenues are driven primarily by the value of residential and commercial property, with property tax bills determined by the local government's assessment of the value of property. Real estate and personal property tax collections typically lag the market values because local assessment practices take time to catch up with changes. As a result, current property tax bills and property tax collections typically reflect values of property that may be determined several years prior to their collection.

Although significant infrastructure improvements have been completed recently, a gymnasium and track at the Lisbon High School costing \$500,000 and \$5,695,714 respectively and a paving bond costing \$1,500,000, general obligation debt remains at 3.4% of taxable valuation.

## Long-term Financial Planning

A major step forward for the Town of Lisbon will be the compilation, submission and adoption of a five-year capital improvements plan. The plan will present in a single document, requirements from municipal government operations, school operations, and necessary improvements to the Town's water supply.

## Major Initiatives

## Acknowledgements

As the management of the Town of Lisbon, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Respectfully Submitted,

Diane Barnes, Town Manager/Tax Collector/Treasurer  
Town of Lisbon

TOWN OF LISBON, MAINE

JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Lisbon, 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 Lisbon, Maine, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Lisbon, 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. The financial statements of the Town of Lisbon Water Department are presented as of December 31, 2018 and for the year then ended. This represents the year end for the Town of Lisbon Water Department. 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 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 Lisbon, Maine as of June 30, 2019 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, pension and OPEB information on pages 4 through 15 and 91 through 104 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 Lisbon, 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, 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 the schedule of expenditures of federal awards 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, 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020, on our consideration of the Town of Lisbon, 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 Lisbon, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
March 31, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Lisbon, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

In accordance with generally accepted accounting principles, the Town presents two kinds of statements, each with a different snapshot of the Town's finances. The government-wide financial statements present financial information on the Town as a whole. The focus of the fund statements is on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town's accountability.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad view of the Town's finances, in a manner similar to private-sector businesses. The Statement of Net Position presents information on all of the Town's assets, deferred outflow of resources, liabilities and deferred inflows of resources with the aggregate difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. 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 cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type) activities. The governmental activities of the Town include general governmental, public safety, public works, public services, general assistance, education, TIF and unclassified. The business-type activities of the Town include the Lisbon Water Department. The government-wide financial statements can be found on pages 16 through 19 of this report.

## 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 Lisbon, like other local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Lisbon can be divided into three categories: governmental funds, business-type activities and fiduciary funds.

*Governmental funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

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 Lisbon presents six columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, education fund, loan program fund, treatment plant fund and school capital fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

The Town adopts an annual budget for its General Fund and Education Fund. Budgetary comparison schedules have been provided for the General Fund and Education Fund to demonstrate compliance with these budgets. The Town did not adopt any significant budget amendments for the fiscal year ended June 30, 2019.

*Proprietary Funds:* The Town of Lisbon maintains one proprietary fund, the water fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide

financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The proprietary fund financial statements can be found on pages 24 through 27 of this report.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Lisbon. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The Town maintains two fiduciary funds: an agency fund, which accounts for student activity funds at the individual schools and a private purpose trust fund, which accounts for scholarships. The fiduciary fund financial statements can be found on pages 28 and 29 of this report.

### **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 Changes in Net Position - Fiduciary Funds on pages 30 through 89 of this report.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Education Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Changes in Net OPEB Liability - MMEHT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT Plan, a Schedule of Changes in Net OPEB Liability - MEABT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, a Schedule of Proportionate Share of the Net OPEB Liability - Group Life - SET Plan, Schedule of Contributions - OPEB - Health Plans, Schedule of Contributions - OPEB - Group Life and Notes to Required Supplementary Information. Required supplementary information can be found on pages 91 through 104 of this report.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds and other detailed budgetary information for the general fund. The combining and other schedules can be found on pages 106 through 130 of this report.



## Financial Analysis of the Town as a Whole

The Town is presenting current and prior year comparative information in the Management's Discussion and Analysis to provide a means of analyzing its' financial condition and position as of June 30, 2019.

### Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities and business-type activities.

**Table 1**  
**Town of Lisbon, Maine**  
**Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>6/30/19</u>	<u>6/30/18 (Restated)</u>	<u>12/31/18</u>	<u>12/31/17 (Restated)</u>
<b>Assets:</b>				
Current Assets	\$ 9,248,799	\$ 7,819,493	\$ 1,341,658	\$ 1,227,534
Noncurrent Assets	25,832,688	26,146,045	5,864,176	5,914,089
Total Assets	<u>35,081,487</u>	<u>33,965,538</u>	<u>7,205,834</u>	<u>7,141,623</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	1,041,783	1,856,258	62,337	164,797
Deferred Outflows Related to OPEB	<u>160,415</u>	-	<u>4,616</u>	-
Total Deferred Outflows of Resources	<u>1,202,198</u>	<u>1,856,258</u>	<u>66,953</u>	<u>164,797</u>
<b>Liabilities:</b>				
Current Liabilities	3,544,552	3,446,196	299,870	327,084
Noncurrent Liabilities	<u>18,570,249</u>	<u>21,217,810</u>	<u>2,214,954</u>	<u>2,539,984</u>
Total Liabilities	<u>22,114,801</u>	<u>24,664,006</u>	<u>2,514,824</u>	<u>2,867,068</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	34,898	31,447	-	-
Regulatory Reserves	-	-	360,008	337,408
Deferred Inflows Related to Pensions	521,288	1,248,669	47,620	103,459
Deferred Inflows Related to OPEB	<u>155,956</u>	-	-	-
Total Deferred Inflows of Resources	<u>712,142</u>	<u>1,280,116</u>	<u>407,628</u>	<u>440,867</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	11,988,496	10,386,218	3,611,737	3,410,390
Restricted	1,273,880	1,223,283	-	-
Unrestricted	<u>194,366</u>	<u>(1,731,827)</u>	<u>738,598</u>	<u>588,095</u>
Total Net Position	<u>\$ 13,456,742</u>	<u>\$ 9,877,674</u>	<u>\$ 4,350,335</u>	<u>\$ 3,998,485</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Lisbon, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,456,742 at June 30, 2019 for the governmental activities.

The largest portion of the Town's net position (89.1%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town of Lisbon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position (9.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$155,420 and 1.4% of total net position) may be used to meet the Town's ongoing obligations to citizens and creditors. The Town is able to report positive balances in net position for the government as a whole, as well as for its separate governmental activities for the fiscal year ended June 30, 2019.

The Town's governmental net position increased \$3,579,068 during the fiscal year ended June 30, 2019. Governmental current assets increased \$1,429,306 which reflects increases in cash and cash equivalents balances. Noncurrent assets decreased \$313,357 reflecting purchases of \$1,375,994 and depreciation expense of \$1,689,351. Noncurrent liabilities decreased by \$2,647,561. Restricted net position increased by \$50,597 and unrestricted net position increased \$1,926,193.

The Town's total business-type net position increased by \$351,850 from \$3,998,485 to \$4,350,335. Unrestricted net position for business-type activities increased to a balance of \$738,598.

For more detailed information, see the Statement of Net Position on page 16 and 17.

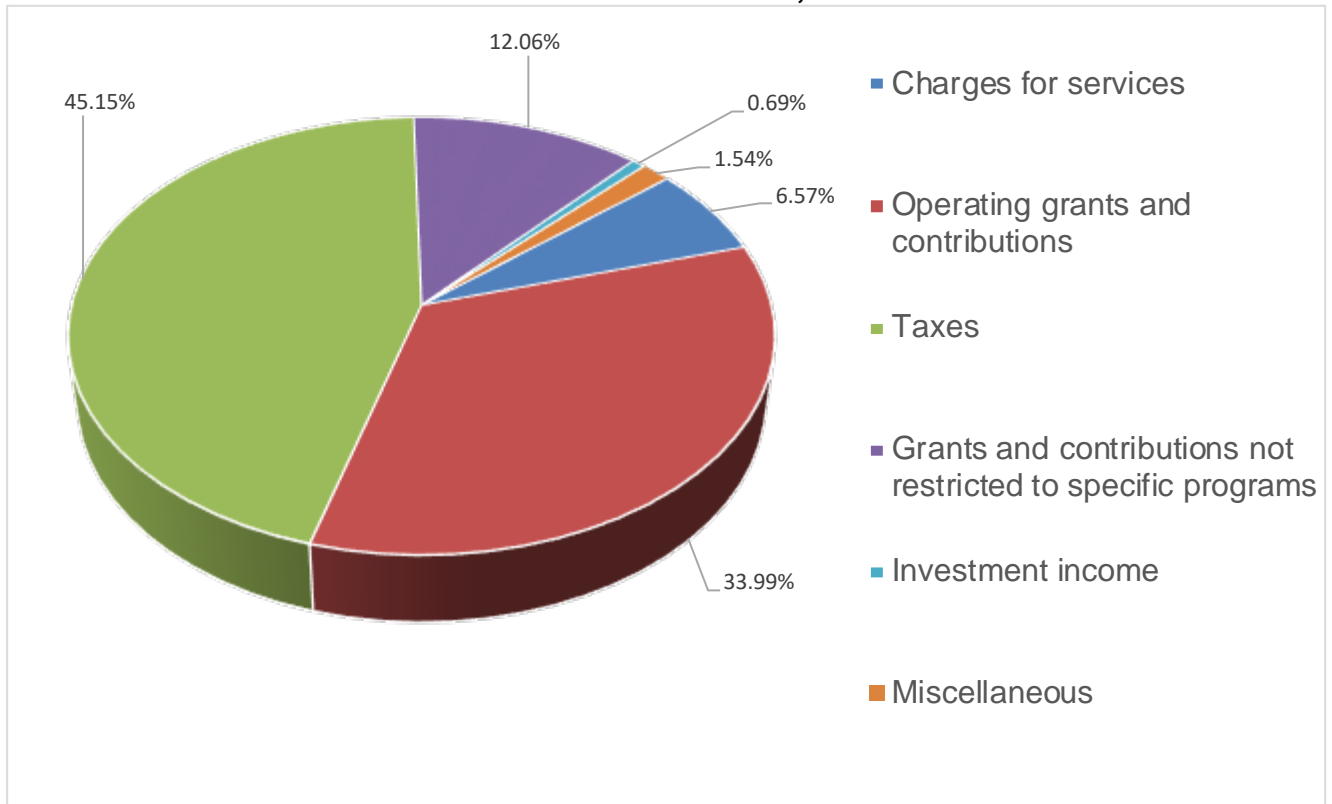
### **Revenues and Expenses**

The following table summarizes the revenues and expenses of the Town's activities:

**Table 2**  
**Town of Lisbon, Maine**  
**Changes in Net Position**  
**For the Years Ended**

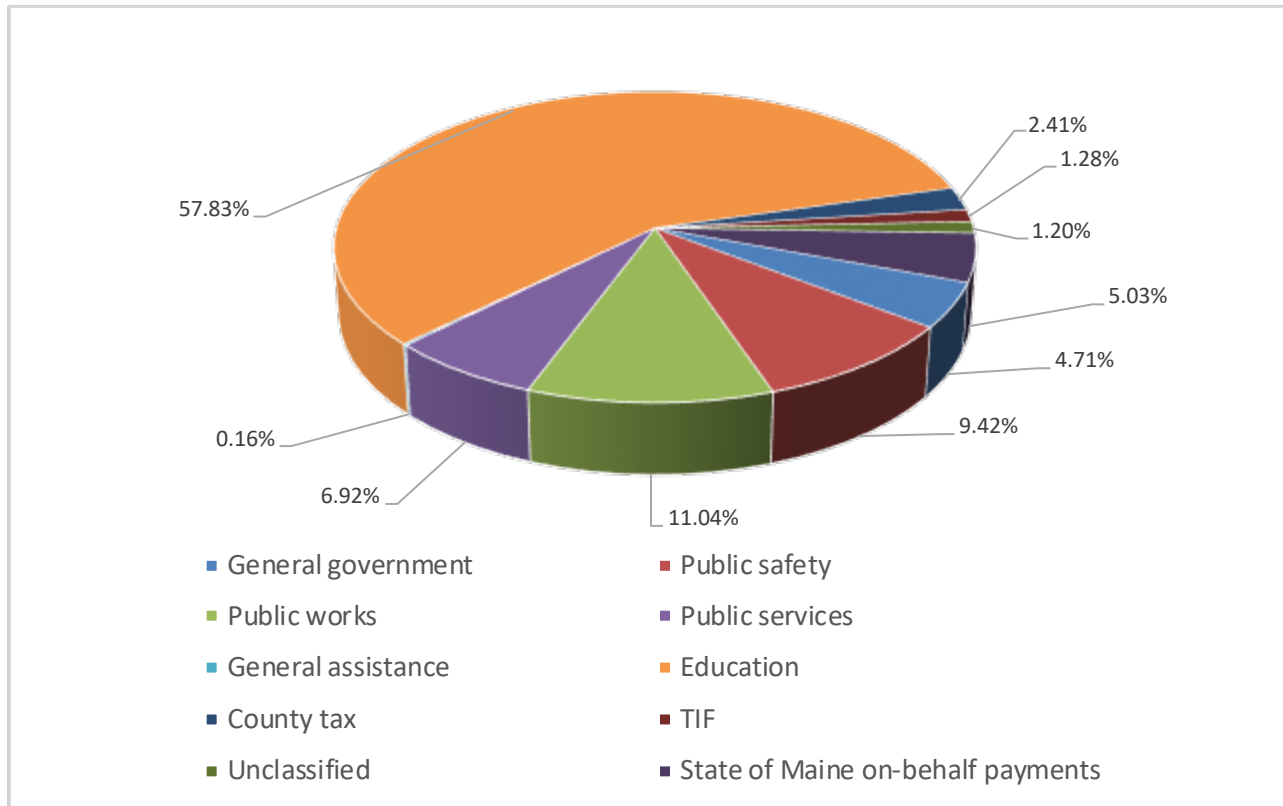
	Governmental Activities		Business-type Activities	
	6/30/19	6/30/18	12/31/18	12/31/17
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 2,145,502	\$ 1,898,431	\$ 1,251,771	\$ 1,026,863
Operating grants and contributions	11,098,913	10,822,704	-	-
<i>General Revenues:</i>				
Taxes	14,742,219	13,590,144	-	-
Grants and contributions not restricted to specific programs	3,937,265	3,406,905	-	-
Investment income	226,442	85,147	-	-
Miscellaneous	502,800	372,830	95,767	76,680
Total Revenues	<u>32,653,141</u>	<u>30,176,161</u>	<u>1,347,538</u>	<u>1,103,543</u>
<b>Expenses</b>				
General government	1,370,217	1,723,344	-	-
Public safety	2,740,094	2,331,199	-	-
Public works	3,210,584	4,472,281	-	-
Public services	2,010,575	980,146	-	-
General assistance	44,979	41,258	-	-
Education	16,814,399	16,658,645	-	-
County tax	699,623	639,459	-	-
TIF	370,780	411,577	-	-
Unclassified	349,208	892,818	-	-
Water department	-	-	995,688	981,095
State of Maine on-behalf payments	1,463,614	1,609,622	-	-
Capital outlay	-	1,197,488	-	-
Total Expenses	<u>29,074,073</u>	<u>30,957,837</u>	<u>995,688</u>	<u>981,095</u>
Change in Net Position	3,579,068	(781,676)	351,850	122,448
Net Position - Restated	<u>9,877,674</u>	<u>10,659,350</u>	<u>3,998,485</u>	<u>3,876,037</u>
Net Position	<u>\$ 13,456,742</u>	<u>\$ 9,877,674</u>	<u>\$ 4,350,335</u>	<u>\$ 3,998,485</u>

**Town of Lisbon, Maine  
Revenues Pie Chart  
For the Year Ended June 30, 2019**



Charges for services are primarily comprised of police and dispatch, animal control and solid waste services. Taxes of \$14,742,219 increased \$1,152,075 during fiscal year 2019 from the period ending June 30, 2018. Operating grants and contributions are primarily comprised of school subsidies, which are the second largest revenue source in the Education Fund.

