

Town of Standish



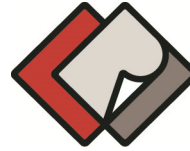
Annual Financial Statements
For the Year Ended June 30, 2023

Independently Audited By



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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, 2023, 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, 2023, 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). 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.

 **ROYER** ADVISORS & ACCOUNTANTS

Royer Advisors and Accountants
Certified Public Accountants
Falmouth, Maine
December 4, 2023





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, 2023. 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 \$1,117,164,159 to \$1,210,417,259, an overall increase of \$93,253,100 or approximately 8.0%.
- The Town's mill rate decreased from \$15.00 in fiscal year 2022 to 14.45 in fiscal year 2023, a decrease of \$0.55 per thousand.
- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$33,823,736 as of the end of the fiscal year. This year's total net position includes an unrestricted portion totaling \$6,149,993 (an increase of \$414,849 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 a decrease in net position of \$86,482. The Town's net expenses of \$25,719,965 were \$2,457,372 greater than the net revenues of \$23,262,593.
- Total governmental activities' expenses in fiscal year 2023 were up by \$3,244,834 from fiscal year 2022. Also, total governmental activities' revenues in fiscal year 2023 were up by \$842,243 from fiscal year 2022.
- In the General Fund, the Town's unassigned fund balance decreased by \$36,097 between June 30, 2022 to June 30, 2023, from \$5,828,333 to \$5,792,236 (a 1% decrease).
- 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 2024, the original approved appropriations totaled \$29,977,873, creating a target range of \$4,997,311 to \$7,494,468. At year end, the unassigned fund balance was \$5,792,236, \$794,925 above the minimum target range.
- 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 24.7% – down from 27.7% in the prior year.
- Current year debt issues were \$2,077,695 while debt repayments were \$1,205,305. The Town's total bonded and other outstanding long-term debt increased by \$872,390 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 2023, compared to \$31.9 million at the end of fiscal year 2022.

Table A
Town of Standish
Condensed Statement of Net Position
As of June 30, 2023 and 2022

	2023	2022	\$ Change	% Change
Current assets	\$ 12,878,325	\$ 12,132,792	\$ 745,533	6.1%
Capital assets, net	32,360,846	32,628,018	(267,172)	-0.8%
Noncurrent assets	<u>-</u>	<u>9,610</u>	<u>(9,610)</u>	
Total assets	45,239,171	44,770,420	468,751	1.0%
Deferred outflows of resources	<u>280,490</u>	<u>165,698</u>	<u>114,792</u>	69.3%
Current liabilities	2,828,494	2,769,191	59,303	2.1%
Long-term liabilities	<u>8,769,971</u>	<u>8,114,122</u>	<u>655,849</u>	8.1%
Total liabilities	11,598,465	10,883,313	715,152	6.6%
Deferred inflows of resources	<u>97,460</u>	<u>142,587</u>	<u>(45,127)</u>	-31.6%
Net investment in capital assets	24,427,630	25,090,303	(662,673)	-2.6%
Restricted	3,246,113	3,084,771	161,342	5.2%
Unrestricted	<u>6,149,993</u>	<u>5,735,144</u>	<u>414,849</u>	7.2%
Total net position	<u>\$ 33,823,736</u>	<u>\$ 33,910,218</u>	<u>\$ (86,482)</u>	-0.3%

Significant variances from the prior year include 69.3% increase (\$114,792) in deferred outflows of resources and a 31% decrease (\$45,127) in deferred inflows of resources.

The changes in deferred outflows and deferred inflows of resources amounts are 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, 2023 and 2022

	2023	2022	\$ Change	% Change
Charges for services	\$ 2,094,259	\$ 1,818,375	\$ 275,884	15.2%
Operating grants	276,631	250,777	25,854	10.3%
Total program revenues	2,370,890	2,069,152	301,738	14.6%
Taxes	19,719,756	19,041,691	678,065	3.6%
Intergovernmental	2,638,227	2,049,300	588,927	28.7%
Other	904,610	1,329,359	(424,749)	-32.0%
Total general revenues	23,262,593	22,420,350	842,243	3.8%
Total revenues	25,633,483	24,489,502	1,143,981	4.7%
General government	2,036,791	2,183,484	(146,693)	-6.7%
Public safety	3,361,984	2,730,224	631,760	23.1%
General assistance	121,813	72,750	49,063	67.4%
Public works	4,116,631	3,515,279	601,352	17.1%
Community service programs	1,369,495	578,953	790,542	136.5%
Benefits and insurance	1,360,957	1,239,239	121,718	9.8%
Fixed charges	13,345,181	12,149,945	1,195,236	9.8%
Overlay and bad debt	7,113	5,257	1,856	35.3%
Total expenses	25,719,965	22,475,131	3,244,834	14.4%
Change in net position	\$ (86,482)	\$ 2,014,371	\$ (2,100,853)	-104.3%

Overall, total revenues were up in fiscal year 2023 compared to fiscal year 2022 by 4.7%. Most of this increase came from property taxes, excise taxes, and state revenue sharing and grant reimbursements. Total expenses were up by 14.4%, across all departments with varying significance.

Overall, the Town realized a decrease in net position of (\$86,482). This is 104.3% less than the prior year's increase of \$2,014,853.

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 77%, followed by intergovernmental at 10% and charges for services at 8%.

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 52%. Public works is second, consuming 16% of expenses.

