

Town of Standish



Annual Financial Statements
For the Year Ended June 30, 2022

Independently Audited By

Berry·Talbot·Royer

CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
 Basic Financial Statements	
Statement 1 Statement of Net Position.....	17
Statement 2 Statement of Activities.....	18
Statement 3 Balance Sheet – Governmental Funds	19
Statement 4 Reconciliation Statement – Total Governmental Fund Balances to the Net Position of Governmental Activities	20
Statement 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Statement 6 Reconciliation Statement – Net Change in Fund Balances of Governmental Funds to the Change in Net Position of Governmental Activities	22
Statement 7 Statement of Fiduciary Net Position – Fiduciary Funds	23
Notes to the Basic Financial Statements.....	24
 Required Supplementary Information	
Schedule 1 Budgetary Comparison Schedule – General Fund – Budgetary Basis	44
Schedule 2 Schedule of Proportionate Share of Net Pension Liability.....	45
Schedule 3 Schedule of Employer Contributions	46
Notes to the Required Supplementary Information	47
 Other Supplementary Information	
Schedule 4 Budgetary Comparison Schedule – Recreation Special Revenue Fund – Budgetary Basis.....	48
Schedule 5 Budgetary Comparison Schedule – 2022 Capital Projects Fund – Budgetary Basis	49
Schedule 6 Schedule of Departmental Operations – General Fund	50
Schedule 7 Comparative Balance Sheets – General Fund.....	51
Schedule 8 Summarized Schedule of Changes in Fund Balances – General Fund	52
Schedule 9 Detailed Schedule of Changes in Fund Balances – General Fund.....	53
Schedule 10 Combining Balance Sheet – Nonmajor Special Revenue Funds.....	54
Schedule 11 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	55
Schedule 12 Combining Balance Sheet – Nonmajor Capital Projects Funds.....	56
Schedule 13 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	57
Schedule 14 Combining Balance Sheet – Nonmajor Permanent Funds	58
Schedule 15 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Permanent Funds	59
Notes to the Other Supplementary Information	60
 Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 61



Independent Auditor's Report

Town Council and Manager
Town of Standish, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Standish, Maine as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Standish, Maine as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Standish and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (starting on page 4), the general fund's budgetary comparison schedule (Schedule 1), and the schedules related to pensions (Schedules 2 & 3) 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Standish, Maine's basic financial statements. Schedules 4 through 15 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 4 through 15 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, Schedules 4 through 15 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 December 2, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of 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's internal control over financial reporting and compliance.



Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
December 2, 2022



Town of Standish

Management Discussion and Analysis

The Town of Standish (the Town) provides this Management Discussion and Analysis to present additional information to the readers of the Town's basic financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2022. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the Town's basic financial statements, required supplementary information, and other supplementary information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements include three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information that provides budgetary comparisons with actual results. The components of the financial statements are described in the following sections.

Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the Town – the Government-wide Financial Statements and the Fund Financial Statements. The Notes to the Basic Financial Statements supplement the financial statement information and clarify line items that are part of the financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad view of the Town's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic condition at the end of the fiscal year. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-wide Financial Statements include two statements:

- The *Statement of Net Position* presents all of the government's assets, liabilities, and deferred inflows of resources, with the difference between total assets and the sum of total liabilities and total deferred inflows of resources reported as total net position. Over time, increases or decreases in the Town's 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

Both of the above financial statements present the net position and activities of *governmental activities*. Governmental activities are those activities that are mostly supported by taxes and intergovernmental revenues (federal and state grants) and are the only major category of activities carried on by the Town.

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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the Government-wide Financial Statements. The Town maintains only two categories of funds: governmental funds and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, the Governmental Fund Financial Statements focus on near term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of the 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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town presents three columns in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town's major governmental funds are the General Fund and the 2020 Capital Projects Fund. All non-major governmental funds are combined in the "Other Governmental Funds" column on these statements.

Fiduciary Funds

These funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary 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's sole fiduciary fund is an Agency Fund that accounts for money held and administered by the Town on behalf of third parties.

Current Year Financial Highlights

- The Town's property values increased in taxable valuation from \$1,063,785,379 to \$1,117,164,159, an overall increase of \$43,378,780 or approximately 5.0%.
- The Town's mill rate decreased from \$15.15 in fiscal year 2021 to 15.00 in fiscal year 2022, a decrease of \$0.15 per thousand.
- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$33,975,602 as of the end of the fiscal year. This year's total net position includes an unrestricted portion totaling \$5,800,528 (an decrease of \$50,334 from the prior year), which may be used to meet the Town's ongoing obligations to employees, citizens, and creditors.
- The Town's operations for this year resulted in an increase in net position of \$2,079,755. The Town's net expenses of \$22,409,747 were completely offset by net revenues of \$24,489,502.
- Total governmental activities' expenses in fiscal year 2022 were up by \$1,176,724 from fiscal year 2021. Also, total governmental activities' revenues in fiscal year 2022 were up by \$2,216,305 from fiscal year 2021.
- In the General Fund, the Town's unassigned fund balance increased by \$1,134,908 between June 30, 2021 to June 30, 2022, from \$4,758,809 to \$5,893,717 (a 24% increase).
- It is the policy of the Town to maintain unassigned fund balance in the General Fund at a range between two twelfths and three twelfths of the approved appropriation for the municipal budget or 16.67% to 25.00% - essentially, two to three months' worth of expenditures. Going into fiscal year 2023, the original approved appropriations totaled \$26,464,599, creating a target range of \$4,411,649 to \$6,616,150. At year end, the unassigned fund balance was \$5,893,717, above the target range minimum by \$1,482,068.
- At the close of the current fiscal year, the Town's General Fund's unassigned fund balance as a percentage of the General Fund's expenditures for the fiscal year was 27.7% – up from 23.5% in the prior year.
- Current year debt issues were \$2,003,000 while debt repayments were \$1,179,007. The Town's total bonded and other outstanding long-term debt increased by \$823,993 during the current fiscal year.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position totaled \$33.9 million at the end of fiscal year 2022, compared to \$31.9 million at the end of fiscal year 2021.

Table A
Town of Standish
Condensed Statement of Net Position
As of June 30, 2022 and 2021

	2022	2021	\$ Change	% Change
Current assets	\$ 12,132,792	\$ 9,387,540	\$ 2,745,252	29.2%
Capital assets, net	32,628,018	31,933,963	694,055	2.2%
Noncurrent assets	<u>9,610</u>	<u>-</u>	<u>9,610</u>	
Total assets	44,770,420	41,321,503	3,448,917	8.3%
Deferred outflows of resources	<u>165,698</u>	<u>-</u>	165,698	
Current liabilities	2,703,807	2,096,216	607,591	29.0%
Long-term liabilities	<u>8,114,122</u>	<u>7,316,427</u>	<u>797,695</u>	10.9%
Total liabilities	10,817,929	9,412,643	1,405,286	14.9%
Deferred inflows of resources	<u>142,587</u>	<u>13,013</u>	<u>129,574</u>	995.7%
Net investment in capital assets	25,090,303	23,438,529	1,651,774	7.0%
Restricted	3,084,771	2,606,456	478,315	18.4%
Unrestricted	<u>5,800,528</u>	<u>5,850,862</u>	<u>(50,334)</u>	-0.9%
Total net position	<u>\$ 33,975,602</u>	<u>\$ 31,895,847</u>	<u>\$ 2,079,755</u>	6.5%

Significant variances from the prior year include 29.2% increase (\$2,745,252) in current assets, a 29% increase (\$607,591) in current liabilities, and a 995.7% increase (\$129,574) in deferred inflows of resources.

The increase in current assets is due to a yearend timing of more cash available in the operating account along with increases in TIF, ARPA, and Bond Proceeds cash balances.

The increase in deferred outflows and deferred inflows of resources is due to the Town's first year reporting the amounts related to pensions through the Maine Public Employee Retirement System plan on the Statement of Net Position.

Table B
Town of Standish
Condensed Statement of Activities
For the Years Ended June 30, 2022 and 2021

	2022	2021	\$ Change	% Change
Charges for services	\$ 1,818,375	\$ 1,431,871	\$ 386,504	27.0%
Operating grants	<u>250,777</u>	<u>257,551</u>	<u>(6,774)</u>	-2.6%
Total program revenues	2,069,152	1,689,422	379,730	22.5%
Taxes	19,041,691	18,506,178	535,513	2.9%
Intergovernmental	2,049,300	1,551,981	497,319	32.0%
Other	<u>1,329,359</u>	<u>525,616</u>	<u>803,743</u>	152.9%
Total general revenues	<u>22,420,350</u>	<u>20,583,775</u>	<u>1,836,575</u>	8.9%
Total revenues	24,489,502	22,273,197	2,216,305	10.0%
General government	2,183,484	1,753,455	430,029	24.5%
Public safety	2,664,840	2,369,699	295,141	12.5%
General assistance	72,750	85,939	(13,189)	-15.3%
Public works	3,515,279	3,490,244	25,035	0.7%
Community service programs	578,953	776,858	(197,905)	-25.5%
Benefits and insurance	1,239,239	1,068,306	170,933	16.0%
Fixed charges	12,149,945	11,677,564	472,381	4.0%
Overlay and bad debt	<u>5,257</u>	<u>10,958</u>	<u>(5,701)</u>	-52.0%
Total expenses	<u>22,409,747</u>	<u>21,233,023</u>	<u>1,176,724</u>	5.5%
Change in net position	<u>\$ 2,079,755</u>	<u>\$ 1,040,174</u>	<u>\$ 1,039,581</u>	99.9%

Overall, total revenues were up in fiscal year 2022 compared to fiscal year 2021 by 10%. Most of this increase came from property taxes, excise taxes, and state revenue sharing and grant reimbursements. Total expenses were up by 5.5%, across all departments with varying significance.

Overall, the Town realized an increase in net position of \$2,079,755. This is 99.9% more than the prior year's increase of \$1,040,174.

Chart A on the following page shows the relative sizes of revenues based on their source. The largest source of revenues is, of course, taxes at 78%, followed by intergovernmental at 8% and charges for services at 7%.

Chart B on the following page shows the relative sizes of expenses based on the program. Fixed charges, which includes education, county tax, and debt interest, takes up the largest share of expenses at 54%. Public works is second, consuming 16% of expenses.