**Town of Lisbon, Maine  
Expenses Pie Chart  
For the Year Ended June 30, 2019**



The Town's expenses totaled \$29,074,073 for fiscal year ended June 30, 2019 as compared to \$30,957,837 for the period ended June 30, 2018. Education accounts for the majority of expenses representing 57.83% of the total for fiscal year 2019. Public safety expenses related to the operations of the Police Department and Fire Department accounted for 9.42% of the total and Public Works expenses accounted for 11.04% of the total.

Revenues for the Department's water activities increased by \$243,995, while total expenses increased by \$14,593. The increase in revenues was primarily due to an increase in charges for services. Expenses increased primarily due to increases in contractual services and materials and supplies, which were partially offset by a decrease in salaries and benefits.

**Financial Analysis of the Town's Fund Statements**

For the fiscal year ended June 30, 2019, the governmental funds had a combined fund balance of \$7,304,648. This reflects an increase from the prior year fund balance of \$5,991,582. The General Fund, which is the main operating fund of the Town of Lisbon, reported a current year decrease of \$161,799 in fund balance. The other major fund balances increased by \$848,971. The nonmajor fund balances increased by \$625,894. General fund revenues of \$17,905,712 were \$226,851 higher than budgeted amounts. Property taxes of \$13,045,879 were \$376 lower than

budgeted amounts. Excise tax revenues of \$1,700,200 were \$121,200 greater than budgeted amounts with stronger than anticipated automobile sales.

The Town's operating expenditures of \$9,999,852 were \$424,222 less than budgeted amounts. The Town has continued its efforts to reduce expenditures wherever possible throughout the year. General government expenditures of \$1,627,685 were \$112,702 lower than budgeted amounts. Public safety expenditures of \$2,587,488 were under budget by \$162,632. Public works expenditures of \$2,557,720 exceeded the budget by \$23,716.

*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 water fund had an operating income for the current year of \$357,018.

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

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 18,797	\$ 6,043
Restricted	-	421,071
Assigned	103,445	384,909
Unassigned	2,518,020	1,990,038
Total General Fund	<u>2,640,262</u>	<u>2,802,061</u>
Education Fund:		
Restricted	-	125,484
Assigned	118,211	-
Unassigned	412,913	-
Loan Program:		
Nonspendable	347,420	376,535
Committed	633,322	588,229
Treatment Plant Fund:		
Committed	1,403,876	958,255
School Capital Fund:		
Committed	31,775	50,043
Total Major Funds	<u>\$ 5,587,779</u>	<u>\$ 4,900,607</u>

Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ 13,241	\$ 16,997
Restricted	612,577	345,906
Committed	488,004	687,949
Assigned	32,692	25,847
Unassigned	(25,126)	(23,425)
Capital Projects Funds:		
Committed	567,500	10,000
Permanent Funds:		
Nonspendable	1,118	1,118
Restricted	26,863	26,583
Total Nonmajor Funds	<u>\$ 1,716,869</u>	<u>\$ 1,090,975</u>

### Capital Asset and Long-term Obligations Administration

#### Capital Assets

As of June 30, 2019, the net book value of governmental-type capital assets recorded by the Town decreased by \$313,357. This decrease was a result of capital additions of \$1,375,994 less current year depreciation expense of \$1,689,351. The net book value of business-type capital assets as of June 30, 2019 decreased by \$49,913. This decrease was a result of capital additions of \$140,475 less current year depreciation expense of \$190,388.

**Table 4**  
**Town of Lisbon, Maine**  
**Capital Assets (Net of Depreciation)**

	Governmental Activities	
	<u>6/30/19</u>	<u>6/30/18</u> (Restated)
Land and improvements	\$ 1,455,310	\$ 1,481,142
Construction in progress	874,206	-
Buildings and improvements	13,662,975	14,417,778
Equipment and vehicles	2,315,470	2,620,797
Infrastructure	7,524,727	7,626,328
Total	<u>\$ 25,832,688</u>	<u>\$ 26,146,045</u>
	Business-type Activities	
	<u>12/31/18</u>	<u>12/31/17</u>
Water fund	\$ 5,864,176	\$ 5,914,089
Total	<u>\$ 5,864,176</u>	<u>\$ 5,914,089</u>

## Long-term Obligations

As of June 30, 2019, the Town had a total of \$20,440,157 of long-term obligations outstanding. Of this amount, \$11,597,204 is in the form of general obligation bonds that are backed by the full faith and credit of the Town government. Normally, the debt service on the general obligation bonds is paid with a component of the property tax levy. Typically, the School Department enjoys a shared cost of debt service with the State of Maine for any project that the State of Maine deems to be necessary as approved by the State Board of Education and the Commissioner of the Department of Education.

Included in the notes from direct borrowings payable outstanding at the end of 2019 are two Qualified Energy Conservation Bond leases for Municipal Government operations and School Department operations amounting to \$688,402 and \$1,365,594 for the School Department. The proceeds of these tax favored bond issues were used to pay for capital costs related to energy savings improvements in Town and School Buildings.

**Table 5**  
**Town of Lisbon, Maine**  
**Bonded and Similar Indebtedness**

	Governmental Activities		Business-type Activities	
	6/30/19	6/30/18 (Restated)	12/31/18	12/31/17 (Restated)
General obligation bonds	\$ 11,597,204	\$ 13,101,433	\$ 2,252,439	\$ 2,503,699
Notes from direct borrowings payable	2,246,988	2,658,394	-	-
Accrued compensated absences	594,391	482,643	14,962	22,504
Net pension liability	2,062,064	2,837,477	156,459	245,859
Net OPEB liability	3,939,510	4,045,940	48,845	41,686
Total	<u>\$ 20,440,157</u>	<u>\$ 23,125,887</u>	<u>\$ 2,472,705</u>	<u>\$ 2,813,748</u>

In Maine, a municipality may not incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7 1/2% of its last full state valuation, or any lower percentage or amount that the citizens of the Town may set by Charter or Ordinance. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm or sanitary sewer purposes to an amount outstanding at any time not exceeding 7 1/2% of its last full state valuation, or any lower percentage or amount that the citizens of the Town may set by Charter or Municipal Ordinance. Municipalities may set for municipal airport and special district purposes an amount outstanding at any time



not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set. However, in no case may a municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality self-imposes.

However, the Town has a self-imposed debt limit of 5% of the assessed value of taxable property in the Town (\$484,098,100). Per the Town's revenue policy, long term debt will only be used to finance long-lived capital and operating assets.

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

The financial results for the year ended June 30, 2019 as outlined in the above discussion and analysis, continue to show slight improvement from prior years, which is indicative of the economic stabilization and spotty growth occurring in the local and state economy. Economic improvement is expected to continue into the second half of 2019 as retail, housing and public revenue sectors show signs of growth. Stability in real estate and personal property tax and excise taxes are expected to continue. State aid for education is expected to decrease. The Town Council continues to emphasize a disciplined and strategic allocation of resources and fiscal prudence to ensure Lisbon's long-term financial sustainability. The Town's ongoing management of its finances has enabled the Town to meet its financial obligations while adding to the Town's Fund Balance. The Town's general credit ratings have remained stable. Although general government's expenditure budget has remained austere, the employees continue to strive to provide Lisbon's citizens with above average services.

Significant factors considered in preparing the Town's budget for the next fiscal year include the following:

- The primary revenue, real estate and personal property taxes are expected to remain flat. Requested increases in the general government budget and school department budget will continue to be constrained by nearly flat resources.

### **Contacting the Town's Financial Management**

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 Town Finance Department at 300 Lisbon Street, Lisbon, Maine 04250.

## TOWN OF LISBON, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,573,613	\$ 651,418	\$ 7,225,031
Investments	1,241,253	-	1,241,253
Note receivable	347,420	-	347,420
Accounts receivable (net of allowance for uncollectibles):			
Taxes	34,824	-	34,824
Liens	316,639	-	316,639
Other	632,289	79,428	711,717
Accrued revenue	-	156,913	156,913
Prepaid items	18,797	8,415	27,212
Due from other governments	70,723	-	70,723
Inventory	13,241	43,229	56,470
Total current assets	<u>9,248,799</u>	<u>939,403</u>	<u>10,188,202</u>
Noncurrent assets:			
Capital assets			
Land and other assets not being depreciated	1,922,781	140,123	2,062,904
Buildings, equipment, vehicles and infrastructure, net of accumulated depreciation	<u>23,909,907</u>	<u>5,724,053</u>	<u>29,633,960</u>
Total noncurrent assets	<u>25,832,688</u>	<u>5,864,176</u>	<u>31,696,864</u>
Other assets:			
Restricted cash	-	402,255	402,255
Total other assets	<u>-</u>	<u>402,255</u>	<u>402,255</u>
<b>TOTAL ASSETS</b>	<u>35,081,487</u>	<u>7,205,834</u>	<u>42,287,321</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,041,783	62,337	1,104,120
Deferred outflows related to OPEB	<u>160,415</u>	<u>4,616</u>	<u>165,031</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,202,198</u>	<u>66,953</u>	<u>1,269,151</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 36,283,685</u>	<u>\$ 7,272,787</u>	<u>\$ 43,556,472</u>

## STATEMENT A (CONTINUED)

## TOWN OF LISBON, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 126,467	\$ 12,370	\$ 138,837
Customer deposits	-	361	361
Payroll related liabilities	1,528,837	18,558	1,547,395
Accrued interest	-	10,830	10,830
Due to other governments	19,340	-	19,340
Current portion of long-term obligations	1,869,908	257,751	2,127,659
Total current liabilities	<u>3,544,552</u>	<u>299,870</u>	<u>3,844,422</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	10,091,519	1,998,428	12,089,947
Notes from direct borrowings payable	2,031,363	-	2,031,363
Accrued compensated absences	445,793	11,222	457,015
Net pension liability	2,062,064	156,459	2,218,523
Net OPEB liability	3,939,510	48,845	3,988,355
Total noncurrent liabilities	<u>18,570,249</u>	<u>2,214,954</u>	<u>20,785,203</u>
<b>TOTAL LIABILITIES</b>	<u>22,114,801</u>	<u>2,514,824</u>	<u>24,629,625</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	34,898	-	34,898
Regulatory reserves	-	360,008	360,008
Deferred inflows related to pensions	521,288	47,620	568,908
Deferred inflows related to OPEB	155,956	-	155,956
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>712,142</u>	<u>407,628</u>	<u>1,119,770</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,988,496	3,611,737	15,600,233
Restricted	1,273,880	-	1,273,880
Unrestricted	194,366	738,598	932,964
<b>TOTAL NET POSITION</b>	<u>13,456,742</u>	<u>4,350,335</u>	<u>17,807,077</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 36,283,685</u>	<u>\$ 7,272,787</u>	<u>\$ 43,556,472</u>

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

## TOWN OF LISBON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business - type Activities	Total
Governmental activities:							
General government	\$ 1,370,217	\$ 66,983	\$ -	\$ -	\$ (1,303,234)	\$ -	\$ (1,303,234)
Public safety	2,740,094	152,136	-	-	(2,587,958)	-	(2,587,958)
Public works	3,210,584	1,414,503	97,724	-	(1,698,357)	-	(1,698,357)
Public services	2,010,575	318,877	-	-	(1,691,698)	-	(1,691,698)
General assistance	44,979	-	11,510	-	(33,469)	-	(33,469)
Education	16,814,399	193,003	9,526,065	-	(7,095,331)	-	(7,095,331)
County tax	699,623	-	-	-	(699,623)	-	(699,623)
TIF	370,780	-	-	-	(370,780)	-	(370,780)
Unclassified	349,208	-	-	-	(349,208)	-	(349,208)
State of Maine on-behalf payments	1,463,614	-	1,463,614	-	-	-	-
Total governmental activities	<u>29,074,073</u>	<u>2,145,502</u>	<u>11,098,913</u>	<u>-</u>	<u>(15,829,658)</u>	<u>-</u>	<u>(15,829,658)</u>
Business-type activities:							
Water fund	995,688	1,251,771	-	-	-	256,083	256,083
Total business-type activities	<u>995,688</u>	<u>1,251,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,083</u>	<u>256,083</u>
Total government	<u>\$ 30,069,761</u>	<u>\$ 3,397,273</u>	<u>\$ 11,098,913</u>	<u>\$ -</u>	<u>(15,829,658)</u>	<u>256,083</u>	<u>(15,573,575)</u>

## STATEMENT B (CONTINUED)

## TOWN OF LISBON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(15,829,658)</u>	<u>256,083</u>	<u>(15,573,575)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	13,022,143	-	13,022,143
In Lieu of taxes	19,876	-	19,876
Excise taxes	1,700,200	-	1,700,200
Grants and contributions not restricted to specific programs	3,937,265	-	3,937,265
Investment income	226,442	9,289	235,731
Miscellaneous	502,800	86,478	589,278
Total general revenues	<u>19,408,726</u>	<u>95,767</u>	<u>19,504,493</u>
Change in net position	3,579,068	351,850	3,930,918
NET POSITION - JULY 1, RESTATED	<u>9,877,674</u>	<u>3,998,485</u>	<u>13,876,159</u>
NET POSITION - JUNE 30	<u>\$ 13,456,742</u>	<u>\$ 4,350,335</u>	<u>\$ 17,807,077</u>

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

## TOWN OF LISBON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Education Fund	Loan Program Fund	Treatment Plant Fund	School Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,287,080	\$ 677,731	\$ 526,813	\$ -	\$ -	\$ 81,989	\$ 6,573,613
Investments	852,398	-	388,855	-	-	-	1,241,253
Accounts receivable (net of allowance for uncollectibles):							
Taxes	34,824	-	-	-	-	-	34,824
Liens	316,639	-	-	-	-	-	316,639
Other	272,046	-	-	360,243	-	-	632,289
Notes, net of allowance	-	-	347,420	-	-	-	347,420
Due from other governments	-	-	-	-	-	70,723	70,723
Prepaid items	18,797	-	-	-	-	-	18,797
Inventory	-	-	-	-	-	13,241	13,241
Due from other funds	283,890	1,237,545	-	1,043,633	31,775	1,721,476	4,318,319
<b>TOTAL ASSETS</b>	<b>\$ 7,065,674</b>	<b>\$ 1,915,276</b>	<b>\$ 1,263,088</b>	<b>\$ 1,403,876</b>	<b>\$ 31,775</b>	<b>\$ 1,887,429</b>	<b>\$ 13,567,118</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 68,114	\$ 2,054	\$ -	\$ -	\$ -	\$ 56,299	\$ 126,467
Accrued payroll and related items	146,739	1,382,098	-	-	-	-	1,528,837
Due to other governments	19,340	-	-	-	-	-	19,340
Due to other funds	3,921,712	-	282,346	-	-	114,261	4,318,319
<b>TOTAL LIABILITIES</b>	<b>4,155,905</b>	<b>1,384,152</b>	<b>282,346</b>	<b>-</b>	<b>-</b>	<b>170,560</b>	<b>5,992,963</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Prepaid taxes	34,898	-	-	-	-	-	34,898
Deferred revenue - property taxes	234,609	-	-	-	-	-	234,609
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>269,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269,507</b>
<b>FUND BALANCES</b>							
Nonspendable - prepaid items, notes receivable, inventory and principal	18,797	-	347,420	-	-	14,359	380,576
Restricted	-	-	633,322	-	-	639,440	1,272,762
Committed	-	-	-	1,403,876	31,775	1,055,504	2,491,155
Assigned	103,445	118,211	-	-	-	32,692	254,348
Unassigned	2,518,020	412,913	-	-	-	(25,126)	2,905,807
<b>TOTAL FUND BALANCES</b>	<b>2,640,262</b>	<b>531,124</b>	<b>980,742</b>	<b>1,403,876</b>	<b>31,775</b>	<b>1,716,869</b>	<b>7,304,648</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,065,674</b>	<b>\$ 1,915,276</b>	<b>\$ 1,263,088</b>	<b>\$ 1,403,876</b>	<b>\$ 31,775</b>	<b>\$ 1,887,429</b>	<b>\$ 13,567,118</b>