Chart A
Revenues by Source

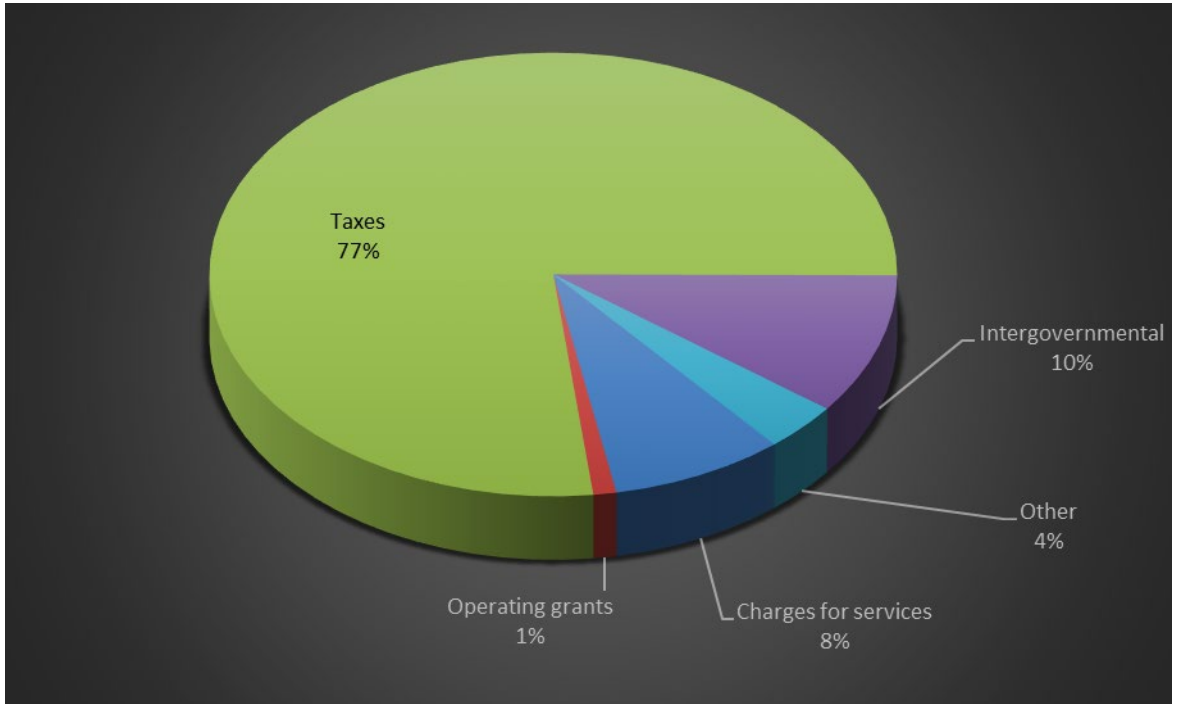
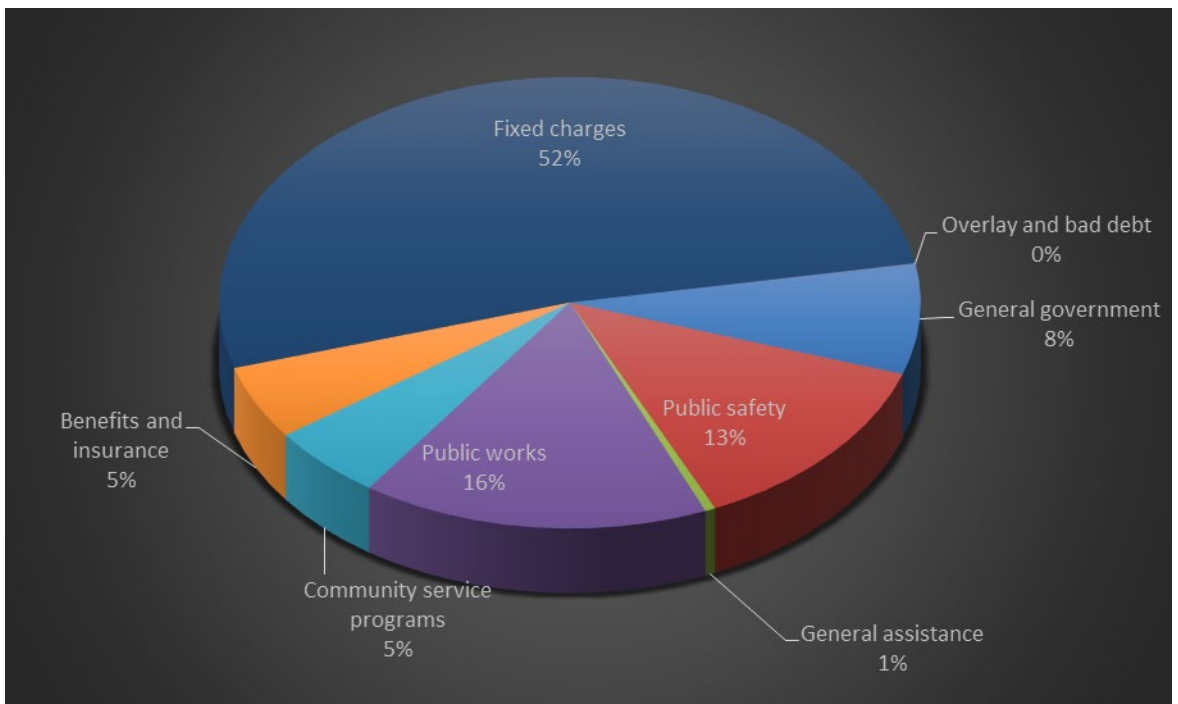


Chart B
Expenses by Program



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 \$922,617, compared to a fiscal year 2022 increase of \$1,763,094. The unassigned fund balance had a net decrease for the year of \$36,097 compared to a fiscal year 2022 increase of \$1,134,908. The Town's general intention was to approve a budget deficit of \$482,867, compared with \$93,741 in fiscal year 2022. (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 \$794,925 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 \$19,572 in carry forwards from the fiscal year 2023 budget into fiscal year 2024. The town also budgeted to use undesignated fund balance of \$700,000 to offset the tax commitment in covering budgeted expenditures. The committed fund balance reserves increased by \$485,434 from the prior year.

2023 Capital Projects Fund

The 2023 Capital Projects Fund was created during the fiscal year from issuing \$2,077,695 in new debt to pay for a variety of capital improvement projects. The Town expended a total of \$817,814 on those planned projects during fiscal year 2023 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 decreased by \$290,312, total nonmajor capital projects funds' balances decreased by \$1,038,694, and total nonmajor permanent funds' balances increased by \$295 – all told, a decrease of \$1,328,711.

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 18, 2022, budgeted a deficit of \$428,161 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 2022's unexpended appropriations, \$6,309 was approved to be a carry forward from fiscal year 2022 and added to the fiscal year 2023 appropriated budget in the General Administration Department.
- Finance increased by \$4,000 due to approved carry forward from fiscal year 2022.
- Planning increased by \$14,377.90 due to an approved reclass of third-party review funds.
- Building Maintenance increased by \$7,377 due to \$3,000 approved carry forward from fiscal year 2022 and \$4,377 for Efficiency Maine refund.
- General Assistance increased by \$200 due to approved carry forward from fiscal year 2022.
- Public Works increased by \$2,054 from an approved reclass of third-party review funds,
- Overlay decreased by \$32,946.67 as a result of updated estimates of the overlay account for abatements when the taxes were committed.
- TIF district increased by \$25,254.19 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 \$54,706.

In analyzing comparisons between the final budget and actual results, revenues came in \$682,1398 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 \$482,867, the actual surplus was \$922,617 – or, \$1,405,484 more 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, 2023, has a net book value of about \$32.3 million, made up of costs totaling \$70.5 million less accumulated depreciation of \$38.1 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 decrease in the Town's investment in capital assets for the current fiscal year was \$267,172. This is a combination of (\$7,860) in net additions plus (\$259,312) in net reductions.

The Town disposed of assets with a historical cost of \$80,907 and had a net book value of \$80,907. No loss was recognized on the disposal of assets.

Table C
Capital Assets Net Book Value Comparisons
As of June 30, 2023 and 2022

	2023	2022	\$ Change	% Change
Land	\$ 872,273	\$ 872,273	\$ -	0.0%
Construction in progress	72,113	259,312	(187,199)	
Buildings	3,417,147	3,507,814	(90,667)	-2.6%
Land improvements	962,336	932,604	29,732	3.2%
Machinery and equipment	4,095,838	3,060,560	1,035,278	33.8%
Infrastructure	22,941,139	23,995,455	(1,054,316)	-4.4%
Totals	<u>\$ 32,360,846</u>	<u>\$ 32,628,018</u>	<u>\$ (267,172)</u>	-0.8%

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 71% of total capital assets. The next largest asset classes are machinery & equipment at 13% and buildings at 10%.