Chart A
Revenues by Source

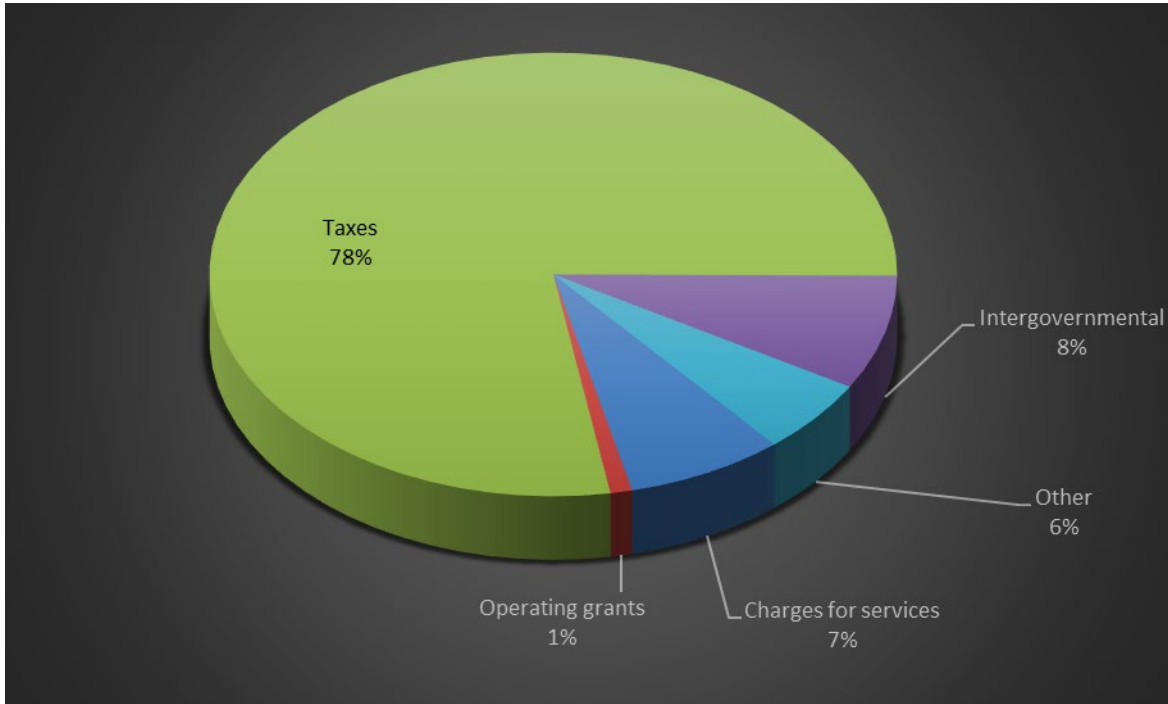
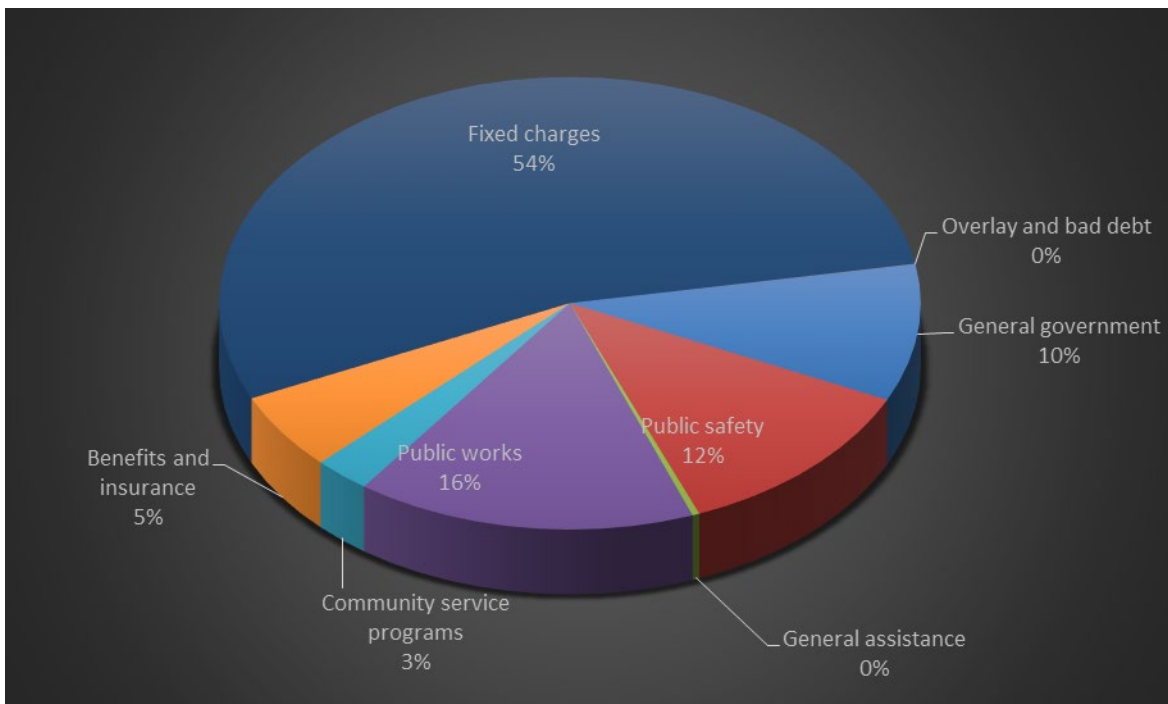


Chart B
Expenses by Program



Analysis of the Town's Governmental Funds

As noted earlier, the Town of Standish uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the fiscal year.

General Fund

The General Fund's net change in fund balance for the year was an increase of \$1,763,094, compared to a fiscal year 2021 increase of \$1,350,423. The unassigned fund balance had a net increase for the year of \$1,134,908 compared to a fiscal year 2021 increase of \$1,395,891. The Town's general intention was to approve a budget deficit of \$93,741, compared with \$61,179 in fiscal year 2021. (often referred to as a "budgeted use of fund balance")

As noted in the financial highlights section, the General Fund's unassigned fund balance ended the fiscal year \$1,482,068 above the minimum target level, as determined by Town policy. Town policy stipulates that when the unassigned fund balance falls outside the target range, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance within the approved range over a period of no more than three (3) years.

Of the other components of the General Fund's fund balance, the most significant changes were in the budgeted use of fund balance within the Assigned fund balance and Reserves within the committed fund balance. The town council approved \$13,309 in carry forwards from the fiscal year 2022 budget into fiscal year 2023. The town also budgeted to use undesignated fund balance of \$300,000 to offset the tax commitment in covering budgeted expenditures. The committed fund balance reserves increased by \$260,064 from the prior year.

2022 Capital Projects Fund

The 2022 Capital Projects Fund was created during the fiscal year from issuing \$2,003,000 in new debt to pay for a variety of capital improvement projects. The Town expended a total of \$703,276 on those planned projects during fiscal year 2022 and plan to complete the remaining projects in the coming fiscal years. Each year, the Town budgets for capital improvement projects which are approved at the annual town meeting.

Other Governmental Funds

All other governmental funds are composed of nonmajor special revenue funds, capital projects funds, and permanent funds. Total nonmajor special revenue funds' balances increased by \$1,056,791, total nonmajor capital projects funds' balances decreased by \$1,839,384, and total nonmajor permanent funds' balances increased by \$13 – all told, a decrease of \$782,575.

The fund balances of nonmajor special revenue funds simply represent unexpended grants, recreation fund monies, and other specially designated funds. The fund balances of nonmajor capital projects funds represent unexpended bond funds issued for capital improvement projects. The fund balances of nonmajor permanent funds represent non-spendable and restricted portions of funds endowed to the Town for specified uses.

General Fund Budgetary Highlights

The municipal budget approves appropriations for both the General Fund and the Capital Projects Fund. The Capital Projects Fund portion is budgeted to be funded primarily through new bond issues. The original General Fund budget, as adopted by the Town on June 12, 2021, budgeted a deficit of \$59,661 that was to be covered by the unassigned fund balance.

The variances between the original budget and the final budget were as follows:

- Of fiscal year 2021's unexpended appropriations, \$2,278 were approved to be carried forward and added to the fiscal year 2022 appropriated budget in the General Administration Department.
- Cable Television increased by \$1,826 from a reclass of reserves for equipment upgrade.
- Town Clerk increased by \$4,387 due to approved carry forward from fiscal year 2021.
- Planning increased by \$42,564 due to \$31,161 transfer from the TIF fund for planning salary, and a \$10,000 transfer from the TIF fund for chamber of commerce donation. There was also an increase of \$1,403 due to an approved carry forward from fiscal year 2021.
- Public Safety increased by \$6,785 due to approved carry forward from fiscal year 2021.
- Public Works increased by \$25,312 from an approved reclass of third-party review funds,
- Donations increased by \$7,000 due to an approved carry forward from fiscal year 2021.
- TIF District increased by \$7,373 as a result of updated estimates of revenue when the taxes were committed.

As a result of the changes above the final budget increased the budgeted deficit by \$34,080.

In analyzing comparisons between the final budget and actual results, revenues came in \$1,047,095 above estimates, driven by more in intergovernmental revenue sharing than anticipated, supplemental taxes, and more EMS revenue from increased calls.

Despite the Town budgeting a (final) deficit of \$93,741, the actual surplus was \$1,763,094 – or, \$1,856,835 less than was budgeted.

Capital Assets and Long-term Debt Activity

Capital Assets

The Town's investment in capital assets for governmental activities, as of June 30, 2022, has a net book value of about \$32.6 million, made up of costs totaling \$67 million less accumulated depreciation of \$35.9 million. This investment includes land, construction in progress, buildings, land improvements, machinery and equipment, and infrastructure. Infrastructure assets are items that are normally immovable and have value only to the Town, such as roads, bridges, streets, sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the Town's investment in capital assets for the current fiscal year was \$694,055. This is a combination of \$1,082,191 in net additions less \$388,136 in net reductions.

The Town disposed of assets with a historical cost of \$387,123, but that had a net book value of \$249,419. A loss was recognized on the disposal of assets in the amount of \$137,704.

Table C
Capital Assets Net Book Value Comparisons
As of June 30, 2022 and 2021

	2022	2021	\$ Change	% Change
Land	\$ 872,273	\$ 872,273	\$ -	0.0%
Construction in progress	259,312	298,650	(39,338)	
Buildings	3,507,814	3,394,519	113,295	3.3%
Land improvements	932,604	216,144	716,460	331.5%
Machinery and equipment	3,060,560	3,292,963	(232,403)	-7.1%
Infrastructure	<u>23,995,455</u>	<u>23,859,414</u>	<u>136,041</u>	0.6%
Totals	<u>\$ 32,628,018</u>	<u>\$ 31,933,963</u>	<u>\$ 694,055</u>	2.2%

Chart C on the following page shows the composition of capital assets and each of their classes' relative size to others. Infrastructure is, by far, the largest class of capital assets, making up 73% of total capital assets. The next largest asset classes are buildings at 11% and machinery & equipment at 9%.

Chart D on the following page provides a graphical depiction of how much of each asset class' total cost has been expensed as depreciation, as of June 30, 2022. The entire pie represents total cost, the red portion represents net book value (or, undepreciated cost), and the blue portion represents accumulated depreciation. These charts are designed to show how much of each asset class has been "used up" through depreciation. The more accumulated depreciation relative to net book value (i.e., the more blue the pie becomes), the closer the asset class is, on average, to the end of its useful life. As capital assets age, the Town needs to replace them so that the Town can carry out its services. The pies show that the buildings and land improvements have, on average for the class, relatively young useful lives. Infrastructure, on average, has passed middle age. And, the machinery and equipment class is over 50% accumulated depreciation, which means individual assets within that class are generally older and closer to the end of their useful lives. This analysis is useful to help assess where capital outlays will need to be made in the future.