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

## TOWN OF LISBON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 7,304,648
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	25,832,688
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	234,609
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	1,041,783
OPEB	160,415
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(11,597,204)
Notes from direct borrowings payable	(2,246,988)
Accrued compensated absences	(594,391)
Net pension liability	(2,062,064)
Net OPEB liability	(3,939,510)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	(521,288)
OPEB	<u>(155,956)</u>
Net position of governmental activities	<u><u>\$ 13,456,742</u></u>

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

## TOWN OF LISBON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Education Fund	Loan Program Fund	Treatment Plant Fund	School Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes:							
Property	\$ 13,045,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,045,879
In lieu of taxes	19,876	-	-	-	-	-	19,876
Excise	1,700,200	-	-	-	-	-	1,700,200
Licenses and permits	66,983	-	-	-	-	-	66,983
Intergovernmental	2,255,819	10,364,708	-	-	-	1,790,680	14,411,207
Investment income	61,336	-	-	-	-	10,363	71,699
Interest income	65,313	53,999	35,431	-	-	-	154,743
Charges for services	580,099	-	-	1,305,417	-	193,003	2,078,519
Other income	162,610	98,443	2,887	-	-	238,860	502,800
<b>TOTAL REVENUES</b>	<b>17,958,115</b>	<b>10,517,150</b>	<b>38,318</b>	<b>1,305,417</b>	<b>-</b>	<b>2,232,906</b>	<b>32,051,906</b>
<b>EXPENDITURES</b>							
Current:							
General government	1,627,685	-	-	-	-	201,536	1,829,221
Public safety	2,587,488	-	-	-	-	-	2,587,488
Public works	2,557,720	-	-	859,796	-	27,516	3,445,032
Public services	938,283	-	22,340	-	-	1,049,952	2,010,575
General assistance	44,979	-	-	-	-	-	44,979
Education	-	16,366,142	-	-	-	1,218,605	17,584,747
County tax	699,623	-	-	-	-	-	699,623
TIF	370,780	-	-	-	-	-	370,780
Unclassified	349,208	-	-	-	-	-	349,208
State of Maine on-behalf payments	-	838,643	-	-	-	-	838,643
Capital outlay	535,815	-	-	-	-	-	535,815
Debt service - Town	343,229	-	-	-	99,500	-	442,729
<b>TOTAL EXPENDITURES</b>	<b>10,054,810</b>	<b>17,204,785</b>	<b>22,340</b>	<b>859,796</b>	<b>99,500</b>	<b>2,497,609</b>	<b>30,738,840</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,903,305</b>	<b>(6,687,635)</b>	<b>15,978</b>	<b>445,621</b>	<b>(99,500)</b>	<b>(264,703)</b>	<b>1,313,066</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	7,214,275	-	-	121,000	1,075,597	8,410,872
Transfers (out)	(8,065,104)	(121,000)	-	-	(39,768)	(185,000)	(8,410,872)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(8,065,104)</b>	<b>7,093,275</b>	<b>-</b>	<b>-</b>	<b>81,232</b>	<b>890,597</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(161,799)</b>	<b>405,640</b>	<b>15,978</b>	<b>445,621</b>	<b>(18,268)</b>	<b>625,894</b>	<b>1,313,066</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>2,802,061</b>	<b>125,484</b>	<b>964,764</b>	<b>958,255</b>	<b>50,043</b>	<b>1,090,975</b>	<b>5,991,582</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,640,262</b>	<b>\$ 531,124</b>	<b>\$ 980,742</b>	<b>\$ 1,403,876</b>	<b>\$ 31,775</b>	<b>\$ 1,716,869</b>	<b>\$ 7,304,648</b>

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



## TOWN OF LISBON, 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 E)	<u>\$ 1,313,066</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	1,375,994
Depreciation expense	<u>(1,689,351)</u>
	<u>(313,357)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(23,736)</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:	
Pensions	(814,475)
OPEB	<u>160,415</u>
	<u>(654,060)</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>1,915,635</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:	
Pensions	727,381
OPEB	<u>(155,956)</u>
	<u>571,425</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(111,748)
Net pension liability	775,413
Net OPEB liability	<u>106,430</u>
	<u>770,095</u>
Change in net position of governmental activities (Statement B)	<u>\$ 3,579,068</u>

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

## TOWN OF LISBON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2018

	Enterprise Funds
	<u>Water Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 651,418
Accounts receivable (net of allowance for uncollectibles)	79,428
Accrued revenue	156,913
Inventory	43,229
Prepaid items	8,415
Total current assets	<u>939,403</u>
Noncurrent assets:	
Capital assets:	
Property, plant and equipment	<u>9,164,851</u>
Total capital assets	9,164,851
Less: accumulated depreciation	<u>(3,300,675)</u>
Total noncurrent assets	<u>5,864,176</u>
Other assets:	
Restricted cash	<u>402,255</u>
Total other assets	<u>402,255</u>
<b>TOTAL ASSETS</b>	<u>7,205,834</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	62,337
Deferred outflows related to OPEB	4,616
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>66,953</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 7,272,787</u>

STATEMENT G (CONTINUED)  
TOWN OF LISBON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2018

	Enterprise Funds <hr/> Water Fund <hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 12,370
Customer deposits	361
Accrued interest	10,830
Accrued payroll	18,558
Current portion of long-term obligations	3,740
Total current liabilities	<hr/> 45,859 <hr/>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,998,428
Accrued compensated absences	11,222
Net pension liability	156,459
Net OPEB liability	48,845
Total noncurrent liabilities	<hr/> 2,214,954 <hr/>
<b>TOTAL LIABILITIES</b>	<hr/> 2,260,813 <hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Regulatory reserves	360,008
Deferred inflows related to pensions	47,620
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<hr/> 407,628 <hr/>
<b>NET POSITION</b>	
Net investment in capital assets	3,611,737
Unrestricted	738,598
<b>TOTAL NET POSITION</b>	<hr/> 4,350,335 <hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<hr/> \$ 7,018,776 <hr/>

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

## TOWN OF LISBON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds
	<u>Water Fund</u>
OPERATING REVENUES	
Residential	\$ 708,412
Commercial	92,045
Industrial	6,765
Public Authorities	30,831
Public Fire Protection	385,933
Private Fire Protection	27,785
Miscellaneous income	33,326
TOTAL OPERATING REVENUES	<u>1,285,097</u>
OPERATING EXPENSES	
Salaries and benefits	456,848
Power	41,353
Materials and supplies	56,238
Contractual services	135,176
Transportation	7,751
Insurance	20,699
Dues and fees	13,912
Depreciation	190,388
Miscellaneous expenses	5,714
TOTAL OPERATING EXPENSES	<u>928,079</u>
OPERATING INCOME (LOSS)	<u>357,018</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	9,289
Rental income	53,152
Interest expense	(67,609)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(5,168)</u>
CHANGE IN NET POSITION	351,850
NET POSITION - JANUARY 1, RESTATED	<u>3,998,485</u>
NET POSITION - DECEMBER 31	<u><u>\$ 4,350,335</u></u>

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

## TOWN OF LISBON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds <u>Water Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,196,454
Other receipts	33,326
Payments to employees	(501,292)
Payments to suppliers	(261,212)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>467,276</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(140,475)
Principal paid on capital debt	(251,260)
Interest paid on capital debt	(70,112)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(461,847)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	9,289
Rental income	53,152
(Increase) decrease in restricted cash	(2,726)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>59,715</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	65,144
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	<u>586,274</u>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31</b>	<u><u>\$ 651,418</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 357,018
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	190,388
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(13,723)
(Increase) decrease in accrued revenue	(37,001)
(Increase) decrease in inventory	8,406
(Increase) decrease in prepaid items	(3,936)
(Increase) decrease in deferred outflows related to pensions	102,460
(Increase) decrease in deferred outflows related to OPEB	(4,616)
Increase (decrease) in accounts payable	(7,439)
Increase (decrease) in customer deposits	(4,593)
Increase (decrease) in accrued payroll	3,334
Increase (decrease) in net pension liability	(89,400)
Increase (decrease) in net OPEB liability	7,159
Increase (decrease) in accrued compensated absences	(7,542)
Increase (decrease) in regulatory reserves	22,600
Increase (decrease) in deferred inflows related to pensions	(55,839)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 467,276</u></u>

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

## TOWN OF LISBON, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>Agency Funds</u> Student Activities	<u>Private- purpose Trust Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 172,880	\$ 105,870
Investments	-	40,117
<b>TOTAL ASSETS</b>	<u>\$ 172,880</u>	<u>\$ 145,987</u>
<b>LIABILITIES</b>		
Held on behalf of others	\$ 172,880	\$ -
<b>TOTAL LIABILITIES</b>	<u>\$ 172,880</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted - held in trust		<u>\$ 145,987</u>

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

## TOWN OF LISBON, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Private- purpose Trust
ADDITIONS	
Contributions	\$ 7,028
Investment earnings	1,020
TOTAL ADDITIONS	<u>8,048</u>
DEDUCTIONS	
Scholarships	<u>8,400</u>
TOTAL DEDUCTIONS	<u>8,400</u>
CHANGE IN NET POSITION	(352)
NET POSITION - JULY 1	<u>146,339</u>
NET POSITION - JUNE 30	<u><u>\$ 145,987</u></u>

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Lisbon, Maine was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government, public safety, public works, public services, general assistance, 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.

All funds of the Town, with the exception of the Town of Lisbon Water Department, are reported as of and for the fiscal year ended June 30, 2019. December 31<sup>st</sup> is the year-end of the Water Department and the last separate financial statements were as of and for the year ended December 31, 2018. The amounts included in the Town's 2019 financial statements for the Water Department are as of and for the year ended December 31, 2018.

**Implementation of New Accounting Standards**

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities.



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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. All other activities of the Town are categorized as governmental. The Town's Water Department is categorized as a business-type activity.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

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

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

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:

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Education Fund is used to account for financial resources to be used for education by the School Department.
- c. The Loan Program Fund is used to account for financial resources to be used for various community loan programs.
- d. The Treatment Plant Fund is used to account for financial resources to be used for sewer operations.
- e. The School Capital Fund is used to account for financial resources to be used for the acquisition or construction of major school capital facilities or equipment.

Nonmajor Funds:

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

**Basis of Accounting**

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 16,892,782
Add: On-behalf payments	<u>838,643</u>
Total GAAP basis	<u>\$ 17,731,425</u>
Expenditures per budgetary basis	\$ 16,487,142
Add: On-behalf payments	<u>838,643</u>
Total GAAP basis	<u>\$ 17,325,785</u>

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Town Council 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.
4. The Town does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Lisbon has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies, local businesses and an intermediary relending program. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$1,129,860 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$247,249 as of June 30, 2019.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The school lunch fund inventory consists of school nutrition supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

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).

Inventory of the Lisbon Water Department consists of various water materials and supplies.

**Prepaid Items**

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of governmental activities.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Estimated useful lives are as follows:

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

**Restricted Cash**

As a condition of the 2010 and 2014 bond issues from the Maine Municipal Bond Bank, the proceeds must be spent on approved capital projects or be used to pay annual principal payments on the bond. As of December 31, 2018, cash received from the bond issues by the Lisbon Water Department totaling \$402,255 was unspent and restricted.

**Long-term Obligations**

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

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



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 Maine Public Employees Retirement System Participating Local District (PLD) Consolidated Plan and State Employee and Teacher (SET) Plan and additions to/deductions from the PLD Consolidated and SET Plans' fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated and SET Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OPEB**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

For purposes of measuring the total 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 Education Association Benefits Trust (MEABT), which determined the School's fiduciary net position as a single employer defined benefit plan based on information provided solely by MEABT to complete the actuarial report. Additions to/deductions from the MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

For purposes of measuring the net 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 State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET 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.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

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

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

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

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

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Regulatory reserves, deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town's property tax for the current year was levied August 13, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due in two installments on September 17, 2018 and March 15, 2019. Interest on unpaid taxes commenced on September 18, 2018 and March 16, 2019, at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$132,676 for the year ended June 30, 2019.

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

**Program Revenues**

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

**Operating/Nonoperating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town 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, 2019, the Town's cash balances amounting to \$7,906,036 were comprised of bank deposits of \$7,971,532. Of these bank deposits, all were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk,

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 223,194
Savings accounts	96,018
Sweep accounts	5,797,580
Cash equivalents	1,854,740
	<u>\$ 7,971,532</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**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 have a policy for custodial credit risk for investments, but the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

Of the Town's investments of \$1,281,370, all were fully covered by federal depository insurance and consequently was not exposed to custodial credit risk.

At June 30, 2019, the Town has the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>
Certificates of Deposit	<u>\$ 1,281,370</u>	<u>\$ -</u>	<u>\$ 1,276,260</u>	<u>\$ 5,110</u>

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

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 283,890	\$ 3,921,712
Education Fund	1,237,545	-
Loan Program	-	282,346
Treatment Plant Fund	1,043,633	-
School Capital Fund	31,775	-
Nonmajor Special Revenue Funds	1,153,976	114,261
Nonmajor Capital Projects Funds	567,500	-
	<u>\$ 4,318,319</u>	<u>\$ 4,318,319</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	<u>Balance 7/1/2018 (Restated)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/19</u>
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 1,048,575	\$ -	\$ -	\$ 1,048,575
Construction in progress	-	874,206	-	874,206
	<u>1,048,575</u>	<u>874,206</u>	<u>-</u>	<u>1,922,781</u>
Depreciated assets:				
Land improvements	500,203	-	-	500,203
Buildings and improvements	31,336,858	-	-	31,336,858
Equipment and vehicles	8,759,508	102,612	-	8,862,120
Infrastructure	22,010,309	399,176	-	22,409,485
	<u>62,606,878</u>	<u>501,788</u>	<u>-</u>	<u>63,108,666</u>
Less: accumulated depreciation	<u>(37,509,408)</u>	<u>(1,689,351)</u>	<u>-</u>	<u>(39,198,759)</u>
	<u>25,097,470</u>	<u>(1,187,563)</u>	<u>-</u>	<u>23,909,907</u>
Net capital assets	<u>\$ 26,146,045</u>	<u>\$ (313,357)</u>	<u>\$ -</u>	<u>\$ 25,832,688</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$	133,884
Education		687,037
Public safety		152,606
Public works including infrastructure		715,824
Total depreciation expenses	\$	<u>1,689,351</u>

	<u>Balance,</u> <u>1/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>12/31/18</u>
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ 94,002	\$ -	\$ -	\$ 94,002
Construction in progress	49,178	5,443	(8,500)	46,121
	<u>143,180</u>	<u>5,443</u>	<u>(8,500)</u>	<u>140,123</u>
Depreciated assets:				
Structures and improvements	1,570,387	-	-	1,570,387
Wells and springs	220,805	-	-	220,805
Pumping equipment	579,001	4,000	(4,442)	578,559
Water treatment equipment	874,332	13,634	(8,500)	879,466
Reservoir	159,421	-	-	159,421
Mains	4,024,507	32,602	(1,000)	4,056,109
Services	550,123	16,975	(6,000)	561,098
Meters	301,871	18,061	(9,500)	310,432
Hydrants	323,503	-	-	323,503
Office furniture and fixtures	12,533	3,700	(2,786)	13,447
Transportation	81,973	44,950	-	126,923
Tools and shop equipment	22,748	9,610	(11,487)	20,871
Laboratory	4,347	-	-	4,347
Power operated equipment	41,120	-	-	41,120
Communications equipment	143,500	-	-	143,500
Miscellaneous equipment	14,740	-	-	14,740
	<u>8,924,911</u>	<u>143,532</u>	<u>(43,715)</u>	<u>9,024,728</u>
Less: accumulated depreciation	<u>(3,154,002)</u>	<u>(190,388)</u>	<u>43,715</u>	<u>(3,300,675)</u>
Net capital assets	<u>5,770,909</u>	<u>(46,856)</u>	<u>-</u>	<u>5,724,053</u>
Total net capital assets	<u>\$ 5,914,089</u>	<u>\$ (41,413)</u>	<u>\$ (8,500)</u>	<u>\$ 5,864,176</u>