Chart D on the following page provides a graphical depiction of how much of each asset classes' total cost has been expensed as depreciation, as of June 30, 2023. 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 slightly 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

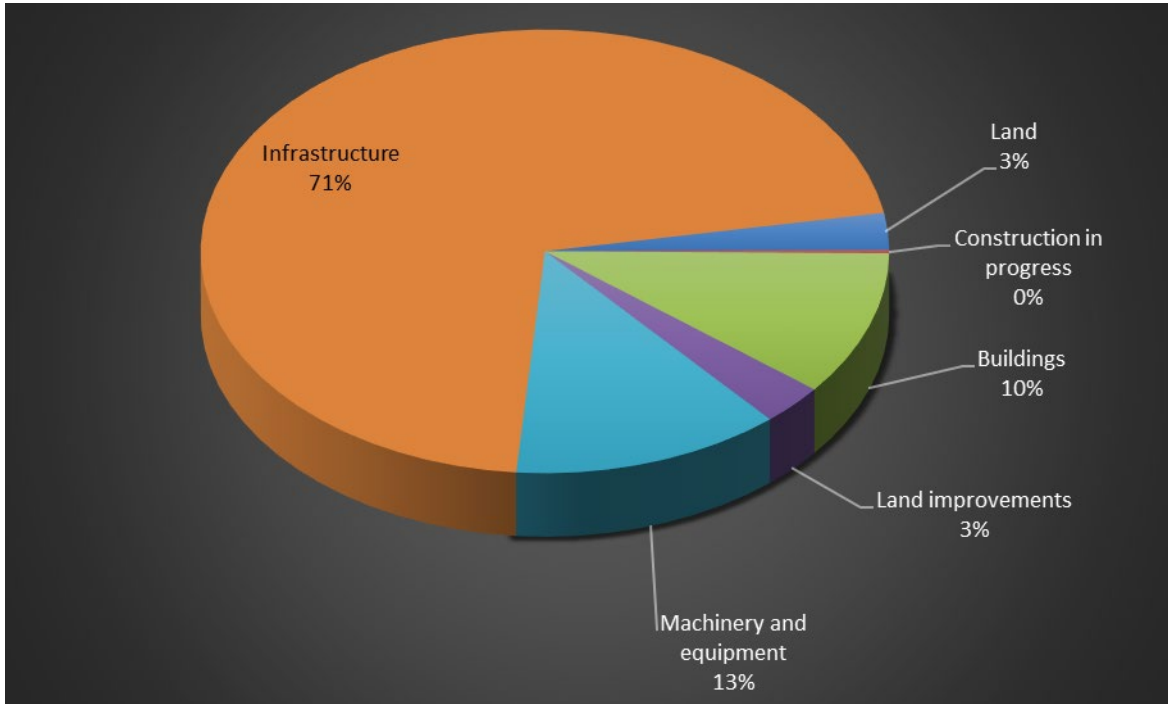
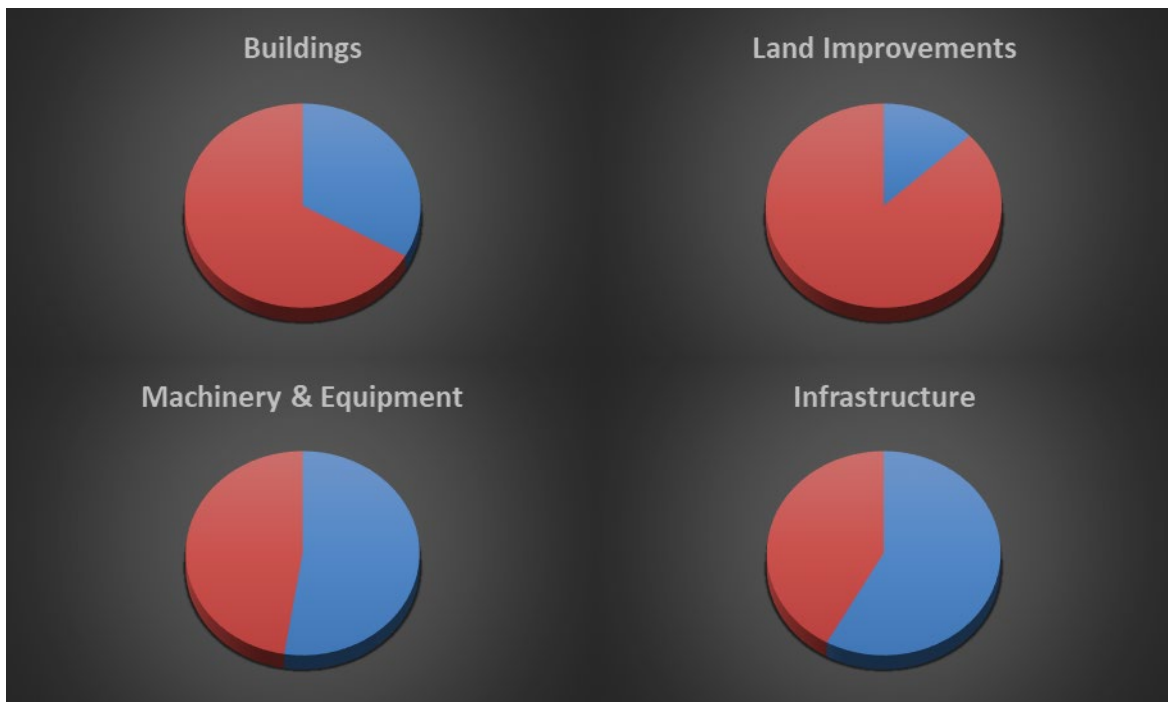


Chart D
Consumption of Capital Assets



Long-term Debt

At the end of the fiscal year, the Town had \$10.1 million in general obligation – an increase of \$872,390 over last year. There was a bond issuance in fiscal year 2023 of \$2,077,695 to fund approved capital projects. The Town paid down its debt during the year in the amount of \$1,205,305.

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 2023. Likewise, on a per capita basis, the Town’s debt was approximately \$941, far below a generally acceptable amount of \$1,500 - \$2,000 per capita.

Table D
 Long-term Debt Comparisons
 As of June 30, 2023 and 2022

	2023	2022	\$ Change	% Change
Total Long-Term Debt	\$ 10,191,817	\$ 9,319,427	\$ 872,390	9.4%

Currently Known Facts, Decisions, or Conditions

Next Year's Budget and Rates

In June 2023, the Town's voters passed its fiscal year 2024 municipal budget in which they approved appropriations of \$12,520,584 for education, \$16,070,697 for municipal services, \$1,059,605 for county taxes, \$143,670 for allocation to the TIF District, and an estimated \$183,317 in overlay. The Town also approved \$3,738,000 in capital expenditures to be funded by issuing general obligation bonds. The Town estimated \$10,784,977 in non-property tax revenue, resulting in a projected tax commitment of \$19,192,896. This represented a \$1,638,158 (9.3%) increase over fiscal year 2023 Town Meeting tax commitment and an increase in the mil rate from \$15.18 to \$14.93. The actual tax commitment subsequently computed by the Town's assessor was \$19,140,022 which equated to a mil rate of \$13.85.

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 \$36,718 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 \$55,041 and (c) an increase in the estimated captured assessed value of \$38,884 from the Town's new Tax Increment Financing district.

The final budgeted municipal appropriations utilized in determining the tax commitment for fiscal year 2024 turned out to be \$29,980,039 – 13% higher than for fiscal year 2023. 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 once 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 1.4% 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 FY24 budget through four months is on target.