Chart C
Composition of Capital Assets

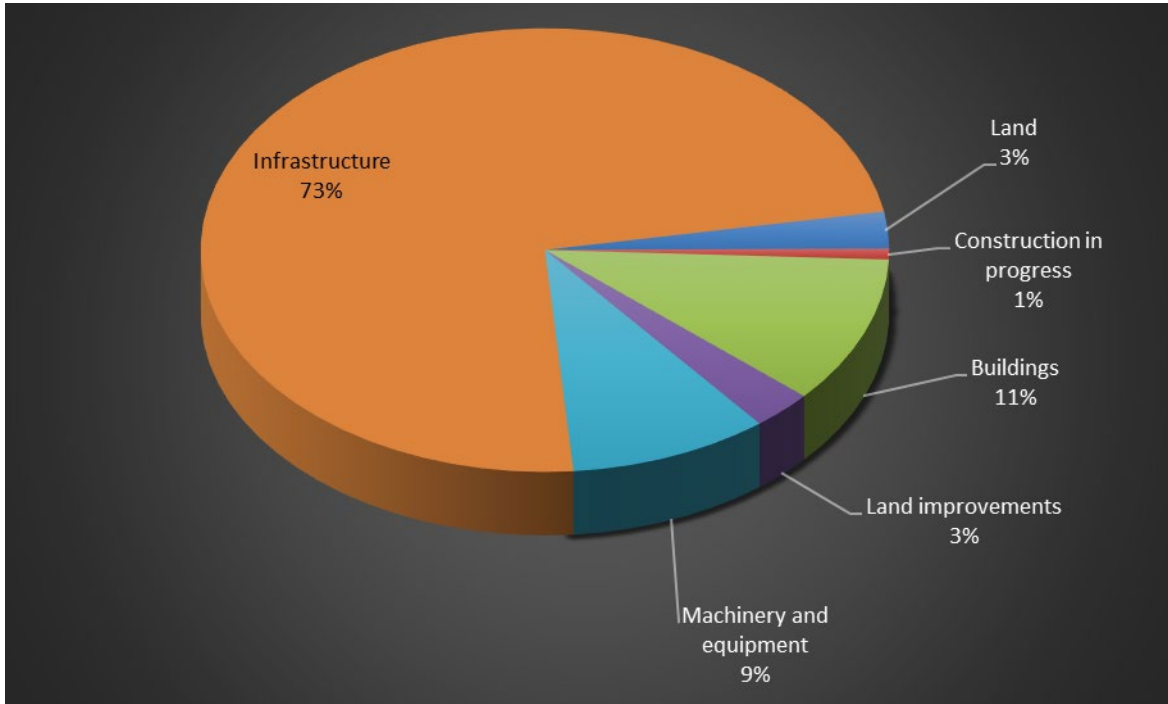
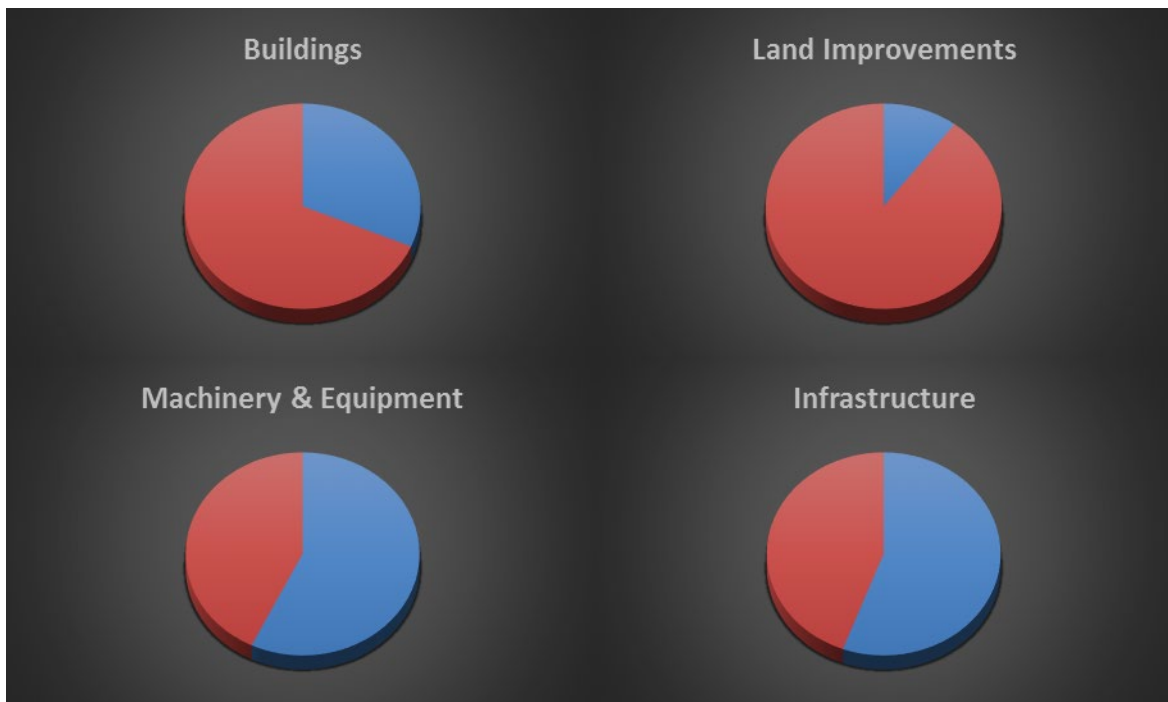


Chart D
Consumption of Capital Assets



Long-term Debt

At the end of the fiscal year, the Town had \$9.3 million in general obligation – an increase of \$823,993 over last year. There was a bond issuance in fiscal year 2022 of \$2,003,000 to fund approved capital projects. The Town paid down its debt during the year in the amount of \$1,179,007.

All outstanding bonded debt is to be used for capital asset expenditures. Unexpended bond funds remain accounted for in the capital projects funds and will be used to complete projects that have been approved by the Town in prior years. The Town’s debt load remains well below the statutory debt limit of 15% of the Town’s state valuation, standing at 0.7% as of the end of fiscal year 2022. Likewise, on a per capita basis, the Town’s debt was approximately \$907, far below a generally acceptable amount of \$1,500 - \$2,000 per capita.

Table D
 Long-term Debt Comparisons
 As of June 30, 2022 and 2021

	2022	2021	\$ Change	% Change
Total Long-Term Debt	\$ 9,319,427	\$ 8,495,434	\$ 823,993	9.7%

Currently Known Facts, Decisions, or Conditions

Next Year's Budget and Rates

In June 2022, the Town's voters passed its fiscal year 2023 municipal budget in which they approved appropriations of \$12,134,236 for education, \$12,867,663 for municipal services, \$829,008 for county taxes, \$117,428 for allocation to the TIF District, and an estimated \$216,264 in overlay. The Town also approved \$2,077,695 in capital expenditures to be funded by issuing general obligation bonds. The Town estimated \$8,609,861 in non-property tax revenue, resulting in a projected tax commitment of \$17,554,738. This represented a \$797,275 (4.8%) increase over fiscal year 2022 Town Meeting tax commitment and an increase in the mil rate from \$15.17 to \$15.18. The actual tax commitment subsequently computed by the Town's assessor was \$17,490,529.39 which equated to a mil rate of \$14.45.

The differences between the original June town meeting budget and the final budget resulting from assessor's tax commitment were due to (a) a decrease in the budgeted overlay by \$32,947 to account for an estimated decrease in abatements based on the expected valuation adjustments, (b) a net increase in the amounts of homestead exemption and BETE reimbursements by \$56,516, (c) an increase in the estimated captured assessed value of \$25,254 from the Town's new Tax Increment Financing district and (d) an increase of \$300,000 between the bond revenue used in the original budget and the bond revenue used in the final budget.

The final budgeted municipal appropriations utilized in determining the tax commitment for fiscal year 2023 turned out to be \$26,456,906 – 18% higher than for fiscal year 2022. Expenditures through the date of this report are a little elevated due to some expenditures being paid 100% up front but within budget projections. Of particular interest again this year are expenditures for heating fuel in all relevant departments, which, due to an unusually warm October and November again the November numbers are all well under budget. In fact, after almost four and a half months of the fiscal year, the fuel expenditure line for heating purposes is only 2.9% expensed, which is a good indicator of heating fuel consumption for the Town. With stable financial management through the years consisting of a long-term finance team and finance committee, the FY23 budget through four months is on target.

Other Items of Note

In May 2022, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$2,003,000. The town plans to issue new debt in the fall issue in the amount of \$2,077,695. As noted before, the Town's debt limit is fairly low and this new debt issue does not substantially add to the debt burden.

In fiscal year 2023, the Town made its seventh contribution of \$142,682 in funds to the TIF District Fund. These funds are captured assessed value from within the District. That is, they are property taxes collected on the incremental value from the base value (2013's assessed value) of property within the District. These property taxes are set aside and will be expended on projects within the District. The Town's goal is to spur business growth in this newly created district. In March of 2020, the country was overtaken by COVID-19, a highly contagious and possibly deadly virus. Like most Maine towns, Standish received funds from the "American Rescue Program Act" for COVID related expenses in the amount of \$1,067,853.20. The town received \$533,306.99 during fiscal year 2022 and received the remainder, \$534,546.21 in fiscal year 2023. The town chose multiple uses for the funds, of which the largest use being for Public Safety/EMS salaries in FY2023 and FY2024's budgets. Some of the other uses for the funds were premium pay for town employees who worked during the pandemic, heating fuel assistance, internet at the library for the public to apply for COVID relief programs as well as security cameras and Wi-Fi in the town parks for public use for accessing COVID information. The town continues to investigate Federal and State grant opportunities to offset these types of expenses.

Requests for Information

This financial report is designed to provide a general overview of the Town of Standish's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Scott Gesualdi
Finance Director
Town of Standish
175 Northeast Road
Standish, ME 04804
scottg@standish.org

These annual financial reports are also available for download at the Town's website, www.standish.org, and by selecting Finance Department > Audited Financial Reports.