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2019:

	Balance 7/1/18	Additions	Reductions	Balance 6/30/19
Bond anticipation note	\$ -	\$ 874,206	\$ -	\$ 874,206

On May 15, 2018, the Town issued a bond anticipation note for up to \$6,543,000 at a fixed interest rate of 2.90% through First National Bank in anticipation of a bond. The balance at June 30, 2019 was \$874,206 with additions anticipated in fiscal year 2020. The note is due to be paid with bond funds received in May of 2020 but was outstanding at the end of the fiscal year.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance 7/1/18	Additions	Reductions	Balance 6/30/19	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 13,101,433	\$ -	\$ (1,504,229)	\$ 11,597,204	\$ 1,505,685
Notes from direct borrowings payable	2,658,394	-	(411,406)	2,246,988	215,625
	<u>\$ 15,759,827</u>	<u>\$ -</u>	<u>\$ (1,915,635)</u>	<u>\$ 13,844,192</u>	<u>\$ 1,721,310</u>

	Balance, 1/1/18	Additions	Reductions	Balance, 12/31/18	Due within one year
<u>Business-type Activities:</u>					
Bonds payable	\$ 2,503,699	\$ -	\$ (251,260)	\$ 2,252,439	\$ 254,011

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds payable:

	Governmental Activities	
	Town	School
\$500,000 Bond issued July 2000. Interest is stated at a fixed rate of 1.00%, with varying annual principal installments. The bond is part of the intermediary relending loan program and will be retired with annual payments from the Loan Program Fund. Maturity in July 2026.	\$ 162,347	\$ -
\$12,899,710, 2004B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2024. Interest is charged at a fixed rate varying from 3.000% to 4.677% per annum. Annual principal installments are \$644,985.	-	3,869,916
\$368,000, 2005B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2020. Interest is charged at a fixed rate varying from 4.576% to 6.546% per annum. Annual principal installments range from \$12,855 to \$32,558.	63,784	-
\$350,000, 2004FR General Obligation Bond due in annual principal installments and semiannual interest installments through April 2024. Interest is charged at a fixed rate of 1.93% per annum. Annual principal installments are \$17,500.	87,500	-
\$500,000, 2005FR General Obligation Bond due in annual principal installments and semiannual interest installments through October 2025. Interest is charged at a fixed rate of 1.43% per annum. Annual principal installments are \$25,000.	175,000	-
\$540,000, 2006C General Obligation Bond due in annual principal installments and semiannual interest installments through November 2021. Interest is charged at a fixed rate varying from 1.80% to 6.25% per annum. Annual principal installments are \$36,000.	108,000	-
\$1,310,855, 2009B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2019. Interest is charged at a fixed rate varying from 2.726% to 5.580% per annum. Annual principal installments are \$131,085.	131,086	-

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG TERM DEBT (CONTINUED)

	Governmental Activities	
	Town	School
\$1,070,000, 2010R General Obligation Bond due in annual principal installments and semiannual interest installments through November 2030. Interest is charged at a fixed rate varying from 3.36% to 5.75% per annum. Annual principal installments are \$102,000.	642,000	-
\$350,000, 2010R Qualified School Construction Bond due in annual principal installments and semiannual interest installments through November 2030. Interest is charged at a fixed rate of 5.28% per annum. Annual principal installments are \$35,000.	-	70,000
\$270,000, 2011E General Obligation Bond due in annual principal installments and semiannual interest installments through November 2021. Interest is charged at a fixed rate varying from 0.5% to 5.5% per annum. Annual principal installments are \$27,000.	81,000	-
\$5,695,714, 2014B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2034. Interest is charged at a fixed rate varying from 0.430% to 3.786% per annum. Annual principal installments are \$284,786.	-	4,556,571
\$500,000, 2014B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2024. Interest is charged at a fixed rate varying from 0.43% to 2.65% per annum. Annual principal installments are \$50,000.	-	300,000
\$1,500,000, 2017B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2027. Interest is charged at a fixed rate varying from 1.263% to 2.710% per annum. Annual principal installments are \$150,000.	1,350,000	-
Total Bonds Payable - Governmental Activities	<u>\$ 2,800,717</u>	<u>\$ 8,796,487</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG TERM DEBT (CONTINUED)

	<u>Business-type Activities</u>
Bonds payable:	
Bond payable to Maine Municipal Bond Bank, due in annual principal and interest payments of \$174,937. Interest is charged at an annual rate of 2.05%. Maturity in 2024.	\$ 989,660
Bond payable to Maine Municipal Bond Bank, due in annual principal payments of \$19,650. Interest is charged at a varying annual rate from 3.0% to 5.0%. Maturity in 2025.	137,550
Bond payable to Maine Municipal Bond Bank, due in annual principal payments of \$48,500. Interest is charged at a varying annual rate from 4.01% to 5.75%. Maturity in 2030.	582,000
Bond payable to Maine Municipal Bond Bank, due in annual principal and interest payments of \$44,254. Interest is charged at a varying annual rate from 0.43% to 3.79%. Maturity in 2034.	<u>543,229</u>
Total bonds payable	<u><u>\$ 2,252,439</u></u>

In 2010, the Town issued a Series 2010R Public Improvement Qualified School Construction Bond for \$350,000. This bond is eligible for federal interest subsidy payments equal to 92.9% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

Due to mandatory federal spending cuts that went into effect March 1, 2013 with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 7.3 percent and is subject to change at any time. The total financial impact to the Town is unknown.

The following is a summary of the outstanding notes from direct borrowings payable:

On February 9, 2017, the Town entered into a capital lease agreement with Androscoggin Bank for a 2017 Case front-end loader totaling \$167,725. The annual lease payments of principal and interest are \$59,125, at a fixed interest rate of 2.85%. Maturity in February 2020. The balance outstanding as of June 30, 2019 is \$57,486.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG TERM DEBT (CONTINUED)

On December 15, 2014, the Town entered into a governmental Qualified Zone Academy Bond (QZAB) lease for \$858,737. This is a lease financing agreement that is secured by all equipment associated with the upgrading of boilers, lighting, heat pumps, destratification fans, pellet handling and related energy improvements at school facilities including Lisbon High School, Middle School, Community School and Central Office. The Town is obligated to make annual debt service fund payments of \$50,514 through December 2031. The scheduled payments by the Town assume projected earnings at a fixed rate of 5.63 percent. If the trustee fails to earn projected amounts, the Town will pay, in addition to its scheduled payments, the amount such that total payments in the Debt Service Fund will equal \$858,737. Any additional financial impact to the Town is unknown. The outstanding amount as of June 30, 2019 is \$688,402.

On December 15, 2014, the Town entered into two governmental Qualified Energy Conservation Bond (QECB) leases totaling \$1,661,786. These are lease financing agreements that are secured by all equipment and controls associated with the heating system, lighting, ventilation, building envelop and relate energy upgrades at various Town facilities including the Lisbon High School, Middle School, Community School and Central Office. The Town is obligated to made annual debt service fund payments totaling \$154,586 through December 2031. As of June 30, 2019, the outstanding balance is \$1,365,594.

On October 9, 2014, the Internal Revenue Service announced that effective October 1, 2014, QECB subsidy payments processed in FY2015 would be reduced by 7.3% because of sequestration. QECB sequestration was originally set to expire at the end of FY2021 but has since been extended twice, first through FY2023 and then, under legislation passed in February 2014, through FY2024. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. The financial impact to the Town is unknown.

On December 3, 2013, the Town entered into a capital lease agreement with Androscoggin Bank for a 2013 Sewer truck totaling \$315,000. The annual lease payments of principal and interest are \$37,313, at a fixed interest rate of 3.98%. Maturity in December 2022. The balance outstanding as of June 30, 2019 is \$135,506.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG TERM DEBT (CONTINUED)

The annual principal and interest requirements to amortize the bonds and notes from direct borrowings payable are as follows:

	Governmental Activities			
	Bonds		Notes from direct borrowings	
	Principal	Interest	Principal	Interest
2020	\$ 1,505,685	\$ 355,176	\$ 215,625	\$ 89,374
2021	1,376,128	312,869	163,682	80,863
2022	1,308,768	271,624	169,518	73,982
2023	1,245,968	230,393	175,662	66,751
2024	1,246,169	187,890	144,816	60,284
2025-2029	3,098,772	516,287	810,205	215,296
2030-2034	1,530,928	189,176	567,480	47,820
2035-2039	284,786	5,391	-	-
	<u>\$ 11,597,204</u>	<u>\$ 2,068,806</u>	<u>\$ 2,246,988</u>	<u>\$ 634,370</u>

	Business-type Activities		
	Principal	Interest	Total
2019	\$ 254,011	\$ 65,617	\$ 319,628
2020	256,959	60,499	317,458
2021	260,110	55,204	315,314
2022	263,465	49,581	313,046
2023	267,014	43,708	310,722
2024-2028	616,883	110,825	727,708
2029-2033	290,736	37,068	327,804
2034-2038	43,261	1,638	44,899
	<u>\$ 2,252,439</u>	<u>\$ 424,140</u>	<u>\$ 2,676,579</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended December 31, 2018 were \$67,609.

All bonds 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.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance 7/1/18 (Restated)	Additions	Reductions	Balance 6/30/19	Due Within One Year
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 482,643	\$ 139,939	\$ (28,191)	\$ 594,391	\$ 148,598
Net pension liability	2,837,477	-	(775,413)	2,062,064	-
Net OPEB liability	4,045,940	197,721	(304,151)	3,939,510	-
Totals	<u>\$ 7,366,060</u>	<u>\$ 337,660</u>	<u>\$ (1,107,755)</u>	<u>\$ 6,595,965</u>	<u>\$ 148,598</u>

	Balance, 1/1/18 (Restated)	Additions	Reductions	Balance, 12/31/18	Due within one year
<u>Business-type Activities:</u>					
Accrued compensated absences	\$ 22,504	\$ -	\$ (7,542)	\$ 14,962	\$ 3,740
Net pension liability	245,859	-	(89,400)	156,459	-
Net OPEB liability	41,686	8,517	(1,358)	48,845	-
Totals	<u>\$ 310,049</u>	<u>\$ 8,517</u>	<u>\$ (98,300)</u>	<u>\$ 220,266</u>	<u>\$ 3,740</u>

Please see Notes 8, 16, 17 and 18 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2019, the Town's liability for compensated absences is \$609,353.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2019, the Town had the following nonspendable fund balances:

General Fund :	
Prepaid Items	\$ 18,797
Loan Program Fund	347,420
Nonmajor Special Revenue Funds	13,241
Nonmajor Permanent Funds	1,118
	<u>\$ 380,576</u>

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Loan Program Fund	\$ 633,322
Nonmajor Special Revenue Funds	612,577
Nonmajor Permanent Funds	26,863
	<u>\$ 1,272,762</u>

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

Treatment Plant Fund	\$ 1,403,876
School Capital Fund	31,775
Nonmajor Special Revenue Funds	488,004
Nonmajor Capital Projects Funds	567,500
	<u>\$ 2,491,155</u>



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General Fund:	
Animal Control	\$ 21,296
Wellness	179
Employer Accrued Leave	50,000
Buildings	31,970
Education Fund	118,211
Nonmajor Special Revenue Funds	32,692
	<u>\$ 254,348</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

Nonmajor Special Revenue Funds:	
School Nutrition Fund	\$ 12,575
PD 17 HSG	4,182
Thanksgiving Baskets	614
Generator Pad Reserve	7,755
	<u>\$ 25,126</u>

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2019:

Town Manager	\$ 2,927
Legal	9,884
Snow removal	41,037
General assistance	7,749
Grant activity	15,612
Capital outlay	898
Debt service - Town	19,955
	<u>\$ 98,062</u>

## TOWN OF LISBON, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

#### NOTE 15 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2019, the Town had no overlapping debt.

#### NOTE 16 - DEFINED BENEFIT PENSION PLANS

##### **Plan Description**

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

##### **Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal 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, 2018, there were 304 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 2.4%.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's AC plan members are required to contribute 8.0% of their annual covered salary and the Town's 2C plan members are also required to contribute 8.0% of their annual salary. The Town is required to contribute at an actuarially determined rate. The current rate is 10.0% for the AC plan and 10.5% for the 2C plan of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2019 was \$346,012. The Lisbon Water Department's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2018 was \$33,830.

STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET 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 authority to establish and amend benefit provisions rests with the State Legislature. 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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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 statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. As of June 30, 2018, there were 236 employers, including the State of Maine, participating 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 2.4%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Town's teachers are required to contribute 7.65% of their compensation to the retirement system. The Town's payroll for teachers covered by this program was approximately \$7,364,324 for the year ended June 30, 2019. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 11.08% of the Town's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$815,967 for the year ended June 30, 2019. Title 5 of the Maine Revised Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 3.97%, which totaled \$307,186 for 2019. In addition, the Town is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 11.68% of compensation and totaled \$43,762 the year ended June 30, 2019.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2019, the Town reported a liability of \$1,569,463 and the Lisbon Water Department reported a liability of \$156,459 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018 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, 2018, the Town's proportion was 0.573472%, which was a decrease of 0.003597% from its proportion measured as of June 30, 2017. The Lisbon Water Department's proportion at June 30, 2018 was 0.057170%, which was a decrease of 0.00288% from its proportion measured as of June 30, 2017.

*SET Plan*

At June 30, 2019, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 492,601
State's proportionate share of the net pension liability associated with the Town	<u>8,077,013</u>
Total	<u>\$ 8,569,614</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2018, the Town's proportion was 0.036504%, which was an increase of 0.003820% from its proportion measured as of June 30, 2017.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2019, the Town recognized total pension revenue of \$667,236 for the PLD plan and net expense of \$600,986 and revenue of \$600,986 for support provided by the State of Maine for the SET plan. For the year ended December 31, 2018, the Lisbon Water Department recognized net pension revenue of \$42,779. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Town				Lisbon Water Department	
	PLD Plan		SET Plan		PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,914	\$ 17,238	\$ 15,045	\$ -	\$ 490	\$ 1,718
Changes of assumptions	250,497	-	30,986	-	24,972	-
Net difference between projected and actual earnings on pension plan investments	-	378,964	-	64,038	-	37,777
Changes in proportion and differences between contributions and proportionate share of contributions	6,822	29,110	36,558	31,938	19,324	8,125
Contributions subsequent to the measurement date	346,012	-	350,949	-	17,551	-
Total	<u>\$ 608,245</u>	<u>\$ 425,312</u>	<u>\$ 433,538</u>	<u>\$ 95,976</u>	<u>\$ 62,337</u>	<u>\$ 47,620</u>

\$363,563 for the PLD plans and \$350,949 for the SET plan were 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 years ended June 30, 2020 or December 31, 2019 for the Lisbon Water Department. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Town		Lisbon Water Department
	PLD Plan	SET Plan	PLD Plan
Year ended June 30:			
2019	\$ 188,497	\$ 25,785	\$ 35,750
2020	4,177	23,619	(3,122)
2021	(257,807)	(45,588)	(25,701)
2022	(97,945)	(17,204)	(9,764)
2023	-	-	-
Thereafter	-	-	-

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2018, 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.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Asset Valuation Method*

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

*Amortization*

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

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over ten-year periods beginning on the date as of which they occur.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

*Investment Rate of Return* - For the PLD and State Employee and Teacher Plans, 6.75% per annum for the year ended June 30, 2018, in 2017, the rate was 6.875% for both plans, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year; state employees, 2.75% to 8.75% per year; teachers, 2.75% to 14.50% 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* - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2018. In 2017, the rate was 2.20% for the PLD Plan.