Other Items of Note

In November 2022, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$2,077,695. The town plans to issue new debt in the fall issue in the amount of \$738,000 and \$2,375,000 in the spring with a grant of \$625,000 coming from the state. 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 2024, the Town made its eighth contribution of \$182,554 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, 2023

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 11,603,439
Accounts receivable	421,314
Taxes receivable	641,320
Liens receivable	109,117
Lien interest and costs receivable	7,302
Tax acquired property	5,283
Inventory and prepaid expense	90,390
Other assets	<u>160</u>
Total current assets	<u>12,878,325</u>
Capital assets:	
Land	872,273
Construction in progress	72,113
Depreciable capital assets	69,568,600
Accumulated depreciation	<u>(38,152,140)</u>
Total capital assets, net of depreciation	<u>32,360,846</u>
Total Assets	<u>45,239,171</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>280,490</u>
Liabilities	
Accounts payable	398,198
Accrued wages	166,543
Customer deposits	25,641
Unearned revenues	190,177
Accrued interest	42,413
Accrued compensated absences	391,049
Long-term debt - due within one year	1,614,473
Long-term debt - due beyond one year	8,577,344
Net pension liability	<u>192,627</u>
Total Liabilities	<u>11,598,465</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	80,846
Taxes collected in advance	<u>16,614</u>
Total deferred inflows of resources	<u>97,460</u>
Net Position	
Net investment in capital assets	24,427,630
Restricted for:	
Nonexpendable permanent fund principal	19,958
Expendable permanent fund balances	5,192
Capital projects	2,258,601
Special revenues	806,079
Other externally imposed purposes	156,283
Unrestricted	<u>6,149,993</u>
Total Net Position	<u>\$ 33,823,736</u>

The accompanying notes are an integral part of these financial statements.

Statement of Activities

For the Year Ended June 30, 2023

Statement 2

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	\$ 2,036,791	\$ 543,367	\$ 25,000	\$ (1,468,424)
Public safety	3,361,984	661,015	1,290	(2,699,679)
General assistance	121,813	-	77,546	(44,267)
Public works	4,116,631	291,361	164,820	(3,660,450)
Community service programs	1,369,495	598,516	7,975	(763,004)
Benefits and insurance	1,360,957	-	-	(1,360,957)
Fixed charges	13,345,181	-	-	(13,345,181)
Overlay and bad debt	<u>7,113</u>	<u>-</u>	<u>-</u>	<u>(7,113)</u>
Total Primary Government	\$ <u>25,719,965</u>	\$ <u>2,094,259</u>	\$ <u>276,631</u>	(23,349,075)
General Revenues				
				17,512,550
				2,207,206
				2,638,227
				40,582
				<u>864,028</u>
				23,262,593
				Change in Net Position (86,482)
				Beginning Net Position (restated) <u>33,910,218</u>
				Ending Net Position <u>\$ 33,823,736</u>

Balance Sheet

Statement 3

Governmental Funds

As of June 30, 2023

	General Fund	2023 Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,297,518	\$ 2,470,464	\$ 835,457	\$ 11,603,439
Accounts receivable	419,314	-	2,000	421,314
Taxes receivable	641,320	-	-	641,320
Liens receivable	109,117	-	-	109,117
Lien interest and costs receivable	7,302	-	-	7,302
Tax acquired property	5,283	-	-	5,283
Inventory and prepaid expense	81,357	-	9,033	90,390
Other assets	160	-	-	160
Due from other funds	241,299	3,116,743	1,282,987	4,641,029
Total Assets	\$ 9,802,670	\$ 5,587,207	\$ 2,129,477	\$ 17,519,353
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 323,293	\$ 500	\$ 74,405	\$ 398,198
Accrued wages	138,434	-	28,109	166,543
Customer deposits	25,641	-	-	25,641
Unearned revenues	12,253	-	177,924	190,177
Due to other funds	539,966	4,071,126	29,937	4,641,029
Total liabilities	1,039,587	4,071,626	310,375	5,421,588
Deferred Inflows of Resources				
Unavailable property taxes	348,762	-	-	348,762
Taxes collected in advance	16,614	-	-	16,614
Total deferred inflows of resources	365,376	-	-	365,376
Fund Balances				
Nonspendable	86,800	-	19,958	106,758
Restricted	156,283	1,515,582	1,554,290	3,226,155
Committed	1,642,817	-	244,852	1,887,669
Assigned	719,572	-	-	719,572
Unassigned	5,792,236	-	-	5,792,236
Total fund balances	8,397,708	1,515,582	1,819,100	11,732,390
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,802,670	\$ 5,587,207	\$ 2,129,477	\$ 17,519,353

Reconciliation Statement

Statement 4

Total Governmental Fund Balances to the
Net Position of Governmental Activities
As of June 30, 2023

Total governmental fund balances, per Statement 3 \$ 11,732,390

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 32,360,846

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 (42,413)
Accrued compensated absences (391,049)
Long-term debt (10,191,817)

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 280,490
Deferred inflows of resources for pension (80,846)
Net pension (liability)/asset (192,627)

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 348,762

Net position of governmental activities, per Statement 1 \$ 33,823,736

Statement 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2023

	General Fund	2023 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 19,720,436	\$ -	\$ -	\$ 19,720,436
Intergovernmental	2,880,593	-	-	2,880,593
Licenses and permits	496,408	-	-	496,408
Charges for services	999,335	-	-	999,335
Recreation	-	-	580,319	580,319
Beach passes and fees	33,648	-	-	33,648
Penalties and interest	40,582	-	-	40,582
Other revenues	<u>166,564</u>	<u>255,701</u>	<u>460,576</u>	<u>882,841</u>
Total revenues	24,337,566	255,701	1,040,895	25,634,162
Expenditures				
General government	1,873,234	7,203	6,974	1,887,411
Public safety	2,803,511	474,547	242,913	3,520,971
General assistance	121,813	-	-	121,813
Public works	2,440,921	284,519	1,046,445	3,771,885
Community service programs	270,356	51,545	1,075,774	1,397,675
Benefits and insurance	1,360,957	-	-	1,360,957
Fixed charges	14,534,544	-	-	14,534,544
Overlay and bad debt	<u>7,113</u>	<u>-</u>	<u>-</u>	<u>7,113</u>
Total expenditures	<u>23,412,449</u>	<u>817,814</u>	<u>2,372,106</u>	<u>26,602,369</u>
Revenue Deficit	925,117	(562,113)	(1,331,211)	(968,207)
Other Financing Sources (Uses)				
Bond proceeds	-	2,077,695	-	2,077,695
Transfers in	-	-	2,500	2,500
Transfers out	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>
Total other financing sources (uses)	<u>(2,500)</u>	<u>2,077,695</u>	<u>2,500</u>	<u>2,077,695</u>
Net Change in Fund Balances	922,617	1,515,582	(1,328,711)	1,109,488
Beginning Fund Balances	<u>7,475,091</u>	<u>-</u>	<u>3,147,811</u>	<u>10,622,902</u>
Ending Fund Balances	<u>\$ 8,397,708</u>	<u>\$ 1,515,582</u>	<u>\$ 1,819,100</u>	<u>\$ 11,732,390</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, 2023

Net change in fund balances of governmental funds, per Statement 5 \$ 1,109,488

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 (2,077,695)

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 1,200,558

Capital lease obligation principal payments 4,747

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 2,017,490

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 (36,645)

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 (679)

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 (2,284,662)

Decrease in accrued interest expense (11,194)

Increase in accrued compensated absences (7,890)

Change in net position of governmental activities, per Statement 2 \$ (86,482)

Statement of Fiduciary Net Position

Statement 7

Fiduciary Funds
As of June 30, 2023

Assets

Cash

Agency Fund

\$ 1,842,008

Liabilities

Due to third parties

\$ 1,842,008

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	\$ 70,512,986
Accumulated depreciation	(38,152,140)
Bonds and notes payable	(10,191,817)
Bond proceeds unspent	<u>2,258,601</u>
Net investment in capital assets	<u>\$ 24,427,630</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, 2023, of the Town's \$11,660,471 in bank deposits, \$8,015,722 was insured by the FDIC, \$3,644,749 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, 2023 is \$419,314. Of this amount, approximately 92.6% 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	\$ 628,616
Taxes receivable - prior years	17,121
Allowance for uncollectible accounts	<u>(4,417)</u>
Taxes receivable, net	<u>\$ 641,320</u>

Liens receivable as of June 30, 2023 is \$109,117. 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, 2022 to June 30, 2023 fiscal year were committed on August 23, 2022. Taxes were due semi-annually on November 15, 2022 and May 17, 2023. Unpaid taxes are charged interest of 4% per annum. The tax commitment was based on the April 1, 2022 assessed real estate and personal property values totaling \$1,210,417,259.