Statement of Net Position

Statement 1

As of June 30, 2022

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 10,806,474
Accounts receivable	454,568
Taxes receivable	669,495
Liens receivable	92,891
Lien interest and costs receivable	8,020
Tax acquired property	5,679
Inventory and prepaid expense	95,505
Other assets	160
Total current assets	<u>12,132,792</u>
Capital assets:	
Land	872,273
Construction in progress	259,312
Depreciable capital assets	67,444,818
Accumulated depreciation	<u>(35,948,385)</u>
Total capital assets, net of depreciation	<u>32,628,018</u>
Noncurrent assets:	
Net pension asset	<u>9,610</u>
Total Assets	<u>44,770,420</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>165,698</u>
Liabilities	
Accounts payable	741,273
Accrued wages	152,548
Customer deposits	20,064
Unearned revenues	170,239
Accrued interest	31,219
Accrued compensated absences	383,159
Long-term debt - due within one year	1,205,305
Long-term debt - due beyond one year	<u>8,114,122</u>
Total Liabilities	<u>10,817,929</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	131,646
Taxes collected in advance	<u>10,941</u>
Total deferred inflows of resources	<u>142,587</u>
Net Position	
Net investment in capital assets	25,090,303
Restricted for:	
Nonexpendable permanent fund principal	19,958
Expendable permanent fund balances	4,897
Capital projects	1,781,712
Special revenues	1,186,695
Other externally imposed purposes	91,509
Unrestricted	<u>5,800,528</u>
Total Net Position	<u>\$ 33,975,602</u>

Statement of Activities

Statement 2

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Primary Government				
Governmental Activities				
General government	\$ 2,183,484	\$ 527,881	\$ 5	\$ (1,655,598)
Public safety	2,664,840	663,227	1,500	(2,000,113)
General assistance	72,750	-	47,075	(25,675)
Public works	3,515,279	232,497	167,064	(3,115,718)
Community service programs	578,953	394,770	35,133	(149,050)
Benefits and insurance	1,239,239	-	-	(1,239,239)
Fixed charges	12,149,945	-	-	(12,149,945)
Overlay and bad debt	5,257	-	-	(5,257)
Total Primary Government	\$ 22,409,747	\$ 1,818,375	\$ 250,777	(20,340,595)
General Revenues				
				16,809,657
				2,232,034
				2,049,300
				50,393
				<u>1,278,966</u>
				22,420,350
				Change in Net Position 2,079,755
				Beginning Net Position <u>31,895,847</u>
				Ending Net Position <u>\$ 33,975,602</u>

Balance Sheet

Statement 3

Governmental Funds

As of June 30, 2022

	General Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,770,311	\$ 2,407,074	\$ 629,089	\$ 10,806,474
Accounts receivable	454,568	-	-	454,568
Taxes receivable	669,495	-	-	669,495
Liens receivable	92,891	-	-	92,891
Lien interest and costs receivable	8,020	-	-	8,020
Tax acquired property	5,679	-	-	5,679
Inventory and prepaid expense	78,718	-	16,787	95,505
Other assets	160	-	-	160
Due from other funds	561,632	-	1,393,681	1,955,313
Total Assets	\$ 9,641,474	\$ 2,407,074	\$ 2,039,557	\$ 14,088,105
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 656,470	\$ 74,490	\$ 10,313	\$ 741,273
Accrued wages	122,634	-	29,914	152,548
Customer deposits	20,064	-	-	20,064
Unearned revenues	15,885	-	154,354	170,239
Due to other funds	925,566	1,019,170	10,577	1,955,313
Total liabilities	1,740,619	1,093,660	205,158	3,039,437
Deferred Inflows of Resources				
Unavailable property taxes	349,439	-	-	349,439
Taxes collected in advance	10,941	-	-	10,941
Total deferred inflows of resources	360,380	-	-	360,380
Fund Balances				
Nonspendable	84,557	-	19,958	104,515
Restricted	91,509	1,313,414	1,659,894	3,064,817
Committed	1,157,383	-	154,547	1,311,930
Assigned	313,309	-	-	313,309
Unassigned	5,893,717	-	-	5,893,717
Total fund balances	7,540,475	1,313,414	1,834,399	10,688,288
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,641,474	\$ 2,407,074	\$ 2,039,557	\$ 14,088,105

Reconciliation Statement

Statement 4

Total Governmental Fund Balances to the
Net Position of Governmental Activities
As of June 30, 2022

Total governmental fund balances, per Statement 3 \$ 10,688,288

Capital assets are not financial resources and, therefore, are not reported in the governmental funds. They are, however, economic resources of governmental activities and are reported in the Statement of Net Position.

Net capital assets 32,628,018

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. They are, however, economic liabilities of governmental activities and are reported in the Statement of Net Position.

Accrued interest (31,219)
Accrued compensated absences (383,159)
Long-term debt (9,319,427)

Balances related to pensions are not current financial resources or obligations and are, therefore, not reported in the governmental funds. They are, though, considered economic resources and obligations of governmental activities.

Deferred outflows of resources for pension 165,698
Deferred inflows of resources for pension (131,646)
Net pension (liability)/asset 9,610

Taxes that are not expected to be collected within 60 days of the end of the fiscal year and not considered financial resources and, therefore, are excluded from the governmental fund balances. They are, however, considered economic resources of governmental activities and, therefore, are included in the net position.

Unavailable property taxes 349,439

Net position of governmental activities, per Statement 1 \$ 33,975,602

Statement of Revenues, Expenditures, and Changes in Fund Balances

Statement 5

Governmental Funds

For the Year Ended June 30, 2022

	General Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 19,138,350	\$ -	\$ -	\$ 19,138,350
Intergovernmental	2,263,439	-	-	2,263,439
Licenses and permits	501,276	-	-	501,276
Charges for services	922,329	-	-	922,329
Recreation	64	-	363,101	363,165
Beach passes and fees	31,604	-	-	31,604
Penalties and interest	50,393	-	-	50,393
Other revenues	43,094	2,451	1,270,060	1,315,605
Total revenues	<u>22,950,549</u>	<u>2,451</u>	<u>1,633,161</u>	<u>24,586,161</u>
Expenditures				
General government	1,787,247	-	165,636	1,952,883
Public safety	2,459,733	171,663	200,357	2,831,753
General assistance	72,750	-	-	72,750
Public works	2,184,006	10,566	1,396,522	3,591,094
Community service programs	199,041	521,047	563,499	1,283,587
Benefits and insurance	1,239,239	-	-	1,239,239
Fixed charges	13,318,665	-	-	13,318,665
Overlay and bad debt	5,257	-	-	5,257
Total expenditures	<u>21,265,938</u>	<u>703,276</u>	<u>2,326,014</u>	<u>24,295,228</u>
Revenue Deficit	1,684,611	(700,825)	(692,853)	290,933
Other Financing Sources (Uses)				
Bond proceeds	-	2,003,000	-	2,003,000
Transfers in	92,222	11,239	2,500	105,961
Transfers out	(13,739)	-	(92,222)	(105,961)
Total other financing sources (uses)	<u>78,483</u>	<u>2,014,239</u>	<u>(89,722)</u>	<u>2,003,000</u>
Net Change in Fund Balances	1,763,094	1,313,414	(782,575)	2,293,933
Beginning Fund Balances	<u>5,777,381</u>	<u>-</u>	<u>2,616,974</u>	<u>8,394,355</u>
Ending Fund Balances	<u>\$ 7,540,475</u>	<u>\$ 1,313,414</u>	<u>\$ 1,834,399</u>	<u>\$ 10,688,288</u>

Reconciliation Statement

Statement 6

Net Change in Fund Balances of Governmental Funds
to the Change in Net Position of Governmental Activities

For the Year Ended June 30, 2022

Net change in fund balances of governmental funds, per Statement 5	\$ 2,293,933
Issuance of new debt is reported as an other financing source in the governmental funds, but is not reported as revenue for governmental activities. Instead, it is reported as increases in long-term debt in the Statement of Net Position.	
Bond proceeds	(2,003,000)
Repayment of debt principal is reported as expenditures in the governmental funds, but is not reported as expenses of governmental activities. Instead, it is reported as reductions in long-term debt in the Statement of Net Position.	
Bond payments	1,174,400
Capital lease obligation principal payments	4,607
Capital assets acquired during the year are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as increases in capital assets in the Statement of Net Position.	
Capital asset acquisitions	2,957,843
Loss on disposal	(137,704)
Changes related to net pension liability and the related deferred inflows and outflows for pensions and OPEB are not recognized as current flows of resources in the the governmental funds, but are recognized as adjustments to expenses of governmental activities.	
Change in balances related to pensions	43,662
Taxes not collected within sixty days after year end are not considered available financial resources and, therefore, not reported as revenue in the governmental funds. However, they are reported as revenue in the Statement of Activities.	
Increase in unavailable property taxes	(96,658)
Certain expenses and expense adjustments reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Depreciation expense	(2,128,426)
Decrease in accrued interest expense	(5,680)
Increase in accrued compensated absences	<u>(23,222)</u>
Change in net position of governmental activities, per Statement 2	<u><u>\$ 2,079,755</u></u>

Statement of Fiduciary Net Position

Statement 7

Fiduciary Funds
As of June 30, 2022

Assets

Cash

Agency Fund

\$ 1,384,327

Liabilities

Due to third parties

\$ 1,384,327

Note 1 Summary of Significant Accounting Policies

The Reporting Entity

The Town of Standish, Maine, incorporated in 1785, operates under a Council-Manager form of government adopted by charter in 1987. The Council consists of seven members elected by the registered voters for overlapping terms of three years. The financial statements of the Town of Standish conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. 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) (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's basic financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and there is a financial benefit or burden relationship. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there are no other entities within the Town that should be included as part of these basic financial statements.

Basis of Presentation

The Town's basic financial statements consist of government-wide financial statements that describe the Town's overall financial position and changes in financial position, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements, composed of the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the Town at year end. The Statement of Activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

Note 1 Summary of Significant Accounting Policies (Continued)*Fund Financial Statements*

The financial transactions of the Town are reported in 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Town currently uses two categories of funds: governmental funds and fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements. The Town's governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes. None of the special revenue funds are considered a major fund in the current year.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital assets that are primarily financed through bond issues. The 2021 Capital Projects Fund is a major fund in the current year.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the town or its citizenry. Neither of the two permanent funds is considered a major fund in the current year.

Fiduciary funds are used to account for resources in which the Town acts as an agent or trustee. The Town currently maintains one type of fiduciary fund – an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements or results of operations. These funds are not incorporated into the government-wide statements.

Measurement Focus and Basis of Accounting

Measurement focus refers to which of the Town's resources are being measured. Basis of accounting refers to the timing of the measurements being made, regardless of the measurement focus being applied. That is, basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide financial statements and fiduciary fund financial statements are reported using the economic measurement focus and the accrual basis of accounting. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the period for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

Interfund loans are recorded as receivables and payables and are presented as “due from other funds” and “due to other funds,” respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

Interfund services provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.

Interfund transfers are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as “transfers in” and “transfers out” in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

Interfund reimbursements are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements.

Receivables

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Management's estimation for allowances for uncollectible accounts is based on historical collection rates or, where appropriate, collection experience with specific payers.

Inventory

Inventory is valued at cost and consists of sand, gravel, salt, and other chemicals and materials used in road maintenance.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation. The Town defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of two years. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

Land improvements	20 - 30 years
Buildings	10 - 60 years
Machinery and equipment	5 - 25 years
Infrastructure	5 - 40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town's deferred inflows of resources consist solely of property taxes collected in advance. In the fund financial statements, due to requirements under the modified accrual basis of accounting, deferred inflows of resources also include unavailable property taxes (property taxes not collected within 60 days after the financial statement date).

Note 1 Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the Town's pension liability, deferred outflows and deferred inflows related to pensions, and pension expense, information about the fiduciary net position of the MainePERS State Employee and Participating Local District (PLD) Plan (the Pension Plan) and additions to/deductions from the Pension Plan 's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan.

For these purposes, the Pension Plan recognizes additions when earned and measurable, and deductions when due and payable in accordance with the terms of the statutes.

Due to timing differences between audited information about the plans becoming available from MainePERS and MEABT and the statutorily required deadlines for audited financial statements for the Town, the Town uses measurement dates from the plans' account balances and activities that are 12 months prior to the date of the Statement of Net Position. Appropriate adjustments are made to the Statement of Net Position and Statement of Activity to reflect these divergent measurement dates. The use of the different measurement date is allowed under GASB Statement No. 68 Accounting and Financial Reporting for Pensions

Compensated Absences

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time and sick time is granted in varying amounts according to length of service.