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)



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

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

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2018 for each of the Plans. 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, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan - Town:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 3,699,016	\$ 1,569,463	\$ (421,085)
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 910,326	\$ 492,601	\$ 144,703
	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan - Lisbon Water Department:</u>			
Discount rate	5.75%	6.75%	7.75%
Department's proportionate share of the net pension liability	\$ 368,752	\$ 156,459	\$ (41,978)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 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, 2018 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 2018, this was three years for the SET Plan and PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*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, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS

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 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, 2019, the following Town employees were covered by the benefit terms:

Active members	47
Retirees and spouses	<u>6</u>
Total	<u><u>53</u></u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

At January 1, 2018, the following Lisbon Water Department employees were covered by the benefit terms:

Active members	7
Retirees and spouses	<u>1</u>
Total	<u><u>8</u></u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts:**

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$956.96	\$2,146.58
PPO 500	\$925.31	\$2,075.59
<b><u>Medicare</u></b>		
Medicare - Eligible Retirees	\$527.65	\$1,055.29

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$956.96	\$2,146.58
PPO 500	\$925.31	\$2,075.59
<b><u>Medicare</u></b>		
Medicare - Eligible Retirees	\$527.65	\$1,055.29

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

**Total 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 \$464,395 for its total OPEB liability for this Plan, while the Lisbon Water Department at December 31, 2018 reported a liability of \$48,845. The total OPEB liability for the Town was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The total OPEB liability for the Lisbon Water Department was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town and Water Department's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the Town recognized OPEB revenue of \$37,400. For the year ended December 31, 2018, the Lisbon Water Department recognized OPEB expenses of \$1,185. At June 30, 2019, the Town and at December 31, 2018, the Water Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Town		Lisbon Water Department	
	MMEHT		MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,208	\$ -	\$ 506	\$ -
Changes of assumptions	34,196	39,081	4,110	-
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Contributions subsequent to the measurement date	14,808	-	1,185	-
<b>Total</b>	<b>\$ 53,212</b>	<b>\$ 39,081</b>	<b>\$ 5,801</b>	<b>\$ -</b>

\$15,993 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 years ended June 30, 2020 or December 31, 2019 for the Lisbon Water Department. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

	Town MMEHT	Lisbon Water Dept. MMEHT
	<u>                    </u>	<u>                    </u>
Plan year ended December 31:		
2019		\$ 769
2020	\$ 1,166	769
2021	1,166	769
2022	1,166	769
2023	1,166	769
2024	1,170	770
Thereafter	(6,511)	

**Discount Rate**

For the Town, 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, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 535,995	\$ 464,395	\$ 405,826
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 535,995</u>	<u>\$ 464,395</u>	<u>\$ 405,826</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 56,817	\$ 48,845	\$ 42,367
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 56,817</u>	<u>\$ 48,845</u>	<u>\$ 42,367</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:

Town	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 400,834	\$ 464,395	\$ 543,213
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 400,834</u>	<u>\$ 464,395</u>	<u>\$ 543,213</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Lisbon Water Department	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 42,241	\$ 48,845	\$ 57,100
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 42,241</u>	<u>\$ 48,845</u>	<u>\$ 57,100</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

**Actuarial Methods and Assumptions**

The total OPEB liability for the Town Plan was determined by an actuarial valuation as of January 1, 2018, while the Lisbon Water Department Plan was determined by an actuarial valuation of January 1, 2017, using the following methods and assumptions applied to all periods included in the measurement, while the:

*Actuarial Cost Method*

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

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

*Amortization*

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

*Assumptions*

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

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

Discount Rate - 4.10% per annum for Town Plan and 3.44% per annum for Water Department Plan.

Trend Assumptions:

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

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

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

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

Administrative and claims expense - 3% per annum.

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

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

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

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 and December 31, 2018 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 for the Town was \$4,208. The difference between expected and actual experience as of January 1, 2018 for the Lisbon Water Department was \$506.

*Changes in Assumptions*

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

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

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

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to both Plans can be found at the Town office at 300 Lisbon Street, Lisbon, Maine 04250.

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

**Plan Description**

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School and/or the School retirees. MEABT

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

**Employees Covered by Benefit Terms**

At June 30, 2019, the following employees were covered by the benefit terms:

Active members	177
Retirees and spouses	<u>79</u>
Total	<u><u>256</u></u>

**Cost Sharing Provisions/Contributions**

Retirees are eligible for a State subsidy of 45% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
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NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

remaining 55% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

**Employee/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>Employee Only</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Employee/ Family</u>
<b><u>Pre-Medicare</u></b>				
Choice Plus	\$ 716.35	\$ 1,614.53	\$ 1,267.79	\$ 1,965.10
Standard \$200 Deductible	\$ 773.57	\$ 1,743.68	\$ 1,369.20	\$ 2,122.31
<b><u>Medicare</u></b>				
Medicare Eligible Retirees	\$ 449.52	\$ 943.57		

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

At June 30, 2019, the School reported a liability of \$3,475,115 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date. The School's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the School recognized OPEB revenue of \$73,489. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
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NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	116,875
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	107,203	-
<b>Total</b>	<b>\$ 107,203</b>	<b>\$ 116,875</b>

\$107,203 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended 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:

	MEABT
Plan year ended June 30:	
2019	\$ (23,375)
2020	(23,375)
2021	(23,375)
2022	(23,375)
2023	(23,375)
Thereafter	-

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.87% per annum for June 30, 2018 was based upon a measurement date of June 28, 2018. The sensitivity of total OPEB liability to changes in discount rate are as follows:

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Total OPEB liability	\$ 3,997,190	\$ 3,475,115	\$ 3,050,418
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,997,190</u>	<u>\$ 3,475,115</u>	<u>\$ 3,050,418</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 total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 3,026,199	\$ 3,475,115	\$ 4,027,937
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,026,199</u>	<u>\$ 3,475,115</u>	<u>\$ 4,027,937</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 June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

*Actuarial Cost Method*

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

*Assumptions*

Significant actuarial assumptions employed by the actuary for economic purposes are based on GASB 75 paragraph 36. Assumptions other than the discount rate are based on historical and future projections of long-term health care rates:

Discount Rate - 3.87% per annum.

Trend Assumptions:

Pre-Medicare - Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare - Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% 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 Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2018 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of June 30, 2018, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

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

Administrative expenses - Included in the per capita claims cost

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

Salaries - Were not available from the client and were assumed using the Teachers/Age Service Salary scatter from the State Retirement Agency. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were assumed to be the midpoint of each service group. Those under 1 year of service, the date was assumed to be January 1, 2018 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants - Based on 99% 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 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.

Healthy Employees - Based on 99% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Healthy Annuitant Mortality Tables after the end of the Total Employee Mortality Table, both projected 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.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
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NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

Disabled Annuitants - Based on 108% and 105% of the RP2014 Total Dataset Disabled Annuitant Mortality Table, respectively for males and females, projected from the 2006 base rates using the RPEC 2015 model with an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Retiree Continuation Percentage:

Retirees currently in the Group Companion Plan (Medicare participants) are assumed to remain in the Group Companion Plan.

Retirees who are currently age 64 or over age 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under age 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare plan until age 64 and enroll in the Group Companion plan at age 65.

Spouses who are currently in the Pre-Medicare plan will follow the same assumptions as the retired member; if the member is never eligible for Medicare the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2018, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through June 30, 2018 and projects through 2019 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Group Companion Plan, all retirees under age 64 and current actives with a date of hire before 3/31/1986.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - HEALTH PLANS  
(CONTINUED)

**Changes in Total OPEB Liability**

Changes in total 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 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. As of July 1, 2017, this average was 8 years. 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. For the fiscal year ended June 30, 2019, there were no differences between expected and actual experience.

*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 over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. 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 year ending June 30, 2018. For the fiscal year ended June 30, 2019, there were no changes in assumptions.

*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 School Office at 19 Gartley Street, Lisbon, Maine 04250.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2018, there were 220 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (800) 451-9800.

**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.

**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 Department's teachers, 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. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2019 was approximately \$22,676.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

**OPEB Liabilities and OPEB Expense**

At June 30, 2019, the School Department reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School Department. The total portion of the net OPEB liability that was associated with the School Department were as follows:

School's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School		<u>248,511</u>
Total	\$	<u><u>248,511</u></u>

For the year ended June 30, 2019, the School Department recognized net OPEB expense of \$23,985 and revenue of \$23,985 for support provided by the State of Maine.

NOTE 19 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2019. 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 20 - COMMITMENTS AND CONTINGENCIES

In 2003, the Lisbon Water Department entered into a cell phone tower lease with T-Mobile. Under the terms of the agreement, T-Mobile pays the Lisbon Water Department a monthly lease payment for the right to have its cell phone tower on one of the Department's standpipes. The lease automatically renews annually unless either party terminates the agreement. The lease payment increases 3% annually. The 2019 monthly lease payment to be received by the Lisbon Water Department is \$1,947.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 20 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In 2004, the Lisbon Water Department entered into a cell phone tower lease with Verizon Wireless. Under the terms of the agreement, Verizon Wireless pays the Lisbon Water Department a monthly lease payment for the right to have its cell phone tower on one of the Lisbon Water Department's standpipes. The lease automatically renews annually unless either party terminates the agreement. The lease payment increases 3% annually. The 2019 monthly lease payment to be received by the Lisbon Water Department is \$2,605.

The Lisbon Water Department entered into a contract with Direct Energy Business, LLC to supply electricity to the Department's facilities at \$0.07974 per kilowatt hour. The contract is effective through September 2022.

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.

Lisbon Public Schools receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the School's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the School and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2020 could include expenditures from the fiscal year of 2019 that would normally be accrued. The actual amount cannot be determined at this time; however, it is the position of the Lisbon School Department that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

NOTE 21 - MAJOR CUSTOMER

The Lisbon Water Department derived approximately 31% of its operating revenues from the Town of Lisbon related to the servicing of public fire hydrants for the year ended December 31, 2018.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 22 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS

The Town has established several tax increment financing districts in accordance with Maine statutes to finance development programs located in the Town of Lisbon, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Dingley Press Municipal Development and Tax Increment Financing District

On December 7, 1993, the Town of Lisbon entered into a credit enhancement agreement with the Dingley Press, a specialty catalog business, for the expansion of the existing 60,000 square foot facility to an additional 61,000 square feet. The original valuation of the property was \$13,925,410. 100% of the property taxes to be generated on 50% of the improvements within the District will be returned to the developer for 20 years. The remaining 50% will be retained by the Town and used for general purposes. This agreement was amended on January 22, 1998 to extend the term for an additional five-year period and to capture both real and personal property increases above the original valuation. On February 15, 2011, a second amendment request was approved to capture 100% of the increased assessed value (IAV) for the remaining eight-year term of the District. 50% of the property taxes will be returned to developer, with the remaining amount being retained by the Town and used to fund the Town's economic and community development program.

Kelly Park Municipal Development and Tax Increment Financing District

On January 22, 2013, the Town of Lisbon approved an omnibus Tax Increment Financing District enabling individual credit enhancement agreements (CEAs) with developers of each park lot, which is currently subdivided as four lots with potential for additional subdivision to as many as eight lots. Individual CEA reimbursements including up to 100% of capture assessed value, will be determined by the extent of construction value/assessed value, number of jobs and average weekly wage of jobs. The District and Development Program have been adopted locally and have been reviewed by the state for compliance with state statutes and subsequently was approved on March 15, 2013. The original valuation of the property was \$224,980.



TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 22 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

Furniture Superstore Municipal Development and Tax Increment Financing District

On February 2, 2002, the Town of Lisbon entered into a credit enhancement agreement with the Furniture Superstore, a furniture retailer, for the design, construction and equipping of a 90,000 square foot furniture store and warehouse. The original valuation of the property was \$106,720. The District provides for 40% of the increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 15 years. The remaining 60% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

Enterprise Electric Municipal Development and Tax Increment Financing District

On December 9, 2003, the Town of Lisbon entered into a credit enhancement agreement with the Enterprise Electric for the construction of a 27,000 square foot facility. The original valuation of the property was \$23,400. The District provides for 50% of the increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 20 years. The remaining 50% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

Gendron Realty Municipal Development and Tax Increment Financing District

On September 28, 2004, the Town of Lisbon entered into a credit enhancement agreement with Gendron Realty, a realtor and real estate developer, for the demolition, removal of existing buildings and new construction of a 30,000 square foot building for a Food City, Sam's Italian Foods, Dunkin Donuts and other associated retail/office space. The original valuation of the property was \$303,130. The District provides for 40% of the increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 20 years. The remaining 60% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

TOWN OF LISBON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 22 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

G and C Realty LLC Municipal Development and Tax Increment Financing District

On September 28, 2004, the Town of Lisbon entered into a credit enhancement agreement with G and C Realty, LLC, a realtor and real estate developer, for the construction of a 27,600 square foot facility for Floor Systems, Inc. on company-owned land. The original valuation of the property was \$39,600. The District provides for 50% of the increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 15 years. The remaining 50% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

**Abatements**

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

For the fiscal year ended June 30, 2019, the Town abated property taxes for the following programs: none.

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.

NOTE 24 - RESTATEMENTS

The net position of the business-type activities has been restated at January 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$41,686. The resulting restatement decreased net position from \$4,040,171 to \$3,998,485.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 24 - RESTATEMENTS (CONTINUED)

The net position of the governmental activities has been restated at July 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$4,083,591.

In 2019, the Town determined that certain transactions in prior years had been recorded incorrectly, omitted or reclassified, therefore, a restatement of the 2018 government-wide and fund financial statements was required. The beginning net position for governmental activities was restated by \$151,055 to correct capital assets and accumulated depreciation, cash balances and accrued payroll and related items. The beginning total fund balance for the permanent funds was restated by \$45 to correct the prior year's ending fund balance. The beginning total fund balance for the general fund and education fund were each restated by \$419,658 due to reclassification of funds. The beginning total fund balance for the general fund was further restated by \$170,168 to correct cash balances. The beginning total fund balance for the general fund and special revenue funds were each restated by \$938,306 due to reclassification of funds. The nonmajor special revenue funds were further restated by \$126,181 to correct the two school special revenue funds beginning fund balances. The beginning total fund balance for the general fund and capital projects funds were each restated by \$10,000 due to reclassification of funds. The beginning total fund balance for the education fund and school capital fund were each restated by \$40,000 to correct prior year's ending fund balances. The education fund was further restated by \$254,174 to correct prior year accrued payroll and related items.

The resulting restatements decreased governmental activities net position from \$13,810,210 to \$9,877,674, decreased the permanent fund total fund balance from \$27,746 to \$27,701, decreased the general fund total fund balance from \$4,340,193 to \$2,802,061, decreased the education fund from \$419,658 to \$125,484, increased the school capital fund from \$10,043 to \$50,043, increased the special revenue funds total fund balance from \$241,149 to \$1,053,274 and increased the capital projects funds total fund balance from \$0 to \$10,000.