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 \$183,317 for the year ended June 30, 2023.

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 2023:

Real estate valuation	\$1,200,555,059
Personal property valuation	<u>9,862,200</u>
Total valuation	1,210,417,259
Tax rate (per \$1,000 of valuation)	<u>14.45</u>
Tax commitment	<u>\$ 17,490,529</u>

Collection of fiscal year 2023 taxes levied is as follows:

Original tax commitment	\$ 17,490,529
Supplemental taxes	<u>22,021</u>
Total tax commitment	17,512,550
Less:	
Abatements of current year taxes	2,361
Current year taxes receivable at year end	<u>628,616</u>
Current year tax collections	<u>\$ 16,881,573</u>
Collection rate of current year taxes	96.4%

Note 5 Interfund Transactions

Interfund Receivables and Payables

Individual interfund receivable and payable balances at June 30, 2023 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 241,299	\$ 539,966
Capital projects fund	3,116,743	4,071,126
Nonmajor special revenue funds	481,284	29,937
Nonmajor capital projects funds	776,553	-
Nonmajor permanent funds	<u>25,150</u>	<u>-</u>
Totals	<u>\$ 4,641,029</u>	<u>\$ 4,641,029</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, 2023 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 2,500
Nonmajor special revenue funds	<u>2,500</u>	<u>-</u>
Totals	<u>\$ 2,500</u>	<u>\$ 2,500</u>

A transfer from the General Fund to the Public Safety Fair special revenue fund consisted of \$2,500.

Note 6 Capital Assets

Capital asset activity for the year ended June 30, 2023 was:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable Capital Assets				
Land	\$ 872,273	\$ -	\$ -	\$ 872,273
Construction in process	259,312	72,113	(259,312)	72,113
Depreciable Capital Assets				
Buildings	5,115,228	-	-	5,115,228
Land improvements	1,039,335	66,598	-	1,105,933
Machinery and equipment	7,147,165	1,558,765	(80,907)	8,625,023
Infrastructure	<u>54,143,090</u>	<u>579,326</u>	<u>-</u>	<u>54,722,416</u>
Total capital assets	68,576,403	2,276,802	(340,219)	70,512,986
Less: Accumulated Depreciation				
Buildings	1,607,414	90,667	-	1,698,081
Land improvements	106,731	36,866	-	143,597
Machinery and equipment	4,086,605	523,487	(80,907)	4,529,185
Infrastructure	<u>30,147,635</u>	<u>1,633,642</u>	<u>-</u>	<u>31,781,277</u>
Total accumulated depreciation	<u>35,948,385</u>	<u>2,284,662</u>	<u>(80,907)</u>	<u>38,152,140</u>
Net capital assets	<u>\$ 32,628,018</u>	<u>\$ (7,860)</u>	<u>\$ (259,312)</u>	<u>\$ 32,360,846</u>

The Town retired assets with a historical cost of \$80,907 and a net book value of \$0. Reductions in construction in process are reclassified as additions to depreciable assets. New capital asset additions in the current year were \$2,276,802.

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

General government	\$ 107,518
Public safety	350,767
Public works	1,751,796
Community service	<u>74,581</u>
Total depreciation expense	<u>\$ 2,284,662</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, 2023:

	<u>Debt Payable</u>
Beginning balance	\$ 9,319,427
New debt issues	2,077,695
Principal payments	<u>(1,205,305)</u>
Ending balance	10,191,817
Amounts due within one year	<u>(1,614,473)</u>
Amounts due beyond one year	<u>\$ 8,577,344</u>

Interest expenditures on long-term debt for the year were \$226,260.

The annual requirement to amortize debt outstanding as of June 30, 2023 is as follows:

Bonds	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2024	\$ 1,579,092	\$ 236,771	\$ 1,815,863
Fiscal Year 2025	1,476,037	202,143	1,678,180
Fiscal Year 2026	1,476,037	167,597	1,643,634
Fiscal Year 2027	1,243,791	135,083	1,378,874
Fiscal Year 2028	1,098,251	106,359	1,204,610
Fiscal Year 2029-2033	<u>3,249,255</u>	<u>209,772</u>	<u>3,459,027</u>
Totals	<u>\$ 10,122,463</u>	<u>\$ 1,057,725</u>	<u>\$ 11,180,188</u>

Capital Lease - Xerox Copier	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2024	\$ 4,891	\$ 155	\$ 5,046
Fiscal Year 2025	<u>2,501</u>	<u>22</u>	<u>2,523</u>
Totals	<u>\$ 7,392</u>	<u>\$ 177</u>	<u>\$ 7,569</u>

Androscoffin Bank - Note Payable	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
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>\$ 61,962</u>	<u>\$ 3,022</u>	<u>\$ 64,984</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 \$1,514,400,000.

At June 30, 2023, the Town only carried debt in the "all other purposes" category. The Town's debt limit for that category of debt was \$113,580,000. The Town's total outstanding debt of \$10,191,817, therefore, is only 9% 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.	103,055
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.	326,616
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.	370,124
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.	582,158
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.	815,558
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.	1,057,500
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.	1,297,180

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.	1,489,577
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
General obligation bonds issued November 2022, totaling \$2,077,695; annual principal payments of \$207,770 due in November; semi-annual interest payable in November and May; variable interest rate from 3.52% to 4.02% per annum; matures November 2033.	2,077,695
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.	61,962
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>7,392</u>
Total Outstanding Long-term Debt	<u>\$ 10,191,817</u>

Note 8 Short-Term Debt Obligations

During the year, the Town issued \$2,550,000 in tax anticipation notes for working operating needs. The note was paid in full during the year.

Total interest paid on short-term obligations for the year ended June 30, 2023 was \$8,205.

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 \$694,492, or 2.32%, of Cumberland County's outstanding debt of \$29,931,418, and \$3,050,717, or 37.2%, of Maine School Administrative District No. 6's outstanding bonded debt of \$8,201,592.

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.

Note 10 Contingent Liability (Continued)

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, 2023.