Long-Term Obligations

Long-term debt is recognized as a liability in a governmental fund when due. For long-term obligations, only that portion expected to be financed from expendable financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

Components of Net Position

Net position in the government-wide Statement of Net Position is required to be classified into the following three components:

Net Investment in Capital Assets is the portion of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	\$ 68,576,403
Accumulated depreciation	(35,948,385)
Bonds and notes payable	(9,319,427)
Bond proceeds unspent	<u>1,781,712</u>
Net investment in capital assets	<u>\$ 25,090,303</u>

Note 1 Summary of Significant Accounting Policies (Continued)

Restricted is the portion of net position that has constraints placed on its use which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted is the portion of net position that does not meet the definition of either *net investment in capital assets* or *restricted*.

Fund Balance Components

Fund balances in the governmental funds Balance Sheet is required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

Nonspendable is the portion of fund balance that represents amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted is the portion of fund balance that has externally enforceable legal restrictions.

Committed is the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned is the portion of fund balance constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Council and Town Manager have the authority to assign amounts to be used for specific purposes.

Unassigned is the portion of fund balance that is available for any purpose. Only the General Fund is allowed to carry a positive unassigned fund balance.

The Town has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

It is the policy of the Town to maintain unassigned fund balance in the general fund at 16.67%, or two twelfths, of the approved appropriation for the municipal budget, the Town's portion of MSAD #6 local assessment, county tax, and the overlay – the "target level." In the event that the unassigned fund balance drops below this level, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three (3) years. Any excess in the unassigned fund balance identified in the Town's audited financial statements that exceeds the target level above may be used to adjust the mil rate upon the recommendation of the Town Manager and the Town Council with the approval of the Town Meeting.

Note 1 Summary of Significant Accounting Policies (Continued)**Revenue Recognition**

As described previously, the government-wide financial and fiduciary fund financial statements are reported on the accrual basis of accounting. Under this method, revenue is recognized in the period earned, regardless of the timing of cash flows. Property taxes and special assessments are recognized in the fiscal year for which they are certified for levy; penalties are recognized in the period assessed; interest is recognized in the period earned. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Charges for services and other exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental fund financial statements are reported on the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, special assessments, intergovernmental revenue, penalties, interest, and charges for services are susceptible to accrual, given the measurable and available requirement. Excise taxes, licenses, permits, fees, and miscellaneous revenue are not susceptible to accrual because they are not measurable until collected. Such revenue is recorded only when received.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance.

Unearned Revenue

Resources received in advance are recorded as unearned revenues. Unearned revenues arise when resources are received by the Town before it has a legal claim to them. In subsequent periods, when both the measurable and available criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is reduced and revenue is recognized.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Note 2 Cash**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits or investments that are in the possession of an outside party.

The Town's policy is that deposits and investment of funds can only be made in financial institutions that are insured by the FDIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds must be placed with other financial institutions. As of June 30, 2022, of the Town's \$10,827,138 in bank deposits, \$7,654,155 was insured by the FDIC, \$3,172,983 was insured by an irrevocable standby letter of credit with \$0 at risk.

Note 3 Accounts, Taxes, and Liens Receivable

Accounts receivable as of June 30, 2022 is \$454,568. Of this amount, approximately 93% are amounts due from the State of Maine for various grants, reimbursements, revenue sharing, and general assistance. Management believes the collectability of all remaining receivables is reasonably assured and, therefore, has not provided for an allowance for uncollectible accounts.

Taxes receivable consist of real estate and personal property taxes from the current year commitment that have not been collected as of year-end but have not yet been liened. For these amounts, management has estimated an allowance for uncollectible accounts because it believes that some accounts are ultimately uncollectible, due to the Town's legal authority to foreclose on real estate but not personal property.

Taxes receivable - current year	\$ 660,973
Taxes receivable - prior years	8,522
Allowance for uncollectible accounts	<u>-</u>
Taxes receivable, net	<u>\$ 669,495</u>

Liens receivable as of June 30, 2022 is \$92,891. Management believes the collectability of these accounts is reasonably assured and, therefore, has not provided for an allowance for uncollectible accounts.

Note 4 Property Tax

The Town's property taxes for the July 1, 2021 to June 30, 2022 fiscal year were committed on August 25, 2021. Taxes were due semi-annually on November 17, 2021 and May 17, 2022. Unpaid taxes are charged interest of 6% per annum. The tax commitment was based on the April 1, 2021 assessed real estate and personal property values totaling \$1,117,164,159.

The Town is permitted by the laws of the State of Maine to levy taxes 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 \$216,264 for the year ended June 30, 2022.

For both government-wide financial statements and the General Fund's financial statements, property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the General Fund's financial statements, however, outstanding taxes receivable that are estimated to be collected after sixty (60) days after the end of the fiscal year recorded as unavailable property taxes (under the *deferred inflows of resources* financial statement element) and the year-over-year changes in this account are netted with tax revenues.

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. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

The following summarizes the tax levy for fiscal year 2022:

Real estate valuation	\$1,107,594,359
Personal property valuation	<u>9,569,800</u>
Total valuation	1,117,164,159
Tax rate (per \$1,000 of valuation)	<u>15.00</u>
Tax commitment	<u>\$ 16,757,462</u>

Collection of fiscal year 2022 taxes levied is as follows:

Original tax commitment	\$ 16,757,462
Supplemental taxes	<u>52,195</u>
Total tax commitment	16,809,657
Less:	
Abatements of current year taxes	2,858
Current year taxes receivable at year end	<u>660,973</u>
Current year tax collections	<u>\$ 16,145,826</u>
Collection rate of current year taxes	96.1%

Note 5 Interfund Transactions**Interfund Receivables and Payables**

Individual interfund receivable and payable balances at June 30, 2022 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 561,632	\$ 925,566
Capital projects fund	-	1,019,170
Nonmajor special revenue funds	900,526	10,577
Nonmajor capital projects funds	468,300	-
Nonmajor permanent funds	<u>24,855</u>	<u>-</u>
Totals	<u>\$ 1,955,313</u>	<u>\$ 1,955,313</u>

The interfund receivables and payables represent revenues received in and expenditures made out of a centralized checking account maintained in the General Fund. The General Fund's *due to other funds* balance represents the amount in the centralized checking account that belongs to other funds and is not available for General Fund purposes.

Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 92,222	\$ 13,739
Capital projects fund	11,239	-
Nonmajor special revenue funds	<u>2,500</u>	<u>92,222</u>
Totals	<u>\$ 105,961</u>	<u>\$ 105,961</u>

Transfers from the General Fund to other funds consisted of \$2,500 to the Public Safety Fair special revenue fund and \$11,239 to the 2022 Capital projects fund. Transfers to the General Fund consisted of \$92,222 from the TIF District special revenue fund to cover all the expense that the general fund covered.

Note 6 Capital Assets

Capital asset activity for the year ended June 30, 2022 was:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable Capital Assets				
Land	\$ 872,273	\$ -	\$ -	\$ 872,273
Construction in process	298,650	259,312	(298,650)	259,312
Depreciable Capital Assets				
Buildings	4,912,726	202,502	-	5,115,228
Land improvements	299,364	739,971	-	1,039,335
Machinery and equipment	7,140,006	242,810	(235,651)	7,147,165
Infrastructure	<u>52,480,322</u>	<u>1,766,022</u>	<u>(103,254)</u>	<u>54,143,090</u>
Total capital assets	66,003,341	3,210,617	(637,555)	68,576,403
Less: Accumulated Depreciation				
Buildings	1,518,207	89,207	-	1,607,414
Land improvements	83,220	23,511	-	106,731
Machinery and equipment	3,847,043	475,213	(235,651)	4,086,605
Infrastructure	<u>28,620,908</u>	<u>1,540,495</u>	<u>(13,768)</u>	<u>30,147,635</u>
Total accumulated depreciation	<u>34,069,378</u>	<u>2,128,426</u>	<u>(249,419)</u>	<u>35,948,385</u>
Net capital assets	<u>\$ 31,933,963</u>	<u>\$ 1,082,191</u>	<u>\$ (388,136)</u>	<u>\$ 32,628,018</u>

The Town retired assets with a historical cost of \$338,905 and a net book value of \$89,487. Reductions in construction in process are reclassified as additions to depreciable assets. New capital asset additions in the current year were \$3,210,617.

Depreciation expense, reported only in the government-wide financial statements, was charged to governmental functions as follows:

General government	\$ 110,788
Public safety	319,030
Public works	1,638,888
Community service	<u>59,720</u>
Total depreciation expense	<u>\$ 2,128,426</u>

Note 7 Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2022:

	<u>Debt Payable</u>
Beginning balance	\$ 8,495,434
New debt issues	2,003,000
Principal payments	<u>(1,179,007)</u>
Ending balance	9,319,427
Amounts due within one year	<u>(1,205,305)</u>
Amounts due beyond one year	<u>\$ 8,114,122</u>

Interest expenditures on long-term debt for the year were \$153,676

The annual requirement to amortize debt outstanding as of June 30, 2022 is as follows:

Bonds	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2023	\$ 1,171,022	\$ 184,358	\$ 1,355,380
Fiscal Year 2024	1,371,322	162,265	1,533,587
Fiscal Year 2025	1,268,268	135,023	1,403,291
Fiscal Year 2026	1,268,268	107,978	1,376,246
Fiscal Year 2027	1,036,021	83,047	1,119,068
Fiscal Year 2028-2032	2,900,589	166,171	3,066,760
Fiscal Year 2033-2037	<u>200,300</u>	<u>3,265</u>	<u>203,565</u>
Totals	<u>\$ 9,215,790</u>	<u>\$ 842,107</u>	<u>\$ 10,057,897</u>

Capital Lease - Xerox Copier	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2023	\$ 4,747	\$ 299	\$ 5,046
Fiscal Year 2024	4,891	155	5,046
Fiscal Year 2025	<u>2,501</u>	<u>22</u>	<u>2,523</u>
Totals	<u>\$ 12,139</u>	<u>\$ 476</u>	<u>\$ 12,615</u>

Androscoggin Bank - Note Payable	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2023	\$ 29,536	\$ 2,956	\$ 32,492
Fiscal Year 2024	30,490	2,002	32,492
Fiscal Year 2025	<u>31,472</u>	<u>1,020</u>	<u>32,492</u>
Totals	<u>\$ 91,498</u>	<u>\$ 5,978</u>	<u>\$ 97,476</u>

Note 7 Long-Term Debt (Continued)

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt (a) for school purposes in excess of 10% of its last full state valuation, (b) for storm or sanitary sewer purposes in excess of 7.5% of its last full state valuation, (c) for municipal airport and special district purposes in excess of 3% of its last full state valuation, and (d) for all other purposes in excess of 7.5% of its last full state valuation. In total, a municipality's debt may not exceed 15% of its last full state valuation. The Town's last full state valuation, dated January 13, 2022, was \$1,325,800,000.

At June 30, 2022, the Town only carried debt in the "all other purposes" category. The Town's debt limit for that category of debt was \$99,435,000. The Town's total outstanding debt of \$9,319,427, therefore, is only 9.4% of its total allowable limit.