## 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
- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Education Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Changes in Net OPEB Liability - MMEHT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT Plan
- Schedule of Changes in Net OPEB Liability - MEABT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan
- Schedule of Proportionate Share of the Net OPEB Liability - Group Life
- Schedule of Contributions - OPEB - Health Plans
- Schedule of Contributions - OPEB - Group Life
- Notes to Required Supplementary Information

## TOWN OF LISBON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Resources (Inflows):				
Property taxes	\$ 13,046,255	\$ 13,046,255	\$ 13,045,879	\$ (376)
In Lieu of taxes	-	-	19,876	19,876
Excise taxes	1,579,000	1,579,000	1,700,200	121,200
Licenses and permits	65,700	65,700	66,983	1,283
Intergovernmental	1,923,192	2,184,929	2,203,416	18,487
Charges for services	552,631	552,631	580,099	27,468
Interest income	23,000	23,000	61,336	38,336
Interest/costs on liens	55,000	55,000	65,313	10,313
Other income	172,346	172,346	162,610	(9,736)
Amounts Available for Appropriation	17,417,124	17,678,861	17,905,712	226,851
Charges to Appropriations (Outflows):				
General government	1,721,946	1,740,387	1,627,685	112,702
Public safety	2,731,320	2,750,120	2,587,488	162,632
Public works	2,822,146	2,534,004	2,557,720	(23,716)
Public services	1,001,326	989,326	938,283	51,043
General assistance	37,230	37,230	44,979	(7,749)
County tax	699,623	699,623	699,623	-
Education	7,023,783	-	-	-
Overlay/abatements	132,675	132,675	16,900	115,775
TIF	700,102	370,780	370,780	-
Unclassified	-	311,737	277,349	34,388
Capital outlay	534,917	534,917	535,815	(898)
Debt service	-	323,274	343,229	(19,955)
Total Charges to Appropriations	17,405,068	10,424,073	9,999,852	424,222
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,056	7,254,788	7,905,860	651,073
OTHER FINANCING SOURCES (USES)				
Use of unassigned fund balance	-	342,058	-	
Revenues in carryforward accounts	-	-	52,403	52,403
Expenditures in carryforward accounts	(12,056)	(12,056)	(54,959)	(42,903)
Transfers in	-	-	-	-
Transfers (out) - operational	-	(7,755,667)	(8,065,104)	(309,437)
Use of assigned fund balance	-	170,877	-	(170,877)
TOTAL OTHER FINANCING SOURCES (USES)	(12,056)	(7,254,788)	(8,067,660)	(470,814)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(161,799)	\$ 180,259
FUND BALANCES - JULY 1, RESTATED			2,802,061	
FUND BALANCES - JUNE 30			\$ 2,640,262	

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

## TOWN OF LISBON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - EDUCATION FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 125,484	\$ 125,484	\$ 125,484	\$ -
Resources (Inflows):				
Local assessments	7,009,507	-	-	-
Intergovernmental revenues:				
State subsidy	8,864,185	8,864,185	8,851,853	(12,332)
Mainecare	-	-	483,942	483,942
Other	57,949	57,949	190,270	132,321
Tuition	91,000	91,000	-	(91,000)
Interest income	64,189	64,189	53,999	(10,190)
Miscellaneous	-	-	98,443	98,443
Transfers from other funds	204,768	7,214,275	7,214,275	-
Amounts Available for Appropriation	<u>16,417,082</u>	<u>16,417,082</u>	<u>17,018,266</u>	<u>601,184</u>
Charges to Appropriations (Outflows):				
Regular instruction	6,703,048	6,500,497	6,500,497	-
Special education	2,366,447	2,610,248	2,610,248	-
Other instruction	419,452	378,201	373,501	4,700
Student and staff support	1,283,838	1,289,192	1,289,192	-
System administration	491,942	485,906	481,839	4,067
School administration	831,943	818,320	816,139	2,181
Transportation and buses	896,980	896,980	895,030	1,950
Facilities maintenance	1,590,266	1,596,302	1,596,302	-
Other expenditures	413,988	460,956	460,956	-
Career and technical	33,345	-	-	-
Debt service	1,348,022	1,342,669	1,342,438	231
Transfers to other funds	-	121,000	121,000	-
Total Charges to Appropriations	<u>16,379,271</u>	<u>16,500,271</u>	<u>16,487,142</u>	<u>13,129</u>
Budgetary Fund Balance, June 30	<u>\$ 37,811</u>	<u>\$ (83,189)</u>	<u>\$ 531,124</u>	<u>\$ 614,313</u>
Utilization of Unassigned Fund Balance	<u>\$ 194,270</u>	<u>\$ 194,270</u>	<u>\$ -</u>	<u>\$ (194,270)</u>

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

## TOWN OF LISBON, MAINE

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

	2019	2018	2017	2016	2015
<u>PLD Plan - Town:</u>					
Proportion of the net pension liability	0.57%	0.58%	0.59%	0.58%	0.59%
Proportionate share of the net pension liability	\$ 1,569,463	\$ 2,362,730	\$ 3,141,913	\$ 1,280,674	\$ 910,967
Covered payroll	\$ 3,274,658	\$ 3,149,472	\$ 3,034,713	\$ 3,043,854	\$ 2,228,868
Proportionate share of the net pension liability as a percentage of its covered payroll	47.93%	75.02%	103.53%	42.07%	40.87%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	86.40%	81.61%	88.30%
<u>SET Plan:</u>					
Town's proportion of the net pension liability	0.04%	0.03%	0.04%	0.03%	0.03%
Town's proportionate share of the net pension liability	\$ 492,601	\$ 474,747	\$ 694,298	\$ 392,331	\$ 348,406
State's proportionate share of the net pension liability associated with the Town	<u>8,077,013</u>	<u>8,636,256</u>	<u>9,967,895</u>	<u>7,870,813</u>	<u>6,252,863</u>
Total	<u>\$ 8,569,614</u>	<u>\$ 9,111,003</u>	<u>\$ 10,662,193</u>	<u>\$ 8,263,144</u>	<u>\$ 6,601,269</u>
Town's covered payroll	\$ 6,965,737	\$ 7,470,720	\$ 7,150,470	\$ 7,348,015	\$ 7,222,074
Town's proportionate share of the net pension liability as a percentage of its covered payroll	7.07%	6.35%	9.71%	5.34%	4.82%
Plan fiduciary net position as a percentage of the total pension liability	85.17%	80.78%	80.80%	81.20%	83.91%
<u>PLD Plan - Lisbon Water Department:</u>					
Proportion of the net pension liability	0.06%	0.06%	0.05%	0.04%	0.04%
Proportionate share of the net pension liability	\$ 156,459	\$ 245,859	\$ 254,114	\$ 139,892	\$ 56,539
Covered payroll	\$ 330,587	\$ 321,435	\$ 255,428	\$ 229,787	\$ 195,950
Proportionate share of the net pension liability as a percentage of its covered payroll	47.33%	76.49%	99.49%	60.88%	28.85%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	86.40%	81.61%	88.30%

\* 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 LISBON, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2019	2018	2017	2016	2015
<u>PLD Plan - Town:</u>					
Contractually required contribution	\$ 346,012	\$ 317,949	\$ 296,008	\$ 270,090	\$ 231,256
Contributions in relation to the contractually required contribution	<u>(346,012)</u>	<u>(317,949)</u>	<u>(296,008)</u>	<u>(270,090)</u>	<u>(231,256)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,524,580	\$ 3,274,658	\$ 3,149,472	\$ 3,034,713	\$ 3,043,854
Contributions as a percentage of covered payroll	9.82%	9.71%	9.40%	8.90%	7.60%
<u>SET Plan:</u>					
Contractually required contribution	\$ 350,949	\$ 309,709	\$ 287,895	\$ 285,213	\$ 240,350
Contributions in relation to the contractually required contribution	<u>(350,949)</u>	<u>(309,709)</u>	<u>(287,895)</u>	<u>(285,213)</u>	<u>(240,350)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 7,739,002	\$ 6,965,737	\$ 7,470,720	\$ 7,150,470	\$ 7,348,015
Contributions as a percentage of covered payroll	4.53%	4.45%	3.85%	3.99%	3.27%
<u>PLD Plan - Lisbon Water Department:</u>					
Contractually required contribution	\$ 33,830	\$ 31,087	\$ 26,541	\$ 20,128	\$ 14,941
Contributions in relation to the contractually required contribution	<u>(33,830)</u>	<u>(31,087)</u>	<u>(26,541)</u>	<u>(20,128)</u>	<u>(14,941)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 345,083	\$ 325,535	\$ 287,632	\$ 240,468	\$ 207,051
Contributions as a percentage of covered payroll	9.80%	9.55%	9.23%	8.37%	7.22%

\* The amounts presented for each fiscal year were determined as of June 30 for the Town's PLD and SET Plans and for December 31 for the Water Department's PLD Plan and are for those years for which information is available.

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



## TOWN OF LISBON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT PLAN  
TOWN  
FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 487,664	\$ -	\$ 487,664
Changes for the year:			
Service cost	19,925	-	19,925
Interest	17,209	-	17,209
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(45,595)	-	(45,595)
Contributions - employer	-	14,808	(14,808)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(14,808)	(14,808)	-
Administrative expense	-	-	-
Net changes	<u>(23,269)</u>	<u>-</u>	<u>(23,269)</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 464,395</u>	<u>\$ -</u>	<u>\$ 464,395</u>

SCHEDULE 4 (CONTINUED)

TOWN OF LISBON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT PLAN  
 LISBON WATER DEPARTMENT  
 FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 41,686	\$ -	\$ 41,686
Changes for the year:			
Service cost	1,523	-	1,523
Interest	1,608	-	1,608
Changes of benefits	-	-	-
Differences between expected and actual experience	590	-	590
Changes of assumptions	4,796	-	4,796
Contributions - employer	-	1,358	(1,358)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(1,358)	(1,358)	-
Administrative expense	-	-	-
Net changes	<u>7,159</u>	<u>-</u>	<u>7,159</u>
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 48,845</u>	<u>\$ -</u>	<u>\$ 48,845</u>

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

## TOWN OF LISBON, MAINE

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

	2019	2018
<u>Total OPEB liability</u>		
Service cost (BOY)	19,925	15,207
Interest (includes interest on service cost)	17,209	16,053
Changes of benefit terms	-	-
Differences between expected and actual experience	-	5,890
Changes of assumptions	(45,595)	47,874
Benefit payments, including refunds of member contributions	(14,808)	(13,554)
Net change in total OPEB liability	\$ (23,269)	\$ 71,470
Total OPEB liability - beginning	\$ 487,664	\$ 416,194
Total OPEB liability - ending	\$ 464,395	\$ 487,664
<u>Plan fiduciary net position</u>		
Contributions - employer	14,808	13,554
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(14,808)	(13,554)
Administrative expense	-	-
Net change in fiduciary net position	-	-
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -
Net OPEB liability - ending	\$ 464,395	\$ 487,664
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 2,358,508	\$ 2,358,508
Net OPEB liability as a percentage of covered payroll	19.7%	20.7%

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

SCHEDULE 5 (CONTINUED)

TOWN OF LISBON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
AND RELATED RATIOS - HEALTH PLAN - LISBON WATER DEPARTMENT  
LAST 10 FISCAL YEARS\*

	2018
<u>Total OPEB liability</u>	
Service cost (BOY)	1,523
Interest (includes interest on service cost)	1,608
Changes of benefit terms	-
Differences between expected and actual experience	590
Changes of assumptions	4,796
Benefit payments, including refunds of member contributions	(1,358)
Net change in total OPEB liability	\$ 7,159
Total OPEB liability - beginning	\$ 41,686
Total OPEB liability - ending	\$ 48,845
<u>Plan fiduciary net position</u>	
Contributions - employer	1,358
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(1,358)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 48,845
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered payroll	\$ 236,231
Net OPEB liability as a percentage of covered payroll	20.7%

\* 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 LISBON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN  
FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 7/1/17 (Reporting July 1, 2018)	\$ 3,558,276	\$ -	\$ 3,558,276
Changes for the year:			
Service cost	33,826	-	33,826
Interest	126,761	-	126,761
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(140,250)	-	(140,250)
Contributions - employer	-	103,498	(103,498)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(103,498)	(103,498)	-
Administrative expense	-	-	-
Net changes	<u>(83,161)</u>	<u>-</u>	<u>(83,161)</u>
Balances at 6/30/18 (Reporting June 30, 2019)	<u>\$ 3,475,115</u>	<u>\$ -</u>	<u>\$ 3,475,115</u>

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

## TOWN OF LISBON, MAINE

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

	2019
<u>Total OPEB liability</u>	
Service cost (BOY)	33,826
Interest (includes interest on service cost)	126,761
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(140,250)
Benefit payments, including refunds of member contributions	(103,498)
Net change in total OPEB liability	\$ (83,161)
Total OPEB liability - beginning	\$ 3,558,276
Total OPEB liability - ending	\$ 3,475,115
<u>Plan fiduciary net position</u>	
Contributions - employer	103,498
Contributions - member	(103,498)
Net investment income	-
Benefit payments, including refunds of member contributions	-
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 3,475,115
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered payroll	\$ 8,080,148
Net OPEB liability as a percentage of covered payroll	43.0%

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

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

TOWN OF LISBON, MAINE

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>SET Life Insurance:</u>			
Proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>248,511</u>	<u>237,224</u>	-
Total	<u>\$ 248,511</u>	<u>\$ 237,224</u>	<u>\$ -</u>
Covered payroll	\$ 6,965,737	\$ 7,470,720	\$ 7,150,470
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	47.29%	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 LISBON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - HEALTH PLANS  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>
<u>MMEHT - TOWN:</u>		
Employer contributions	\$ 14,808	\$ 13,554
Benefit payments	(14,808)	(13,554)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,358,508	\$ 2,358,508
Contributions as a percentage of covered payroll	0.00%	0.00%

	<u>2018</u>
<u>MMEHT LISBON WATER DEPARTMENT:</u>	
Employer contributions	\$ 1,358
Benefit payments	(1,358)
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 236,231
Contributions as a percentage of covered payroll	0.00%

	<u>2019</u>
<u>MEABT SCHOOL DEPARTMENT:</u>	
Employer contributions	\$ 103,498
Benefit payments	(103,498)
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 8,080,148
Contributions as a percentage of covered payroll	0.00%

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

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



## TOWN OF LISBON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - GROUP LIFE  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>SET Life Insurance:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,739,002	\$ 6,965,737	\$ 7,470,720
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 LISBON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019

**Changes of Assumptions**

MEPERS Pension Plans:

For both the SET Plan and the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan, decreased from 2.20% to 1.91%.

MMEHT Health Plans:

Town Plan: There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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

MEABT Health Plan:

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

MEPERS Group Life Plan:

The discount rate for the OPEB SET Plan was reduced from 6.875% to 6.75%.