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, 2023 is \$5,792,236. 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	\$ 73,786	\$ -	\$ -	\$ -
Prepaid expenses	7,571	-	-	-
Tax acquired property	5,283	-	-	-
Other	160	-	-	-
Impact fees	-	153,295	-	-
G Spenser fund	-	1,445	-	-
J Mucci fund	-	1,543	-	-
Donations	-	-	5,242	-
Voting machine	-	-	8,164	-
Summer rec scholarship	-	-	5,103	-
Community center	-	-	23,912	-
Conservation	-	-	9,140	-
Grant	-	-	34,062	-
Government access	-	-	25,077	-
Skate park	-	-	2,230	-
Assessing contractor	-	-	10,115	-
Bond levelization	-	-	1,222,460	-
Economic development	-	-	75,015	-
Planning projects	-	-	75,886	-
Retirement payout	-	-	7,488	-
Engineering	-	-	57,330	-
Major equipment	-	-	75,093	-
Gravel pit	-	-	6,500	-
Budgeted deficit	-	-	-	700,000
Carry forwards	-	-	-	19,572
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 86,800</u>	<u>\$ 156,283</u>	<u>\$ 1,642,817</u>	<u>\$ 719,572</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, 2023, the Town's share of the retirement contributions on behalf of the qualified employees amounted to \$103,828. 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, 2022, there were 311 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 1.52%.

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>

Note 15 Defined Benefit Pension Plan (Continued)**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, 2022, 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, 2023. 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, 2022, the Town reported an asset for its proportionate share of the plans' net pension liability/(asset) totaling \$192,627. 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, 2022, the Town's proportion of the PLD Plan was 0.0725% of the PLD Plan's total net liability/(asset).

For the year ended June 30, 2023, the Town recognized total pension expense of \$36,645 for the PLD Plan.

Measured on June 30, 2022, 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	\$ 35,799	\$ -
Difference between projected and actual investment earnings	-	80,846
Changes of assumptions	39,097	-
Changes in proportions	114,348	-
Contributions subsequent to the measurement date	<u>91,246</u>	<u>-</u>
Total PLD Plan	<u>\$ 280,490</u>	<u>\$ 80,846</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 \$91,246, 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 2023	\$ 99,006
Fiscal year 2024	21,645
Fiscal year 2025	(50,226)
Fiscal year 2026	<u>37,973</u>
Total	<u>\$ 108,398</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, 2022, 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, 2022, are summarized in the following table:

	<u>Long-term Expected Real 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	3.2%
Alternative credit	7.4%
Diversifiers	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022 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, 2022, 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)	\$ 569,075	\$ 192,627	\$ (118,521)

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 Prior Period Adjustment

The Town’s beginning net position for Governmental Activities in Statement 2 has been restated from the previously issued FY2022 financial statements to account for a missed payment to the Cumberland County Sheriff’s Department. The payment was missed in February 2022 and paid in December 2022 (FY2023). As a result, the beginning net position for Governmental Activities in Statement 2 was decreased by \$65,384.

Note 17 Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through December 4, 2023, the date the financial statements were available to be issued.

In September 2023, the Town Council approved a tax anticipation note (TAN) not to exceed \$1,444,000; of which \$1,444,000 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 7, 2023.

In November 2023, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$738,000 to fund approved capital projects. The Town anticipates securing \$3,000,000 in permanent financing through the Maine Municipal Bond Bank for additional approved capital projects in the spring of 2024.

Budgetary Comparison Schedule

Schedule 1

General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 17,579,503	\$ 17,490,529	\$ 17,513,229	\$ 22,700
Non-Property Taxes	2,027,000	2,027,000	2,207,207	180,207
Intergovernmental	2,671,955	2,728,471	2,880,593	152,122
Licenses and Permits	388,950	388,950	496,408	107,458
Charges for Services	751,900	751,900	999,335	247,435
Beach passes and fees	28,000	28,000	33,648	5,648
Penalties and Interest	56,000	56,000	40,582	(15,418)
Other Revenues	180,200	184,577	166,564	(18,013)
Total revenues	23,683,508	23,655,427	24,337,566	682,139
Expenditures				
General government	2,091,593	2,123,657	1,873,234	250,423
Public safety	2,769,677	2,769,677	2,803,511	(33,834)
General assistance	77,200	77,400	121,813	(44,413)
Public works	2,468,339	2,470,393	2,440,921	29,472
Community service programs	294,550	294,550	270,356	24,194
Benefits and insurance	1,384,347	1,384,347	1,360,957	23,390
Fixed charges	14,807,199	14,832,453	14,534,544	297,909
Overlay and bad debt	216,264	183,317	7,113	176,204
Total expenditures	24,109,169	24,135,794	23,412,449	723,345
Revenue Surplus (Deficit)	(425,661)	(480,367)	925,117	1,405,484
Other Financing Sources (Uses)				
Transfers out to other funds	(2,500)	(2,500)	(2,500)	-
Total other financing	(2,500)	(2,500)	(2,500)	-
Net Change in Fund Balance	<u>\$ (428,161)</u>	<u>\$ (482,867)</u>	<u>\$ 922,617</u>	<u>\$ 1,405,484</u>
Net Change in Fund Balance				
Nonspendable	\$ -	\$ -	\$ 2,243	
Restricted	(128,161)	(169,558)	64,773	
Committed	-	-	485,434	
Assigned	(300,000)	(313,309)	406,263	
Unassigned	-	-	(36,097)	
	<u>\$ (428,161)</u>	<u>\$ (482,867)</u>	<u>\$ 922,617</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*

	2023	2022	20XX	20XX	20XX
A Town's proportion	0.072461%	0.029905%			
B Town's share	\$ 192,627	\$ (9,610)			
C Town's covered payroll	\$ 443,563	\$ 262,005			
D Payroll percentage	43.43%	-3.67%			
E Net position percentage	93.3%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>20XX</u>	<u>20XX</u>
A Required	\$ 91,246	\$ 57,036	\$ 19,474		
B Actual	<u>91,246</u>	<u>57,036</u>	<u>19,474</u>		
C Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D Town's covered payroll	\$ 1,146,120	\$ 443,563	\$ 262,005		
E Payroll percentage	7.96%	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, 2023, 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 2023, the Town adopted an original budget with a deficit of \$428,161. The deficit was to be funded by the General Fund's unassigned and restricted fund balances.

The final budget added \$54,706 to the budgeted deficit due to the approval of fiscal year 2022 unexpended appropriations being carried forward to be expended in fiscal year 2023. Additionally, the final budget increased due to the use of committed fund balance for various approved reserve projects.

As a result of the above, the final budgeted deficit was \$482,867.

During the year, actual performance resulted in a surplus of \$922,617.

Note 3 Budget Line Over-expenditures

For fiscal year 2023, the Town over-expended the General Assistance budget line due to a greater need for the aid. The Public Safety line was over-expended due to greater costs in supplies and equipment maintenance.

In total, the Town came in under its total budgeted expenditures by \$723,345, which translates to 3% under the total final budget.