General long-term debt details and outstanding balances are as follows:

General obligation bonds issued October 2013, totaling \$1,030,546; annual principal payments of \$103,055 due in November; semi-annual interest payable in November and May; variable interest rate from 0.45% to 3.12% per annum; matures November 2023.	206,110
General obligation bonds issued May 2015, totaling \$1,088,719; annual principal payments of \$108,872 due in November; semi-annual interest payable in November and May; variable interest rate from 0.35% to 2.74% per annum; matures November 2025.	435,488
General obligation bonds issued October 2015, totaling \$1,461,746; annual principal payments of \$168,975 due in November for fiscal years through 2021; annual principal payments of \$123,375 due in November for fiscal years 2022 through 2026; semi-annual interest payable in November and May; variable interest rate from 0.65% to 2.83% per annum; matures November 2025.	493,498
General obligation bonds issued October 2016, totaling \$1,455,395; annual principal payments of \$145,540 due in November; semi-annual interest payable in November and May; variable interest rate from 1.16% to 2.13% per annum; matures November 2026.	727,697
General obligation bonds issued October 2017, totaling \$1,631,115; annual principal payments of \$163,112 due in November; semi-annual interest payable in November and May; variable interest rate from 1.34% to 2.52% per annum; matures November 2027.	978,669
General obligation bonds issued October 2018, totaling \$1,762,500; annual principal payments of \$176,250 due in November; semi-annual interest payable in November and May; variable interest rate from 2.20% to 2.99% per annum; matures November 2028.	1,233,750
General obligation bonds issued October 2019, totaling \$1,853,115; annual principal payments of \$185,311 due in November; semi-annual interest payable in November and May; variable interest rate from 1.61% to 1.93% per annum; matures November 2029.	1,482,492

Note 7 Long-Term Debt (Continued)

General obligation bonds issued May 2021, totaling \$1,655,086; annual principal payments of \$165,509 due in November; semi-annual interest payable in November and May; variable interest rate from 0.41% to 1.45% per annum; matures November 2031.	1,655,086
General obligation bonds issued May 2022, totaling \$2,003,000; annual principal payments of \$200,300 due in November; semi-annual interest payable in November and May; variable interest rate from 2.42% to 3.26% per annum; matures November 2032.	2,003,000
Notes Payable issued December 2019, totaling \$150,000; annual principal and interest payments of \$32,492 due in July; fixed interest rate of 3.23% per annum; matures July 2024.	91,498
Capital Lease for a Xerox Copier in December 2020, totaling \$23,402; monthly principal and interest payments of \$420.50; fixed interest rate of 3.0% per annum; matures December 2024.	<u>12,139</u>
Total Outstanding Long-term Debt	<u>\$ 9,319,427</u>

Note 8 Short-Term Debt Obligations

During the year, the Town issued \$1,950,000 and \$1,100,000 in tax anticipation notes for working operating needs. These notes were paid in full during the year.

Total interest paid on short-term obligations for the year ended June 30, 2022 was \$3,490.

Note 9 Overlapping Debt

The Town's proportionate share of Cumberland County's and Maine School Administrative District No. 6's bonded debt are not reported in the Town's financial statements. Debt service is included in the annual County and School assessments to the Town. The Town's share is \$722,903, or 2.34%, of Cumberland County's outstanding debt of \$30,856,174, and \$3,616,104, or 37.9%, of Maine School Administrative District No. 6's outstanding bonded debt of \$9,568,524.

Note 10 Contingent Liability**Litigation**

The Town is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

State and Federal Grants

The Town participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note 11 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 or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association.

Based on coverage provided by the pool, 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, 2022.

Note 12 Outside Compensation Funds

The Town maintains a worker's compensation fund and an unemployment compensation fund as part of a pool with Maine Municipal Association (MMA). Contributions are made by the Town during the year and are invested by MMA to administer workers' compensation and unemployment benefits for the Town, if any. The Town has a positive experience, that is, contributions and income exceed payment of benefits. These plans do not allow for retroactive premium adjustment by the pool and the pool retains the risk of loss. Therefore, these amounts are not part of the Town's financial statements.

Note 13 Components of the General Fund's Fund Balance

The General Fund's unassigned fund balance as of June 30, 2022 is \$5,893,717. The remainder of the General Fund's fund balance is composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Inventories	\$ 70,381	\$ -	\$ -	\$ -
Prepaid expenses	8,337	-	-	-
Tax acquired property	5,679	-	-	-
Other	160	-	-	-
Impact fees	-	88,556	-	-
G Spenser fund	-	1,428	-	-
J Mucci fund	-	1,525	-	-
Donations	-	-	1,906	-
Dog park	-	-	-	-
Voting machine	-	-	8,068	-
Summer rec scholarship	-	-	5,043	-
Community center	-	-	23,632	-
Conservation	-	-	9,032	-
Grant	-	-	13,897	-
Government access	-	-	2,392	-
Skate park	-	-	2,203	-
Assessing Contractor	-	-	10,000	-
Bond levelization	-	-	913,781	-
Economic development	-	-	74,130	-
Planning projects	-	-	74,996	-
Retirement payout	-	-	7,401	-
Engineering	-	-	10,902	-
Budgeted deficit	-	-	-	300,000
Carry forwards	-	-	-	13,309
Totals	<u>\$ 84,557</u>	<u>\$ 91,509</u>	<u>\$ 1,157,383</u>	<u>\$ 313,309</u>

Note 14 Retirement Plan

The Town participates in a 401(a) money purchase retirement plan on behalf of each full-time non-union employee, and a 457 plan solely for the Town Manager. The plans are defined contribution plans and are administered by the ICMA Retirement Corporation. The funds are invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plan. The Town contributes 6% of each qualified employees' earnings for the plan year on condition that each qualified participant contributes 2% of their earnings to the plan. For the fiscal year ending June 30, 2022, the Town's share of the retirement contributions on behalf of the qualified employees amounted to \$112,118. Participants are not fully vested until the fifth year of participation.

Assets of the plans are placed in trusts for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred, including earnings on plan assets, are not included in the Town's financial statements.

Note 15 Defined Benefit Pension Plan

The Town participates in the MainePERS Participating Local District (PLD) Consolidated Plan, which is a defined benefits pension plan.

General Information about the Pension Plan*Pension Plan Description*

The PLD Consolidated Plan is a multiple-employer cost sharing plan. Eligible employers (districts) are defined in Maine statute. As of June 30, 2021, there were 305 employers in the plan. The Plan is administered by the Maine Public Employees Retirement System (MainePERS).

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the Plan, and periodically makes recommendations to the Legislature to amend them. MainePERS'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. 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. MainePERS also provides disability and death benefits which are established by contract with participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by MainePERS's Board of Trustees and is currently 0.93%.

Note 15 Defined Benefit Pension Plan (Continued)

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by MainePERS's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Financial Reporting

MainePERS issues annual financial reports for the Pension Plan which can be found online at:

<http://www.maineper.org/Publications/Publications.htm#Annual Reports>

Pension-Related Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The net pension liability/(asset), deferred inflows of resources and deferred outflows of resources related to pensions were measured on June 30, 2021, the latest measurement date available, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. These amounts are reported on the Town's financial statements as of June 30, 2022. The Town's deferred outflows of resources related to pensions balance, as of the measurement date, was increased by contributions to pensions made between the measurement date and date of the Statement of Net Position. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

Measured on June 30, 2021, the Town reported an asset for its proportionate share of the plans' net pension liability/(asset) totaling \$9,610. The Town's proportion of the plans' net pension liability/(asset) was based on a projection of the Town's long-term share of contributions to the plans relative to the projected contributions of all employers, actuarially determined. Measured on June 30, 2021, the Town's proportion of the PLD Plan was 0.0299% of the PLD Plan's total net liability/(asset).

For the year ended June 30, 2022, the Town recognized total pension expense of \$43,662 for the PLD Plan.

Measured on June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 6,217	\$ 653
Difference between projected and actual investment earnings	-	130,993
Changes of assumptions	32,271	-
Changes in proportions	70,174	-
Contributions subsequent to the measurement date	<u>57,036</u>	<u>-</u>
Total PLD Plan	<u>\$ 165,698</u>	<u>\$ 131,646</u>

Note 15 Defined Benefit Pension Plan (Continued)

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 the Plan.

Town contributions to the plans subsequent to the measurement date, totaling \$57,036, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year 2022	\$ 20,519
Fiscal year 2023	22,715
Fiscal year 2024	(29,819)
Fiscal year 2025	<u>(36,400)</u>
Total	<u>\$ (22,985)</u>

Actuarial Methods and Assumptions

The collective total pension liability/(asset) for the plans was determined by an actuarial valuation measured as of June 30, 2021, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal cost method is used to develop costs. Under this cost method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability 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 expected future salary. The normal cost for each employee is the product of his pay and his normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses (i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions) affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

Amortization

The net pension liability of the PLD 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.

Note 15 Defined Benefit Pension Plan (Continued)*Significant Actuarial Assumptions*

Investment rate of return	6.50%, compounded annually
Inflation rate	2.75%
Annual salary increases	2.75% to 11.48%
Cost of living benefit increases	1.91%
Mortality rates	For active members and non-disabled retirees, the RP2014 Total Dataset Health 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

	Long-term Expected Real <u>Rate of Return</u>
Public equities	6.0%
US government	2.3%
Private equity	7.6%
Real assets	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.0%
Alternative credit	7.2%
Diversifiers	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.5% for 2021 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the 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.

Note 15 Defined Benefit Pension Plan (Continued)

The following table shows how the Town’s proportionate share of the Plan’s net pension liabilities (assets) measured as of June 30, 2021, would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Net pension liability (asset)	\$ 136,761	\$ (9,610)	\$ (130,678)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MainePERS financial report.

Note 16 Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through December 2, 2022, the date the financial statements were available to be issued.

In September 2022, the Town Council approved a tax anticipation note (TAN) not to exceed \$2,550,000; of which \$2,550,000 was borrowed. TAN proceeds are used for the working operating needs until tax payments start flowing in. The note was fully paid as of November 17, 2022.

In November 2022, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$2,077,695 to fund approved capital projects.