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

## Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Net Position - Fiduciary Funds - Private-Purpose Trusts

## TOWN OF LISBON, MAINE

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND  
ACTUAL - GENERAL FUND REVENUES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Adjustments	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>REVENUES:</b>					
Taxes:					
Property taxes	\$ 13,046,255	\$ -	\$ 13,046,255	\$ 13,045,879	\$ (376)
In lieu of property taxes	-	-	-	19,876	19,876
Excise taxes	1,579,000	-	1,579,000	1,700,200	121,200
Registration fees	27,000	-	27,000	29,661	2,661
Interest and costs on taxes	28,000	-	28,000	35,652	7,652
	<u>14,680,255</u>	<u>-</u>	<u>14,680,255</u>	<u>14,831,268</u>	<u>151,013</u>
Licenses and permits:					
Business permits and fees	400	-	400	950	550
All other construction fees	45,500	-	45,500	42,903	(2,597)
Town clerk	19,800	-	19,800	23,130	3,330
	<u>65,700</u>	<u>-</u>	<u>65,700</u>	<u>66,983</u>	<u>1,283</u>
Intergovernmental:					
State revenue sharing	633,000	-	633,000	656,289	23,289
General assistance	17,500	-	17,500	11,510	(5,990)
Tree growth reimbursement	15,000	-	15,000	11,394	(3,606)
BETE reimbursement	409,760	-	409,760	409,852	92
Homestead reimbursement	724,370	-	724,370	724,370	-
Miscellaneous state aid	15,792	-	15,792	20,074	4,282
Urban rural incentive program	97,770	-	97,770	97,724	(46)
Veteran reimbursement	10,000	-	10,000	10,466	466
Grant activity	-	261,737	261,737	261,737	-
	<u>1,923,192</u>	<u>261,737</u>	<u>2,184,929</u>	<u>2,203,416</u>	<u>18,487</u>
Charges for services:					
Public services	326,098	-	326,098	318,877	(7,221)
Public works	102,000	-	102,000	109,086	7,086
Public safety	124,533	-	124,533	152,136	27,603
	<u>552,631</u>	<u>-</u>	<u>552,631</u>	<u>580,099</u>	<u>27,468</u>
Investment income	23,000	-	23,000	61,336	38,336
Other revenues:					
TIF	105,197	-	105,197	98,395	(6,802)
Interest rebate	15,840	-	15,840	-	(15,840)
School	900	-	900	1,600	700
Reimbursements	50,409	-	50,409	41,225	(9,184)
Other revenues	-	-	-	21,390	21,390
	<u>172,346</u>	<u>-</u>	<u>172,346</u>	<u>162,610</u>	<u>(9,736)</u>
Total revenues	<u>\$ 17,417,124</u>	<u>\$ 261,737</u>	<u>\$ 17,678,861</u>	<u>\$ 17,905,712</u>	<u>\$ 226,851</u>

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

TOWN OF LISBON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>General government:</b>					
Elected officials	\$ 21,851	\$ (684)	\$ 21,167	\$ 19,708	\$ 1,459
Town manager	230,065	-	230,065	232,992	(2,927)
Insurance	130,708	(7,000)	123,708	123,156	552
Legal	40,000	-	40,000	49,884	(9,884)
Finance	167,009	-	167,009	133,926	33,083
Tax collector	198,711	-	198,711	189,195	9,516
Code enforcement	120,940	-	120,940	114,565	6,375
Town clerk	139,791	-	139,791	127,593	12,198
Assessing	124,538	-	124,538	107,781	16,757
Town buildings	193,281	-	193,281	192,965	316
Technology	216,021	26,125	242,146	215,298	26,848
Planning Board	32,131	-	32,131	26,411	5,720
Board of Appeals	1,703	-	1,703	902	801
Economic development	105,197	-	105,197	93,309	11,888
	<u>1,721,946</u>	<u>18,441</u>	<u>1,740,387</u>	<u>1,627,685</u>	<u>112,702</u>
<b>Public safety:</b>					
Police	1,696,128	(29,200)	1,666,928	1,597,576	69,352
Animal control officer	94,065	-	94,065	90,171	3,894
Fire	466,258	48,000	514,258	430,872	83,386
Emergency	1,738	-	1,738	1,676	62
LES	127,885	-	127,885	127,884	1
Communication	345,246	-	345,246	339,309	5,937
	<u>2,731,320</u>	<u>18,800</u>	<u>2,750,120</u>	<u>2,587,488</u>	<u>162,632</u>
<b>Public works:</b>					
Public works	1,515,815	(281,042)	1,234,773	1,232,070	2,703
Snow removal	286,946	-	286,946	327,983	(41,037)
Hydrant rental	406,000	-	406,000	406,000	-
Street and traffic lights	115,500	-	115,500	107,789	7,711
Solid waste	497,885	(7,100)	490,785	483,878	6,907
	<u>2,822,146</u>	<u>(288,142)</u>	<u>2,534,004</u>	<u>2,557,720</u>	<u>(23,716)</u>

TOWN OF LISBON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Budget Adjustments	Final Budget	Actual Amounts	Variance Positive (Negative)
Public services:					
Health officer	6,480	-	6,480	5,890	590
Community services - senior citizens	40,000	-	40,000	40,000	-
Lisbon Falls Library	300,362	8,000	308,362	280,787	27,575
Miscellaneous public services	13,000	-	13,000	11,996	1,004
Recreation department	641,484	(20,000)	621,484	599,610	21,874
	<u>1,001,326</u>	<u>(12,000)</u>	<u>989,326</u>	<u>938,283</u>	<u>51,043</u>
General assistance	<u>37,230</u>	<u>-</u>	<u>37,230</u>	<u>44,979</u>	<u>(7,749)</u>
Intergovernmental - county tax	<u>699,623</u>	<u>-</u>	<u>699,623</u>	<u>699,623</u>	<u>-</u>
Education	<u>7,023,783</u>	<u>(7,023,783)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unclassified:					
Tax increment financing payments	700,102	(329,322)	370,780	370,780	-
Grant Activity	-	261,737	261,737	277,349	(15,612)
Accrued leave payout	-	50,000	50,000	-	50,000
Overlay/tax abatements	132,675	-	132,675	16,900	115,775
	<u>832,777</u>	<u>(17,585)</u>	<u>815,192</u>	<u>665,029</u>	<u>150,163</u>
Capital outlay - bonds	<u>534,917</u>	<u>-</u>	<u>534,917</u>	<u>535,815</u>	<u>(898)</u>
Debt service - Town	<u>-</u>	<u>323,274</u>	<u>323,274</u>	<u>343,229</u>	<u>(19,955)</u>
Transfers to other funds:					
Education	-	7,023,783	7,023,783	7,023,783	-
TIF Funds	-	329,322	329,322	329,322	-
	<u>-</u>	<u>7,353,105</u>	<u>7,353,105</u>	<u>7,353,105</u>	<u>-</u>
Total departmental operations	<u>\$ 17,405,068</u>	<u>\$ 372,110</u>	<u>\$ 17,777,178</u>	<u>\$ 17,352,957</u>	<u>\$ 424,222</u>

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

## TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,008	\$ -	\$ 27,981	\$ 81,989
Due from other governments	70,723	-	-	70,723
Inventory	13,241	-	-	13,241
Due from other funds	1,153,976	567,500	-	1,721,476
<b>TOTAL ASSETS</b>	<u><u>\$ 1,291,948</u></u>	<u><u>\$ 567,500</u></u>	<u><u>\$ 27,981</u></u>	<u><u>\$ 1,887,429</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 56,299	\$ -	\$ -	\$ 56,299
Due to other funds	114,261	-	-	114,261
<b>TOTAL LIABILITIES</b>	<u><u>170,560</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>170,560</u></u>
<b>FUND BALANCES</b>				
Nonspendable - inventory and principal	13,241	-	1,118	14,359
Restricted	612,577	-	26,863	639,440
Committed	488,004	567,500	-	1,055,504
Assigned	32,692	-	-	32,692
Unassigned	(25,126)	-	-	(25,126)
<b>TOTAL FUND BALANCES</b>	<u><u>1,121,388</u></u>	<u><u>567,500</u></u>	<u><u>27,981</u></u>	<u><u>1,716,869</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,291,948</u></u>	<u><u>\$ 567,500</u></u>	<u><u>\$ 27,981</u></u>	<u><u>\$ 1,887,429</u></u>

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

## TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,148,317	\$ 642,363	\$ -	\$ 1,790,680
Charges for services	193,003	-	-	193,003
Investment income	10,083	-	280	10,363
Other income	238,860	-	-	238,860
TOTAL REVENUES	<u>1,590,263</u>	<u>642,363</u>	<u>280</u>	<u>2,232,906</u>
EXPENDITURES				
General government	201,421	115	-	201,536
Public works	27,516	-	-	27,516
Public services and payments	407,589	642,363	-	1,049,952
Education	812,890	-	-	812,890
Food service	405,715	-	-	405,715
TOTAL EXPENDITURES	<u>1,855,131</u>	<u>642,478</u>	<u>-</u>	<u>2,497,609</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(264,868)</u>	<u>(115)</u>	<u>280</u>	<u>(264,703)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	517,982	557,615	-	1,075,597
Transfers (out)	(185,000)	-	-	(185,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>332,982</u>	<u>557,615</u>	<u>-</u>	<u>890,597</u>
NET CHANGE IN FUND BALANCES	68,114	557,500	280	625,894
FUND BALANCES - JULY 1, RESTATED	<u>1,053,274</u>	<u>10,000</u>	<u>27,701</u>	<u>1,090,975</u>
FUND BALANCES - JUNE 30	<u>\$ 1,121,388</u>	<u>\$ 567,500</u>	<u>\$ 27,981</u>	<u>\$ 1,716,869</u>

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



## Special Revenue Funds

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

TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	<u>Snowmobile Use</u>	<u>DARE Program</u>	<u>Moxie Donations</u>	<u>Sale of Surplus Prop</u>	<u>School Nutrition Program</u>	<u>School Federal and Other Programs</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,523	\$ 1,952	\$ 43,533	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	70,723
Inventory	-	-	-	-	13,241	-
Due from other funds	-	35,892	22,834	21,891	-	83,599
<b>TOTAL ASSETS</b>	<u>\$ 8,523</u>	<u>\$ 37,844</u>	<u>\$ 66,367</u>	<u>\$ 21,891</u>	<u>\$ 13,241</u>	<u>\$ 154,322</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,299
Due to other funds	1,544	-	-	-	12,575	87,591
<b>TOTAL LIABILITIES</b>	<u>1,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,575</u>	<u>143,890</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable - inventory	-	-	-	-	13,241	-
Restricted	-	37,844	66,367	21,891	-	10,432
Committed	6,979	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(12,575)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>6,979</u>	<u>37,844</u>	<u>66,367</u>	<u>21,891</u>	<u>666</u>	<u>10,432</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 8,523</u>	<u>\$ 37,844</u>	<u>\$ 66,367</u>	<u>\$ 21,891</u>	<u>\$ 13,241</u>	<u>\$ 154,322</u>

SCHEDULE E (CONTINUED)

TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2019

	LL Summer Read	LL Patrick Memorial	LL Barron Memorial	LL Library Adult Program	LL Erna Smith Memorial	LL Huston Memorial	LL Spear Memorial	PD 2017 HSG
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	3,087	1,284	705	859	1,000	665	235	-
<b>TOTAL ASSETS</b>	<b>\$ 3,087</b>	<b>\$ 1,284</b>	<b>\$ 705</b>	<b>\$ 859</b>	<b>\$ 1,000</b>	<b>\$ 665</b>	<b>\$ 235</b>	<b>\$ -</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	4,182
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,182</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable - inventory	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	3,087	1,284	705	859	1,000	665	235	-
Unassigned	-	-	-	-	-	-	-	(4,182)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>3,087</b>	<b>1,284</b>	<b>705</b>	<b>859</b>	<b>1,000</b>	<b>665</b>	<b>235</b>	<b>(4,182)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 3,087</b>	<b>\$ 1,284</b>	<b>\$ 705</b>	<b>\$ 859</b>	<b>\$ 1,000</b>	<b>\$ 665</b>	<b>\$ 235</b>	<b>\$ -</b>

SCHEDULE E (CONTINUED)

TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2019

	Police State Forfeiture	Police Federal Asset Forfeiture	JR Firefighter Reserve	Cemetery Donation	Fire Dept Donations	Playground Donations	Giving Tree	Heating Assistance
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	6,255	-	1,883	384	2,062	1,876	1,804	644
<b>TOTAL ASSETS</b>	<b>\$ 6,255</b>	<b>\$ -</b>	<b>\$ 1,883</b>	<b>\$ 384</b>	<b>\$ 2,062</b>	<b>\$ 1,876</b>	<b>\$ 1,804</b>	<b>\$ 644</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable - inventory	-	-	-	-	-	-	-	-
Restricted	6,255	-	-	384	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	1,883	-	2,062	1,876	1,804	644
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>6,255</b>	<b>-</b>	<b>1,883</b>	<b>384</b>	<b>2,062</b>	<b>1,876</b>	<b>1,804</b>	<b>644</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 6,255</b>	<b>\$ -</b>	<b>\$ 1,883</b>	<b>\$ 384</b>	<b>\$ 2,062</b>	<b>\$ 1,876</b>	<b>\$ 1,804</b>	<b>\$ 644</b>

SCHEDULE E (CONTINUED)

TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2019

	Thanksgiving Basket	Assessing	Rt. 196 / Davis	DOT Match	Generator Pad Reserve	Town Buildings	PW Skid Steer	PW Trash Trailer
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	-	8,904	47,330	128,430	-	31,700	50,000	50,000
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 8,904</b>	<b>\$ 47,330</b>	<b>\$ 128,430</b>	<b>\$ -</b>	<b>\$ 31,700</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	614	-	-	-	7,755	-	-	-
<b>TOTAL LIABILITIES</b>	<b>614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,755</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable - inventory	-	-	-	-	-	-	-	-
Restricted	-	-	-	128,430	-	-	-	-
Committed	-	-	47,330	-	-	31,700	50,000	50,000
Assigned	-	8,904	-	-	-	-	-	-
Unassigned	(614)	-	-	-	(7,755)	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(614)</b>	<b>8,904</b>	<b>47,330</b>	<b>128,430</b>	<b>(7,755)</b>	<b>31,700</b>	<b>50,000</b>	<b>50,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
	<b>\$ -</b>	<b>\$ 8,904</b>	<b>\$ 47,330</b>	<b>\$ 128,430</b>	<b>\$ -</b>	<b>\$ 31,700</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>

SCHEDULE E (CONTINUED)

TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2019

	Fire Truck Replacement	FD Equip Reserve	Technology MUNIS	Elected Officials	HRA Reserve	Dingley TIF	Kelly Park TIF	Downtown TIF	Totals
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,008
Due from other governments	-	-	-	-	-	-	-	-	70,723
Inventory	-	-	-	-	-	-	-	-	13,241
Due from other funds	237,145	10,522	54,328	684	7,000	220,399	33,854	86,721	1,153,976
<b>TOTAL ASSETS</b>	<b>\$ 237,145</b>	<b>\$ 10,522</b>	<b>\$ 54,328</b>	<b>\$ 684</b>	<b>\$ 7,000</b>	<b>\$ 220,399</b>	<b>\$ 33,854</b>	<b>\$ 86,721</b>	<b>\$ 1,291,948</b>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,299
Due to other funds	-	-	-	-	-	-	-	-	114,261
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,560</b>
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable - inventory	-	-	-	-	-	-	-	-	13,241
Restricted	-	-	-	-	-	220,399	33,854	86,721	612,577
Committed	237,145	10,522	54,328	-	-	-	-	-	488,004
Assigned	-	-	-	684	7,000	-	-	-	32,692
Unassigned	-	-	-	-	-	-	-	-	(25,126)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>237,145</b>	<b>10,522</b>	<b>54,328</b>	<b>684</b>	<b>7,000</b>	<b>220,399</b>	<b>33,854</b>	<b>86,721</b>	<b>1,121,388</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 237,145</b>	<b>\$ 10,522</b>	<b>\$ 54,328</b>	<b>\$ 684</b>	<b>\$ 7,000</b>	<b>\$ 220,399</b>	<b>\$ 33,854</b>	<b>\$ 86,721</b>	<b>\$ 1,291,948</b>

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

## TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Snowmobile Use	DARE Program	Moxie Donations	Sale of Surplus Prop	School Nutrition Program	School Federal and Other Programs
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 336,833	\$ 806,707
Charges for services	-	-	-	-	193,003	-
Investment income	135	9,948	-	-	-	-
Other income	1,986	24,511	52,164	46,800	-	21,018
TOTAL REVENUES	<u>2,121</u>	<u>34,459</u>	<u>52,164</u>	<u>46,800</u>	<u>529,836</u>	<u>827,725</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Public services and payments	2,136	29,913	46,160	41,927	-	-
Education	-	-	-	-	-	812,890
Food service	-	-	-	-	405,715	-
TOTAL EXPENDITURES	<u>2,136</u>	<u>29,913</u>	<u>46,160</u>	<u>41,927</u>	<u>405,715</u>	<u>812,890</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15)</u>	<u>4,546</u>	<u>6,004</u>	<u>4,873</u>	<u>124,121</u>	<u>14,835</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	25,000	-	-	14,276
Transfers (out)	-	-	-	-	(165,000)	-
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>(165,000)</u>	<u>14,276</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(15)	4,546	31,004	4,873	(40,879)	29,111
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>6,994</u>	<u>33,298</u>	<u>35,363</u>	<u>17,018</u>	<u>41,545</u>	<u>(18,679)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,979</u>	<u>\$ 37,844</u>	<u>\$ 66,367</u>	<u>\$ 21,891</u>	<u>\$ 666</u>	<u>\$ 10,432</u>