Budgetary Comparison Schedule

Schedule 4

Recreation Special Revenue Fund ▪ Budgetary Basis

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Recreation Fund Revenues				
Summer program	\$ 135,000	\$ 135,000	\$ 170,441	\$ 35,441
Vacation week programs	11,000	11,000	16,990	5,990
Soccer	5,900	5,900	7,910	2,010
Basketball	1,000	1,000	793	(207)
Special programs	24,000	24,000	26,085	2,085
Before and after school program	212,000	212,000	220,902	8,902
Other funding source	78,633	78,633	-	(78,633)
Adult and senior programs	27,000	27,000	121,647	94,647
Summer spectacular	5,500	5,500	100	(5,400)
Total revenue	<u>500,033</u>	<u>500,033</u>	<u>564,868</u>	<u>64,835</u>
Recreation Fund Expenditures				
Salaries	294,871	294,871	302,739	(7,868)
Telephone	900	900	900	-
Postage and printing	4,000	4,000	-	4,000
Contractual	43,965	43,965	23,704	20,261
Summer program	27,100	27,100	26,371	729
Vacation week programs	3,000	3,000	2,124	876
Soccer	3,350	3,350	4,686	(1,336)
Special programs	13,000	13,000	11,576	1,424
Before and after school programs	11,200	11,200	8,880	2,320
Adult and senior programs	16,600	16,600	103,170	(86,570)
Summer spectacular	5,500	5,500	1,517	3,983
Fuels and vehicle maintenance	1,700	1,700	3,458	(1,758)
Other commodities	5,000	5,000	-	5,000
Total expenditures	<u>430,186</u>	<u>430,186</u>	<u>489,125</u>	<u>(58,939)</u>
Net Change in Fund Balance	<u>\$ 69,847</u>	<u>\$ 69,847</u>	<u>\$ 75,743</u>	<u>\$ 5,896</u>

Budgetary Comparison Schedule
2023 Capital Projects Fund ▪ Budgetary Basis
For the Year Ended June 30, 2023

Schedule 5

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Grant revenue	\$ -	\$ 195,167	\$ 195,167	\$ -
Interest income	-	-	60,534	60,534
	-	195,167	255,701	60,534
Capital Project Expenditures				
General administration	40,000	40,000	7,218	32,782
Public safety	775,000	775,000	474,547	300,453
Parks and recreation	59,000	59,000	51,530	7,470
Public works	283,000	288,167	249,519	38,648
Highway roads	920,695	1,110,695	35,000	1,075,695
Total expenditures	2,077,695	2,272,862	817,814	1,455,048
Revenue Surplus (Deficit)	(2,077,695)	(2,077,695)	(562,113)	1,515,582
Other Financing Sources				
Proceeds from bonds	2,077,695	2,077,695	2,077,695	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,515,582</u>	<u>\$ 1,515,582</u>

Schedule of Departmental Operations

Schedule 6

General Fund

For the Year Ended June 30, 2023

	Authorized Expenditures	Actual Expenditures	(Overdrawn) Unexpended	Carried Forward
General Government				
Assessing	\$ 193,021	\$ 192,050	\$ 971	\$ -
Code enforcement	86,039	81,785	4,254	-
General administration	483,681	417,304	66,377	5,000
Cable television	138,799	136,696	2,103	-
Town council	80,347	52,783	27,564	6,000
Town clerk	328,052	286,135	41,917	-
Finance	321,455	276,409	45,046	-
Planning	232,111	188,913	43,198	-
Appeals board	987	540	447	-
Building maintenance	259,165	240,619	18,546	-
Total general government	2,123,657	1,873,234	250,423	11,000
Public Safety				
Public safety	1,890,686	1,913,579	(22,893)	-
Law enforcement	878,991	889,932	(10,941)	-
Total public safety	2,769,677	2,803,511	(33,834)	-
General Assistance	77,400	121,813	(44,413)	-
Public Works				
Public works	1,706,772	1,609,233	97,539	8,572
Solid waste	763,621	831,688	(68,067)	-
Total public works	2,470,393	2,440,921	29,472	8,572
Community Service Programs				
Recreation	221,105	192,187	28,918	-
Rich memorial beach	39,945	44,774	(4,829)	-
Donations	33,500	33,395	105	-
Total community service programs	294,550	270,356	24,194	-
Benefits and Insurance				
Employee benefits	1,281,638	1,284,660	(3,022)	-
Insurance	102,709	76,297	26,412	-
Total benefits and insurance	1,384,347	1,360,957	23,390	-
Fixed Costs and Other				
Debt service	1,726,527	1,428,618	297,909	-
County tax	829,008	829,008	-	-
Education	12,134,236	12,134,236	-	-
TIF District	142,682	142,682	-	-
Overlay and bad debts	183,317	7,113	176,204	-
Total fixed costs and other	15,015,770	14,541,657	474,113	-
Totals	\$ 24,135,794	\$ 23,412,449	\$ 723,345	\$ 19,572

Comparative Balance Sheets

Schedule 7

General Fund

As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 8,297,518	\$ 7,770,311
Accounts receivable	419,314	454,568
Taxes receivable, net	641,320	669,495
Liens receivable	109,117	92,891
Lien interest and costs receivable	7,302	8,020
Tax acquired property	5,283	5,679
Inventory and prepaid expense	81,357	78,718
Other assets	160	160
Due from other funds	<u>241,299</u>	<u>561,632</u>
Total Assets	<u><u>\$ 9,802,670</u></u>	<u><u>\$ 9,641,474</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 323,293	\$ 721,854
Accrued wages	138,434	122,634
Customer deposits	25,641	20,064
Unearned revenues	12,253	15,885
Due to other funds	<u>539,966</u>	<u>925,566</u>
Total liabilities	1,039,587	1,806,003
Deferred Inflows of Resources		
Unavailable property taxes	348,762	349,439
Taxes collected in advance	<u>16,614</u>	<u>10,941</u>
Total deferred inflows of resources	365,376	360,380
Fund Balances		
Nonspendable	86,800	84,557
Restricted	156,283	91,509
Committed	1,642,817	1,157,383
Assigned	719,572	313,309
Unassigned	<u>5,792,236</u>	<u>5,828,333</u>
Total fund balances	<u>8,397,708</u>	<u>7,475,091</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 9,802,670</u></u>	<u><u>\$ 9,641,474</u></u>

Summarized Schedule of Changes in Fund Balances

Schedule 8

General Fund

For the Year Ended June 30, 2023

	(restated) <u>Beginning Balance</u>	<u>Net Changes</u>	<u>Ending Balance</u>
Nonspendable			
Prepaid expenses, inventories, and other	\$ 84,557	\$ 2,243	\$ 86,800
Restricted			
Impact fees and restricted donations	91,509	64,773	156,283
Committed			
Reserves	1,157,383	485,434	1,642,817
Assigned			
Use of fund balance to fund budgeted deficits	300,000	400,000	700,000
Unexpended appropriations carried forward	13,309	6,263	19,572
Unassigned	<u>5,828,333</u>	<u>(36,097)</u>	<u>5,792,236</u>
Totals	<u>\$ 7,475,091</u>	<u>\$ 922,617</u>	<u>\$ 8,397,708</u>