Budgetary Comparison Schedule

Schedule 1

General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 16,667,965	\$ 16,757,462	\$ 16,906,316	\$ 148,854
Non-Property Taxes	1,997,600	1,997,600	2,232,034	234,434
Intergovernmental	1,486,869	1,907,661	2,263,439	355,778
Licenses and Permits	369,800	369,800	501,276	131,476
Charges for Services	738,558	739,961	922,329	182,368
Beach passes and fees	30,000	30,000	31,604	1,604
Penalties and Interest	52,000	52,000	50,393	(1,607)
Other Revenues	47,500	48,970	43,158	(5,812)
Total revenues	21,390,292	21,903,454	22,950,549	1,047,095
Expenditures				
General government	1,909,698	1,960,753	1,787,247	173,506
Public safety	2,533,676	2,540,461	2,459,733	80,728
General assistance	56,426	59,426	72,750	(13,324)
Public works	2,166,201	2,191,513	2,184,006	7,507
Community service programs	250,251	257,251	199,041	58,210
Benefits and insurance	1,225,295	1,225,295	1,239,239	(13,944)
Fixed charges	13,230,906	13,596,931	13,318,665	278,266
Overlay and bad debt	75,000	216,264	5,257	211,007
Total expenditures	21,447,453	22,047,894	21,265,938	781,956
Revenue Surplus (Deficit)	(57,161)	(144,440)	1,684,611	1,829,051
Other Financing Sources (Uses)				
Transfers in from other funds	-	53,199	92,222	39,023
Transfers out to other funds	(2,500)	(2,500)	(13,739)	(11,239)
Total other financing	(2,500)	50,699	78,483	27,784
Net Change in Fund Balance	<u>\$ (59,661)</u>	<u>\$ (93,741)</u>	<u>\$ 1,763,094</u>	<u>\$ 1,856,835</u>
Net Change in Fund Balance				
Nonspendable	\$ -	\$ -	\$ 24,564	
Restricted	-	-	52,778	
Committed	-	-	260,064	
Assigned	(59,661)	(93,741)	290,780	
Unassigned	-	-	1,134,908	
	<u>\$ (59,661)</u>	<u>\$ (93,741)</u>	<u>\$ 1,763,094</u>	

Schedule of Proportionate Share of Net Pension Liability

Schedule 2

MainePERS Participating Local Districts Consolidated Plan

Employer ID: P0371

As of the Last Two Measurement Dates*

	2022	20XX	20XX	20XX	20XX
A Town's proportion	0.029905%				
B Town's share	\$ (9,610)				
C Town's covered payroll	\$ 19,474				
D Payroll percentage	-49.35%				
E Net position percentage	101%				

	20XX	20XX	20XX	20XX	20XX
A Town's proportion					
B Town's share					
C Town's covered payroll					
D Payroll percentage					
E Net position percentage					

- A** The Town's proportion of the Plan's total net pension liability.
- B** The Town's proportionate share of the Plan's total net pension liability.
- C** The Town's covered-employee payroll for the fiscal year.
- D** The Town's proportionate share (B) as a percentage of its covered-employee payroll (C).
- E** The Plan's fiduciary net position as a percentage of the Plan's total net pension liability.

**Date headers reflect both the reporting fiscal year and the measurement date.
This schedule is intended to show information for ten years. However, ten years has not yet passed since implementation of GASB 68.*

Schedule of Employer Contributions

Schedule 3

MainePERS Participating Local Districts Consolidated Plan

Employer ID: P0371

As of the Last Two Measurement Dates*

	<u>2022</u>	<u>2021</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
A Required	\$ 57,036	\$ 19,474			
B Actual	<u>57,036</u>	<u>19,474</u>			
C Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>			
D Town's covered payroll	\$ 443,563	\$ 262,005			
E Payroll percentage	12.86%	7.43%			

	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
A Required					
B Actual					
C Deficiency (Excess)					
D Town's covered payroll					
E Payroll percentage					

- A** The Town's contractually required contributions to the Plan.
- B** The Town's actual contributions to the Plan.
- C** The Town's deficiency (excess) of actual contributions (B) from (over) required contributions (A).
- D** The Town's covered-employee payroll for the fiscal year.
- E** The Town's contributions as a percentage of its covered-employee payroll.

**Date headers reflect both the reporting fiscal year and the measurement date.
This schedule is intended to show information for ten years. However, ten years has not yet passed since implementation of GASB 68.*

Note 1 Budgetary Accounting

On an annual basis, the Town legally adopts an appropriated budget for the General Fund. Formal budgetary integration is employed as a management control device. Schedule 1 is prepared on the budgetary basis of accounting that could differ from the modified accrual basis of accounting used to prepare the respective governmental fund financial statements. However, for the fiscal year ended June 30, 2022, there were no differences between the budgetary basis of accounting and the modified accrual basis of accounting.

Note 2 General Fund Budgeted Deficits

For fiscal year 2022, the Town adopted an original budget with a deficit of \$59,661. The deficit was to be funded by the General Fund's assigned fund balance.

The final budget added \$34,080 to the budgeted deficit due to the approval of fiscal year 2021 unexpended appropriations being carried forward to be expended in fiscal year 2022. Additionally, the final budget increased due to use of committed fund balance for impact fees - expensed out of planning for various engineering or recovery of impact fees.

As a result of the above, the final budgeted deficit was \$93,741.

During the year, actual performance resulted in a surplus of \$1,763,094.

Note 3 Budget Line Over-expenditures

For fiscal year 2022, the Town over-expended the General Assistance budget line due to a greater need for the aid. The benefits and insurance line was over-expended due to unemployment compensation and group insurance amounts being more than management budgeted. The fixed charges line was over-expended due to the school assessment being higher than management's estimate.

In total, the Town came in under its total budgeted expenditures by \$781,956, which translates to 3.5% under the total final budget.

Budgetary Comparison Schedule

Schedule 4

Recreation Special Revenue Fund ▪ Budgetary Basis

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Recreation Fund Revenues				
Summer program	\$ 135,000	\$ 135,000	\$ 91,606	\$ (43,394)
Vacation week programs	11,000	11,000	13,877	2,877
Soccer	5,900	5,900	7,110	1,210
Basketball	1,000	1,000	480	(520)
Special programs	24,000	24,000	21,881	(2,119)
Before and after school program	227,750	227,750	171,122	(56,628)
Adult and senior programs	27,000	27,000	57,026	30,026
Summer spectacular	5,500	5,500	-	(5,500)
Total revenue	437,150	437,150	363,102	(74,048)
Recreation Fund Expenditures				
Salaries	314,346	314,346	185,114	129,232
Telephone	900	900	900	-
Postage and printing	6,800	6,800	-	6,800
Contractual	21,965	21,965	14,637	7,328
Summer program	27,100	27,100	5,755	21,345
Vacation week programs	3,000	3,000	1,011	1,989
Soccer	3,350	3,350	2,127	1,223
Basketball	700	700	-	700
Special programs	13,000	13,000	11,884	1,116
Before and after school programs	11,200	11,200	4,220	6,980
Adult and senior programs	16,600	16,600	47,007	(30,407)
Summer spectacular	5,500	5,500	-	5,500
Fuels and vehicle maintenance	1,700	1,700	1,263	437
Other commodities	3,000	3,000	-	3,000
New equipment	-	-	-	-
Total expenditures	429,161	429,161	273,918	155,243
Net Change in Fund Balance	\$ 7,989	\$ 7,989	\$ 89,184	\$ 81,195

Budgetary Comparison Schedule
2022 Capital Projects Funds - Budgetary Basis
 For the Year Ended June 30, 2022

Schedule 5

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 2,451	\$ 2,451
Capital Project Expenditures				
General administration	300,000	-	15	(15)
Public safety	405,000	405,000	171,663	233,337
Parks and recreation	258,000	269,239	521,032	(251,793)
Public works	585,000	585,000	1,956	583,044
Highway roads	<u>755,000</u>	<u>755,000</u>	<u>8,610</u>	<u>746,390</u>
Total expenditures	<u>2,303,000</u>	<u>2,014,239</u>	<u>703,276</u>	<u>1,310,963</u>
Revenue Surplus (Deficit)	(2,303,000)	(2,014,239)	(700,825)	1,313,414
Other Financing Sources				
Proceeds from bonds	2,303,000	2,003,000	2,003,000	-
Transfers in from other funds	<u>11,239</u>	<u>11,239</u>	<u>11,239</u>	<u>-</u>
Total other financing	2,314,239	2,014,239	2,014,239	-
Net Change in Fund Balance	<u>\$ 11,239</u>	<u>\$ -</u>	<u>\$ 1,313,414</u>	<u>\$ 1,313,414</u>

Schedule of Departmental Operations

Schedule 6

General Fund

For the Year Ended June 30, 2022

	Authorized Expenditures	Actual Expenditures	(Overdrawn) Unexpended	Carried Forward
General Government				
Assessing	\$ 181,902	\$ 166,337	\$ 15,565	\$ -
Code enforcement	81,256	78,086	3,170	-
General administration	416,773	397,098	19,675	6,309
Cable television	140,341	131,676	8,665	-
Town council	63,846	57,145	6,701	-
Town clerk	263,662	236,415	27,247	-
Finance	303,745	270,784	32,961	4,000
Planning	246,663	215,295	31,368	-
Appeals board	987	252	735	-
Building maintenance	<u>261,578</u>	<u>234,159</u>	<u>27,419</u>	<u>3,000</u>
Total general government	1,960,753	1,787,247	173,506	13,309
Public Safety				
Public safety	1,727,054	1,708,429	18,625	-
Law enforcement	<u>813,407</u>	<u>751,304</u>	<u>62,103</u>	<u>-</u>
Total public safety	2,540,461	2,459,733	80,728	-
General Assistance	59,426	72,750	(13,324)	-
Public Works				
Public works	1,511,338	1,475,820	35,518	-
Solid waste	<u>680,175</u>	<u>708,186</u>	<u>(28,011)</u>	<u>-</u>
Total public works	2,191,513	2,184,006	7,507	-
Community Service Programs				
Recreation	194,758	148,577	46,181	-
Rich memorial beach	34,018	29,134	4,884	-
Donations	<u>28,475</u>	<u>21,330</u>	<u>7,145</u>	<u>-</u>
Total community service programs	257,251	199,041	58,210	-
Benefits and Insurance				
Employee benefits	1,126,763	1,156,107	(29,344)	-
Insurance	<u>98,532</u>	<u>83,132</u>	<u>15,400</u>	<u>-</u>
Total benefits and insurance	1,225,295	1,239,239	(13,944)	-
Fixed Costs and Other				
Debt service	1,612,112	1,333,846	278,266	-
County tax	778,977	778,977	-	-
Education	11,096,928	11,096,928	-	-
TIF District	108,914	108,914	-	-
Overlay and bad debts	<u>216,264</u>	<u>5,257</u>	<u>211,007</u>	<u>-</u>
Total fixed costs and other	<u>13,813,195</u>	<u>13,323,922</u>	<u>489,273</u>	<u>-</u>
Totals	<u>\$ 22,047,894</u>	<u>\$ 21,265,938</u>	<u>\$ 781,956</u>	<u>\$ 13,309</u>

Comparative Balance Sheets

Schedule 7

General Fund

As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 7,770,311	\$ 4,354,166
Accounts receivable	454,568	467,031
Taxes receivable, net	669,495	671,580
Liens receivable	92,891	108,535
Lien interest and costs receivable	8,020	9,754
Tax acquired property	5,679	9,715
Inventory and prepaid expense	78,718	50,118
Other assets	160	160
Due from other funds	<u>561,632</u>	<u>1,837,599</u>
Total Assets	<u>\$ 9,641,474</u>	<u>\$ 7,508,658</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 656,470	\$ 230,938
Accrued wages	122,634	104,728
Customer deposits	20,064	23,705
Unearned revenues	15,885	19,442
Due to other funds	<u>925,566</u>	<u>893,354</u>
Total liabilities	1,740,619	1,272,167
Deferred Inflows of Resources		
Unavailable property taxes	349,439	446,097
Taxes collected in advance	<u>10,941</u>	<u>13,013</u>
Total deferred inflows of resources	360,380	459,110
Fund Balances		
Nonspendable	84,557	59,993
Restricted	91,509	38,731
Committed	1,157,383	897,319
Assigned	313,309	22,529
Unassigned	<u>5,893,717</u>	<u>4,758,809</u>
Total fund balances	<u>7,540,475</u>	<u>5,777,381</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,641,474</u>	<u>\$ 7,508,658</u>