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	LL Summer Read	LL Patrick Memorial	LL Barron Memorial	LL Library Adult Program	LL Erna Smith Memorial	LL Huston Memorial	LL Spear Memorial	PD 2017 HSG
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,777
Charges for services	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other income	2,245	25	705	192	-	665	235	-
TOTAL REVENUES	<u>2,245</u>	<u>25</u>	<u>705</u>	<u>192</u>	<u>-</u>	<u>665</u>	<u>235</u>	<u>4,777</u>
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public services and payments	976	138	-	-	-	-	-	4,784
Education	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>976</u>	<u>138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,784</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,269</u>	<u>(113)</u>	<u>705</u>	<u>192</u>	<u>-</u>	<u>665</u>	<u>235</u>	<u>(7)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,269	(113)	705	192	-	665	235	(7)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>1,818</u>	<u>1,397</u>	<u>-</u>	<u>667</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(4,175)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,087</u>	<u>\$ 1,284</u>	<u>\$ 705</u>	<u>\$ 859</u>	<u>\$ 1,000</u>	<u>\$ 665</u>	<u>\$ 235</u>	<u>\$ (4,182)</u>



TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Police State Forfeiture	Police Federal Asset Forfeiture	JR Firefighter Reserve	Cemetery Donation	Fire Dept Donations	Playground Donations	Giving Tree	Heating Assistance
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other income	-	6,786	1,883	-	-	-	1,225	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>6,786</b>	<b>1,883</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,225</b>	<b>-</b>
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public services and payments	14,503	6,786	-	-	-	-	2,700	-
Education	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>14,503</b>	<b>6,786</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,700</b>	<b>-</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,503)	-	1,883	-	-	-	(1,475)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	(14,503)	-	1,883	-	-	-	(1,475)	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	20,758	-	-	384	2,062	1,876	3,279	644
FUND BALANCES (DEFICITS) - JUNE 30	\$ 6,255	\$ -	\$ 1,883	\$ 384	\$ 2,062	\$ 1,876	\$ 1,804	\$ 644

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Thanksgiving Basket	Assessing	Rt. 196 / Davis	DOT Match	Generator Pad Reserve	Town Buildings	PW Skid Steer	PW Trash Trailer
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other income	520	-	2,900	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>520</b>	<b>-</b>	<b>2,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	27,516	-	-	-	-
Public services and payments	563	4,200	5,570	-	37,755	-	-	-
Education	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>563</b>	<b>4,200</b>	<b>5,570</b>	<b>27,516</b>	<b>37,755</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43)	(4,200)	(2,670)	(27,516)	(37,755)	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	10,000	31,700	50,000	50,000
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>31,700</b>	<b>50,000</b>	<b>50,000</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	(43)	(4,200)	(2,670)	(27,516)	(27,755)	31,700	50,000	50,000
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	(571)	13,104	50,000	155,946	20,000	-	-	-
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (614)</u>	<u>\$ 8,904</u>	<u>\$ 47,330</u>	<u>\$ 128,430</u>	<u>\$ (7,755)</u>	<u>\$ 31,700</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Fire Truck Replacement	FD Equip Reserve	Technology MUNIS	Elected Officials	HRA Reserve	Dingley TIF	Kelly Park TIF	Downtown TIF	Totals
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,148,317
Charges for services	-	-	-	-	-	-	-	-	193,003
Investment income	-	-	-	-	-	-	-	-	10,083
Other income	75,000	-	-	-	-	-	-	-	238,860
<b>TOTAL REVENUES</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,590,263</b>
EXPENDITURES									
General government	-	-	20,672	-	-	170,000	-	10,749	201,421
Public works	-	-	-	-	-	-	-	-	27,516
Public services and payments	170,000	39,478	-	-	-	-	-	-	407,589
Education	-	-	-	-	-	-	-	-	812,890
Food service	-	-	-	-	-	-	-	-	405,715
<b>TOTAL EXPENDITURES</b>	<b>170,000</b>	<b>39,478</b>	<b>20,672</b>	<b>-</b>	<b>-</b>	<b>170,000</b>	<b>-</b>	<b>10,749</b>	<b>1,855,131</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(95,000)	(39,478)	(20,672)	-	-	(170,000)	-	(10,749)	(264,868)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	684	7,000	266,562	28,499	34,261	517,982
Transfers (out)	-	-	-	-	-	(20,000)	-	-	(185,000)
<b>TOTAL OTHER SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>684</b>	<b>7,000</b>	<b>246,562</b>	<b>28,499</b>	<b>34,261</b>	<b>332,982</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	(95,000)	(39,478)	(20,672)	684	7,000	76,562	28,499	23,512	68,114
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	332,145	50,000	75,000	-	-	143,837	5,355	63,209	1,053,274
FUND BALANCES (DEFICITS) - JUNE 30	\$ 237,145	\$ 10,522	\$ 54,328	\$ 684	\$ 7,000	\$ 220,399	\$ 33,854	\$ 86,721	\$ 1,121,388

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 LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2019

	TC Book Restore	Police Server	Police Cruiser	Fire Dept Light Bar	Culvert Replacement	PW Sand/Salt Shed Roof
<b>ASSETS</b>						
Due from other funds	\$ 10,000	\$ 15,000	\$ 22,000	\$ 2,000	\$ 50,000	\$ 34,100
<b>TOTAL ASSETS</b>	<u>\$ 10,000</u>	<u>\$ 15,000</u>	<u>\$ 22,000</u>	<u>\$ 2,000</u>	<u>\$ 50,000</u>	<u>\$ 34,100</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	10,000	15,000	22,000	2,000	50,000	34,100
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>10,000</u>	<u>15,000</u>	<u>22,000</u>	<u>2,000</u>	<u>50,000</u>	<u>34,100</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 10,000</u>	<u>\$ 15,000</u>	<u>\$ 22,000</u>	<u>\$ 2,000</u>	<u>\$ 50,000</u>	<u>\$ 34,100</u>

SCHEDULE G (CONTINUED)  
TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Public Works Truck	PW Infrastructure Paving	Recreation Truck	USDA RD Loan Grant CIP	Totals
<b>ASSETS</b>					
Due from other funds	\$ 220,358	\$ 194,042	\$ 20,000	\$ -	\$ 567,500
<b>TOTAL ASSETS</b>	<b>\$ 220,358</b>	<b>\$ 194,042</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 567,500</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	220,358	194,042	20,000	-	567,500
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>220,358</b>	<b>194,042</b>	<b>20,000</b>	<b>-</b>	<b>567,500</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 220,358</b>	<b>\$ 194,042</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 567,500</b>

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

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	TC Book Restore	Police Server	Police Cruiser	Fire Dept Light Bar	Culvert Replacement	PW Sand/Salt Shed Roof
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
General government	115	-	-	-	-	-
Public services and payments	-	-	-	-	-	-
TOTAL EXPENDITURES	115	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(115)	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	115	15,000	22,000	2,000	50,000	34,100
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER SOURCES (USES)	115	15,000	22,000	2,000	50,000	34,100
NET CHANGE IN FUND BALANCES	-	15,000	22,000	2,000	50,000	34,100
FUND BALANCES - JULY 1, RESTATED	10,000	-	-	-	-	-
FUND BALANCES - JUNE 30	\$ 10,000	\$ 15,000	\$ 22,000	\$ 2,000	\$ 50,000	\$ 34,100

SCHEDULE H (CONTINUED)  
TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Public Works Truck	PW Infrastructure Paving	Recreation Truck	USDA RD Loan Grant CIP	Totals
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ 642,363	\$ 642,363
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>642,363</u>	<u>642,363</u>
EXPENDITURES					
General government	-	-	-	-	115
Public services and payments	-	-	-	642,363	642,363
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>642,363</u>	<u>642,478</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	220,358	194,042	20,000	-	557,615
Transfers (out)	-	-	-	-	-
TOTAL OTHER SOURCES (USES)	<u>220,358</u>	<u>194,042</u>	<u>20,000</u>	<u>-</u>	<u>557,615</u>
NET CHANGE IN FUND BALANCES	220,358	194,042	20,000	-	557,500
FUND BALANCES - JULY 1, RESTATED	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
FUND BALANCES - JUNE 30	<u>\$ 220,358</u>	<u>\$ 194,042</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 567,500</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 Lisbon, 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 LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Balances Beginning of Year		Revenues		Expenditures	Balances End of Year	
	Principal (Nonspendable)	Unexpended Income	Investment Income	Contributions and Other Receipts	Disbursements	Principal (Nonspendable)	Unexpended Income
Potter Patten Cemetery	\$ 75	\$ 304	\$ 9	\$ -	\$ -	\$ 75	\$ 313
Davis Cemetery Perpetual Care	-	24,184	208	-	-	-	24,392
Curtis Scholarship	413	6	11	-	-	413	17
Maine Research Company Charity Fund	630	2,089	52	-	-	630	2,141
<b>Totals</b>	<b>\$ 1,118</b>	<b>\$ 26,583</b>	<b>\$ 280</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,118</b>	<b>\$ 26,863</b>

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

## Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

## TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
 FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST  
 FOR THE YEAR ENDED JUNE 30, 2019

	Balances Beginning of Year		Additions		Deductions	Balances End of Year	
	Principal (Nonspendable)	Unexpended Income	Investment Income	Contributions and Other Receipts	Disbursements	Principal (Nonspendable)	Unexpended Income
Arthur E. Baron	\$ -	\$ 251	\$ 1	\$ 300	\$ 500	\$ -	\$ 52
Blanche M. Jalbert Fund	3,365	1,839	48	-	100	3,365	1,787
Bryce McEwen Rotary Scholarship	-	13,223	147	-	250	-	13,120
Class of 1941 Scholarship Fund	-	22,577	253	-	200	-	22,630
Dunton Memorial	3,200	79	40	3,201	-	3,200	3,320
Earl Higgins Memorial	3,281	454	3	-	150	3,281	307
Farmer	-	19,891	44	1,530	2,000	-	19,465
Frank Wimmer Trust	-	16,673	16	1,896	2,000	-	16,585
Leon E. Bard, Sr. Memorial Music Scholarship Fund	1,952	774	30	100	100	1,952	804
Lisbon High School Memorial Scholarship Fund	7,482	1,252	113	1	200	7,482	1,166
Marion T. Morse Secretarial Award	1,000	357	1	-	100	1,000	258
Michael F. Strout Memorial Scholarship Fund	3,109	1,199	1	-	200	3,109	1,000
Richard S. Ladner Scholarship Fund	4,924	9,149	14	-	500	4,924	8,663
Sugg Middle School Trust Fund	-	3,072	28	-	100	-	3,000
Walter Huston Memorial Scholarship	-	27,236	281	-	2,000	-	25,517
<b>Totals</b>	<b>\$ 28,313</b>	<b>\$ 118,026</b>	<b>\$ 1,020</b>	<b>\$ 7,028</b>	<b>\$ 8,400</b>	<b>\$ 28,313</b>	<b>\$ 117,674</b>

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

TOWN OF LISBON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor Program or Cluster/Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Direct Award:				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ -	\$ 642,400
Passed through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-3014-05	-	89,033
National School Lunch Program	10.555	013-7128-05	-	330,562
Subtotal Child Nutrition Cluster:			-	419,595
Total U.S. Department of Agriculture			-	1,061,995
U.S. Department of Housing and Urban Development				
Passed through State of Maine - Department of Economic and Community Development:				
Micro-Enterprise Assistance	14.228	N/A	-	68,658
Downtown Revitalization Grant	14.228	N/A	-	292,371
Total U.S. Department of Housing and Urban Development			-	361,029
Environmental Protection Agency				
Direct Award:				
Lisbon Maine Brownfields Assessment Grant	66.818	N/A	-	54,633
Total Environmental Protection Agency			-	54,633
U.S. Department of Education				
Passed through State of Maine - Department of Education and Cultural Services:				
Title I Grants to Local Education Agencies	84.010	6334	-	372,521
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA Part B)	84.027	6317	-	320,055
Special Education - Preschool Grants (IDEA Preschool)	84.173	6241	-	5,790
Subtotal Special Education Cluster (IDEA)			-	325,845
Improving Teacher Quality State Grants	84.367	1138	-	43,756
Total U.S. Department of Education			-	742,122
U.S. Department of Justice				
Direct Award				
Bullet Proof Vest Partnership	16.607	N/A	-	638
Total U.S. Department of Justice			-	638
U.S. Department Transportation				
Passed through State of Maine - Bureau of Highway Safety:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	N/A	-	293
State and Community Highway Safety	20.600	N/A	-	2,207
State and Community Highway Safety	20.600	N/A	-	1,041
State and Community Highway Safety	20.600	N/A	-	507
State and Community Highway Safety	20.600	N/A	-	4,777
Sub-total Highway Safety Cluster			-	8,825
Total U.S. Department of Transportation			-	8,825
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 2,229,242

## TOWN OF LISBON, MAINE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Lisbon, Maine under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Lisbon, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Lisbon, Maine.

#### 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Lisbon, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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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

Town Council  
Town of Lisbon, 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 Lisbon, Maine, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Lisbon, Maine's basic financial statements and have issued our report thereon dated March 31, 2020.

Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Lisbon, 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 Lisbon, Maine in a separate letter dated March 18, 2020.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
March 31, 2020





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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Town Council  
Town of Lisbon, Maine

### Report on Compliance for Each Major Federal Program

We have audited Town of Lisbon, Maine's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of Town of Lisbon, Maine's major federal programs for the year ended June 30, 2019. Town of Lisbon, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Lisbon, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Lisbon, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Lisbon, Maine's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Town of Lisbon, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### Report on Internal Control Over Compliance

Management of the Town of Lisbon, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Lisbon, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Lisbon, Maine's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
March 31, 2020

TOWN OF LISBON, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

- *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

**Section II - Financial Statement Findings**

None

**Section III - Federal Awards Findings and Questioned Costs**

None



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## INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Town Council  
Town of Lisbon, Maine

We have audited the financial statements of the Town of Lisbon for the year ended June 30, 2019 and have issued our report thereon dated March 31, 2020. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the State for accuracy. In addition, we have reviewed the Town's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Lisbon, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Lisbon, Maine was in noncompliance with, or in violation of, those provisions.

Management has determined that no adjustments were necessary to the fiscal books of the Town and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the School Department.

This report is intended solely for the information of the Town Council, management and the Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

*RHR Smith & Company*

Buxton, Maine  
March 31, 2020

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TOWN OF LISBON, MAINE

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA  
 SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM  
 FOR THE YEAR ENDED JUNE 30, 2019

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (4000)	Total
June 30 Balance per MEFS	\$ -	\$ -	\$ -	\$ -
<b>Other Adjustments:</b>				
Fund Balances Not Reported on MEFS:				
General Fund	531,124	-	-	531,124
Title IA (84.010)	-	19,024	-	19,024
Title IA Program Improvement (84.010)	-	(2,061)	-	(2,061)
Local Entitlement (84.027)	-	(51,061)	-	(51,061)
Preschool (84.173)	-	(1,979)	-	(1,979)
Title IIA Teacher Quality (84.367)	-	13,115	-	13,115
Title V Innovative Ed	-	2,325	-	2,325
Adult Education	-	6,154	-	6,154
PWS Fund	-	366	-	366
Unify Grant	-	(3,646)	-	(3,646)
MELMAC Grant	-	460	-	460
Common Good Grant	-	241	-	241
Adult Education ITV	-	1,372	-	1,372
Maine Arts	-	500	-	500
Wellness Grant	-	(280)	-	(280)
E-Rate	-	7,796	-	7,796
Adult Ed Enrichment	-	(8,258)	-	(8,258)
School Nutrition Program	-	666	-	666
School Capital Fund	-	-	31,775	31,775
Audited GAAP Basis Fund Balance June 30	<u>\$ 531,124</u>	<u>\$ 11,098</u>	<u>\$ 31,775</u>	<u>\$ 573,997</u>