Detailed Schedule of Changes in Fund Balances

Schedule 9

General Fund

For the Year Ended June 30, 2023

	(restated) Beginning Balance	Revenues	Transfers In and (Out)	Expenditures	Ending Balance
Nonspendable					
Inventories	\$ 70,381	\$ -	\$ 3,405	\$ -	\$ 73,786
Tax acquired property	5,679	-	(396)	-	5,283
Prepaid expenses	8,337	-	7,571	(8,337)	7,571
Other	160	-	-	-	160
Restricted					
G Spencer fund	1,429	16	-	-	1,445
J Mucci fund	1,525	18	-	-	1,543
Impact fees	88,555	1,473	63,266	-	153,296
Committed					
Donations	1,906	36	3,300	-	5,242
Voting machine	8,068	96	-	-	8,164
Summer rec school	5,043	60	-	-	5,103
Community center	23,632	281	-	-	23,913
Conservation	9,032	107	-	-	9,139
Government access	2,392	9	25,000	(2,323)	25,078
Grant	13,897	165	20,000	-	34,062
Skate park	2,203	26	-	-	2,229
Assessing Contractor	10,000	115	-	-	10,115
Bond levelization	913,781	10,773	297,909	-	1,222,463
Econ development	74,130	880	-	-	75,010
Planning projects	74,996	890	-	-	75,886
Retirement payout	7,401	88	-	-	7,489
Engineering	10,902	126	46,303	-	57,331
Major equipment	-	93	75,000	-	75,093
Gravel Pit	-	-	6,500	-	6,500
Assigned					
Budgeted deficit	300,000	-	400,000	-	700,000
Carry forwards	13,309	-	19,572	(13,309)	19,572
Unassigned					
	<u>5,828,333</u>	<u>24,322,314</u>	<u>(969,930)</u>	<u>(23,388,480)</u>	<u>5,792,235</u>
Totals	<u>\$ 7,475,091</u>	<u>\$ 24,337,566</u>	<u>\$ (2,500)</u>	<u>\$ (23,412,449)</u>	<u>\$ 8,397,708</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 As of June 30, 2023

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	486,391	-	-	486,391
Bark for your park grant	-	-	25,000	25,000
National opioid grant	-	-	5,370	5,370
Keeping warm grant	-	-	-	-
Risk reduction grant	-	-	-	-
Maine DEP PFAS grant	-	-	2,661	2,661
PWD Sebago grant	-	2,000	-	2,000
Dog park	-	-	660	660
TIF district	305,378	-	185	305,563
Committed				
Bottles 4 fuel	43,688	-	-	43,688
Public safety fair	-	-	-	-
Recreation fund	-	9,032	416,250	425,282
Totals	<u>\$ 835,457</u>	<u>\$ 11,032</u>	<u>\$ 481,128</u>	<u>\$ 1,327,773</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	-	-	12,118	458,823	470,941
Bark for your park grant	25,000	-	-	-	25,000
National opioid grant	-	-	-	5,370	5,370
Keeping warm grant	-	-	-	-	-
Risk reduction grant	-	-	-	-	-
Maine DEP PFAS grant	-	-	-	2,661	2,661
PWD Sebago grant	-	-	-	2,000	2,000
Dog park	-	-	-	660	660
TIF district	-	-	-	305,563	305,563
Committed					
Bottles 4 fuel	-	-	17,227	26,461	43,688
Public safety fair	-	-	592	(592)	-
Recreation fund	15,716	206,034	-	218,982	440,732
Totals	<u>\$ 40,716</u>	<u>\$ 206,034</u>	<u>\$ 29,937</u>	<u>\$ 1,050,930</u>	<u>\$ 1,327,773</u>

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

Schedule 11

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2023

	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	909,068	3,008	-	(453,253)	458,823
Bark for your park grant	25,000	-	-	(25,000)	-
National opioid grant	-	5,370	-	-	5,370
Keeping warm grant	-	3,590	-	(3,590)	-
Risk reduction grant	-	3,000	-	(3,000)	-
Maine DEP PFAS grant	-	3,600	-	(939)	2,661
PWD Sebago grant	-	2,000	-	-	2,000
Dog park	255	1,155	-	(750)	660
TIF district	221,370	144,293	-	(60,100)	305,563
Committed					
Bottles 4 fuel	24,951	7,975	-	(6,465)	26,461
Public safety fair	1,789	1,290	2,500	(6,171)	(592)
Recreation fund	127,807	580,319	-	(489,144)	218,982
Totals	<u>\$ 1,341,242</u>	<u>\$ 755,600</u>	<u>\$ 2,500</u>	<u>\$ (1,048,412)</u>	<u>\$ 1,050,930</u>

Schedule 12

Combining Balance Sheet
Nonmajor Capital Projects Funds
 As of June 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	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	
Assets										
Due from other funds	\$ -	\$ 456	\$ 1,831	\$ 14,817	\$ 18,946	\$ 73,051	\$ 26,797	\$ 46,378	\$ 594,276	\$ 776,552
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>-</u>	<u>456</u>	<u>1,831</u>	<u>14,817</u>	<u>18,946</u>	<u>73,051</u>	<u>26,797</u>	<u>46,378</u>	<u>594,276</u>	<u>776,552</u>
Liabilities										
Accounts payables	-	-	-	-	-	326	-	-	33,207	33,533
Fund Balances Restricted	-	456	1,831	14,817	18,946	72,725	26,797	46,378	561,069	743,019
Total Liabilities and Fund Balance	<u>-</u>	<u>\$ 456</u>	<u>\$ 1,831</u>	<u>\$ 14,817</u>	<u>\$ 18,946</u>	<u>\$ 73,051</u>	<u>\$ 26,797</u>	<u>\$ 46,378</u>	<u>\$ 594,276</u>	<u>\$ 776,552</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	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	
Revenues										
Interest and grant income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,000	\$ 285,000
Expenditures										
General Government	-	-	-	-	4,477	-	-	2,497	-	6,974
Public safety	-	-	-	-	-	273	-	3,132	233,337	236,742
Parks and recreation	-	-	-	-	-	326	-	-	33,207	33,533
Highway roads	86,924	-	-	-	-	-	-	188,720	770,801	1,046,445
Total expenditures	86,924	-	-	-	4,477	599	-	194,349	1,037,345	1,323,694
Change in Fund Balance	(86,924)	-	-	-	(4,477)	(599)	-	(194,349)	(752,345)	(1,038,694)
Beginning Fund Balance	86,924	456	1,831	14,817	23,423	73,324	26,797	240,726	1,313,414	1,781,712
Ending Fund Balance	\$ -	\$ 456	\$ 1,831	\$ 14,817	\$ 18,946	\$ 72,725	\$ 26,797	\$ 46,378	\$ 561,069	\$ 743,019

Combining Balance Sheet
Nonmajor Permanent Funds
 As of June 30, 2023

Schedule 14

	Hasty Fund	Wescott Fund	Totals	
			2023	2022
Assets				
Due from general fund	\$ 15,454	\$ 9,696	\$ 25,150	\$ 24,855
Fund Balances				
Nonspendable - permanent	\$ 14,911	\$ 5,047	\$ 19,958	\$ 19,958
Restricted - expendable	543	4,649	5,192	4,897
	\$ 15,454	\$ 9,696	\$ 25,150	\$ 24,855

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

Schedule 15

Nonmajor Permanent Funds

For the Year Ended June 30, 2023

	Hasty Fund	Wescott Fund	Totals	
			2023	2022
Revenues				
Interest	\$ 181	\$ 114	\$ 295	\$ 13
Expenditures	-	-	-	-
Surplus Revenues	181	114	295	13
Beginning Fund Balances	<u>15,273</u>	<u>9,582</u>	<u>24,855</u>	<u>24,842</u>
Ending Fund Balances	<u>\$ 15,454</u>	<u>\$ 9,696</u>	<u>\$ 25,150</u>	<u>\$ 24,855</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 2023 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 2023 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 \$75,743. The recreation program took in approximately \$64,835 more in revenue than was originally estimated. Expenditures were approximately \$58,939 more than was originally estimated. The driver of the fiscal year 2023 surplus was a shift in the departments operation as it moved away from cancelations and strict Covid-19 protocols and the continued growth in the Town and programs.

On a budgetary basis, the 2023 Capital Projects Fund ran a surplus for the year in the amount of \$1,515,582. Surpluses will be used in future years to complete approved capital projects.