Summarized Schedule of Changes in Fund Balances

Schedule 8

General Fund

For the Year Ended June 30, 2022

	<u>Beginning Balance</u>	<u>Net Changes</u>	<u>Ending Balance</u>
Nonspendable			
Prepaid expenses, inventories, and other	\$ 59,993	\$ 24,564	\$ 84,557
Restricted			
Impact fees and restricted donations	38,731	52,778	91,509
Committed			
Reserves	897,319	260,064	1,157,383
Assigned			
Use of fund balance to fund budgeted deficits	-	300,000	300,000
Unexpended appropriations carried forward	22,529	(9,220)	13,309
Unassigned	<u>4,758,809</u>	<u>1,134,908</u>	<u>5,893,717</u>
Totals	<u>\$ 5,777,381</u>	<u>\$ 1,763,094</u>	<u>\$ 7,540,475</u>

Detailed Schedule of Changes in Fund Balances

Schedule 9

General Fund

For the Year Ended June 30, 2022

	Beginning Balance	Revenues	Transfers In and (Out)	Expenditures	Ending Balance
Nonspendable					
Inventories	\$ 43,889	\$ -	\$ 26,492	\$ -	\$ 70,381
Tax acquired property	9,715	-	(4,036)	-	5,679
Prepaid expenses	6,229	-	8,337	(6,229)	8,337
Other	160	-	-	-	160
Restricted					
G Spencer fund	1,428	1	-	-	1,429
J Mucci fund	1,524	1	-	-	1,525
Impact fees	35,779	1,581	51,195	-	88,555
Committed					
Donations	3,075	306	-	(1,475)	1,906
Dog park	11,174	68	-	(11,242)	-
Voting machine	8,064	4	-	-	8,068
Summer rec school	5,040	3	-	-	5,043
Community center	23,619	13	-	-	23,632
Conservation	9,027	5	-	-	9,032
Government access	2,391	1	-	-	2,392
Grant	13,890	7	-	-	13,897
Skate park	2,202	1	-	-	2,203
Assessing Contractor	-	-	10,000	-	10,000
Bond levelization	635,168	348	278,265	-	913,781
Econ development	74,089	41	-	-	74,130
Planning projects	77,954	42	-	(3,000)	74,996
Retirement payout	7,397	4	-	-	7,401
Engineering	24,229	4	10,800	(24,131)	10,902
Assigned					
Budgeted deficit	-	-	300,000	-	300,000
Carry forwards	22,529	-	13,309	(22,529)	13,309
Unassigned	<u>4,758,809</u>	<u>22,948,119</u>	<u>(615,879)</u>	<u>(21,197,330)</u>	<u>5,893,717</u>
Totals	<u>\$ 5,777,381</u>	<u>\$ 22,950,549</u>	<u>\$ 78,483</u>	<u>\$ (21,265,938)</u>	<u>\$ 7,540,475</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 As of June 30, 2022

Schedule 10

	Assets			
	Cash	Receivables and Prepaids	Due From Other Funds	Total Assets
Restricted				
Comprehensive plan	\$ -	\$ -	\$ 6,379	\$ 6,379
Standish corner	-	-	4,623	4,623
Community center study	-	-	20,000	20,000
ARPA	372,192	-	536,876	909,068
Bark for your park grant	-	-	25,000	25,000
CDBG Food pantry truck	-	-	-	-
Dog park	-	-	255	255
TIF district	221,185	-	185	221,370
Committed				
Bottles 4 fuel	35,713	-	-	35,713
Public safety fair	-	-	1,789	1,789
Recreation fund	-	16,787	305,602	322,389
Totals	<u>\$ 629,090</u>	<u>\$ 16,787</u>	<u>\$ 900,709</u>	<u>\$ 1,546,586</u>

	Liabilities and Fund Balances				
	Accounts Payable	Accrued Liabilities	Due To Other Funds	Fund Balance	Total L & FB
Restricted					
Comprehensive plan	\$ -	\$ -	\$ -	\$ 6,379	\$ 6,379
Standish corner	-	-	-	4,623	4,623
Community center study	-	-	-	20,000	20,000
ARPA	-	-	-	909,068	909,068
Bark for your park grant	-	-	-	25,000	25,000
CDBG Food pantry truck	-	-	-	-	-
Dog park	-	-	-	255	255
TIF district	-	-	-	221,370	221,370
Committed					
Bottles 4 fuel	-	-	10,762	24,951	35,713
Public safety fair	-	-	-	1,789	1,789
Recreation fund	10,314	184,268	-	127,807	322,389
Totals	<u>\$ 10,314</u>	<u>\$ 184,268</u>	<u>\$ 10,762</u>	<u>\$ 1,341,242</u>	<u>\$ 1,546,586</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

Schedule 11

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Beginning Balance	Program Revenues	Transfers In (Out)	Program Expenditures	Ending Balance
Restricted					
Comprehensive plan	\$ 6,379	\$ -	\$ -	\$ -	\$ 6,379
Standish corner	4,623	-	-	-	4,623
Community center study	20,000	-	-	-	20,000
ARPA	-	1,075,651	-	(166,583)	909,068
Bark for your park grant	-	25,000	-	-	25,000
CDBG Food pantry truck	-	30,265	-	(30,265)	-
Dog park	-	255	-	-	255
TIF district	204,199	109,393	(92,222)	-	221,370
Committed					
Bottles 4 fuel	5,813	27,983	-	(8,845)	24,951
Public safety fair	4,814	1,500	2,500	(7,025)	1,789
Recreation fund	38,623	363,101	-	(273,917)	127,807
Totals	<u>\$ 284,451</u>	<u>\$ 1,633,148</u>	<u>\$ (89,722)</u>	<u>\$ (486,635)</u>	<u>\$ 1,341,242</u>

Schedule 12

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 As of June 30, 2022

	2014	2015	2016	2017	2018	2019	2020	2021	Total
	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	
Assets									
Due from other funds	\$ 86,924	\$ 456	\$ 1,831	\$ 14,817	\$ 23,423	\$ 73,324	\$ 26,797	\$ 240,726	\$ 468,298
Accounts Receivable	-	-	-	-	-	-	-	-	-
Total Assets	<u>86,924</u>	<u>456</u>	<u>1,831</u>	<u>14,817</u>	<u>23,423</u>	<u>73,324</u>	<u>26,797</u>	<u>240,726</u>	<u>468,298</u>
Liabilities									
Accounts payables	-	-	-	-	-	-	-	-	-
Fund Balances									
Restricted	<u>86,924</u>	<u>456</u>	<u>1,831</u>	<u>14,817</u>	<u>23,423</u>	<u>73,324</u>	<u>26,797</u>	<u>240,726</u>	<u>468,298</u>
Total Liabilities and Fund Balance	<u>\$ 86,924</u>	<u>\$ 456</u>	<u>\$ 1,831</u>	<u>\$ 14,817</u>	<u>\$ 23,423</u>	<u>\$ 73,324</u>	<u>\$ 26,797</u>	<u>\$ 240,726</u>	<u>\$ 468,298</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2022

	2014		2015		2016		2017		2018		2019		2020		2021		Total
	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Total
Revenues																	
Interest and grant income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures																	
General Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,253	3,253
Public safety	861	1,684	-	-	-	3,000	-	2,806	-	2,653	-	2,806	-	2,653	-	182,330	193,334
Parks and recreation	-	-	-	-	-	219,205	-	16,794	-	10,416	-	16,794	-	10,416	-	-	246,415
Highway roads	-	-	-	-	-	-	-	55,345	-	597,614	-	96,431	-	597,614	-	646,992	1,396,382
Total expenditures	861	1,684	-	-	-	222,205	-	116,031	-	610,683	-	116,031	-	610,683	-	832,575	1,839,384
Change in Fund Balance	(861)	(1,684)	-	(222,205)	-	(55,345)	(116,031)	(610,683)	(832,575)	(1,839,384)							
Beginning Fund Balance	87,785	2,140	1,831	237,022	78,768	189,355	637,480	1,073,301	2,307,682								
Ending Fund Balance	\$ 86,924	\$ 456	\$ 1,831	\$ 14,817	\$ 23,423	\$ 73,324	\$ 26,797	\$ 240,726	\$ 468,298								

Combining Balance Sheet
 Nonmajor Permanent Funds
 As of June 30, 2022

Schedule 14

	Hasty Fund	Wescott Fund	Totals	
			2022	2021
Assets				
Due from general fund	\$ 15,273	\$ 9,582	\$ 24,855	\$ 24,842
Fund Balances				
Nonspendable - permanent	\$ 14,911	\$ 5,047	\$ 19,958	\$ 19,958
Restricted - expendable	362	4,535	4,897	4,884
	\$ 15,273	\$ 9,582	\$ 24,855	\$ 24,842

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

Schedule 15

Nonmajor Permanent Funds

For the Year Ended June 30, 2022

	Hasty Fund	Wescott Fund	Totals	
			2022	2021
Revenues				
Interest	\$ 8	\$ 5	\$ 13	\$ 37
Expenditures	-	-	-	-
Surplus Revenues	8	5	13	37
Beginning Fund Balances	<u>15,265</u>	<u>9,577</u>	<u>24,842</u>	<u>24,805</u>
Ending Fund Balances	<u>\$ 15,273</u>	<u>\$ 9,582</u>	<u>\$ 24,855</u>	<u>\$ 24,842</u>

Note 1: Capital Projects Fund Budgetary Comparison Schedule

On an annual basis, the Town adopts an appropriated budget that contemplates operational expenditures for the General Fund, the Recreation Special Revenue Fund, and the current year Capital Projects Fund. The budgetary comparison schedule is required supplementary information (RSI) for the General Fund and for major special revenue funds with legally adopted budgets, whereas the budgetary comparison schedule for the 2022 Capital Projects Fund and the non-major Recreation Special Revenue Fund are not required supplementary information. Management presents the budgetary comparison schedule for the Recreation Special Revenue Fund (Schedule 4) and the 2022 Capital Projects Fund (Schedule 5) as other supplementary information for purposes of additional analysis.

On a budgetary basis, the Recreation Special Revenue Fund ran a surplus for the year in the amount of \$89,184. The recreation program took in approximately \$74,048 less in revenue than was originally estimated. Expenditures were approximately \$155,243 less than was originally estimated. The driver of the fiscal year 2022 surplus was a shift in the departments operation as it moved away from cancelations and strict Covid-19 protocols.

On a budgetary basis, the 2022 Capital Projects Fund ran a surplus for the year in the amount of \$1,313,414. Surpluses will be used in future years to complete approved capital projects.



**Independent Auditor's 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 Standish

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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Standish, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Standish's basic financial statements, and have issued our report thereon dated December 2, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Standish'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 Town of Standish's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Standish'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Standish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "BERRY TALBOT ROYER". The signature is written in a cursive, slightly slanted style.

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
December 2, 2022