

Town of Standish



Annual Financial Statements
For the Year Ended June 30, 2021

Independently Audited By

Berry · Talbot · Royer

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021, 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, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 16 and 40 – 41 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 2 through 13 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

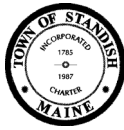
Schedules 2 through 13 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 2 through 13 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.



Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
November 23, 2021



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, 2021. 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 \$1,059,044,053 to \$1,063,785,379, an overall increase of \$4,741,326 or approximately less than 1.0%.
- The Town's mill rate increased from \$14.30 in fiscal year 2020 to 15.15 in fiscal year 2021, an increase of \$0.85 per thousand.
- The Town's assets exceeded its liabilities and deferred inflows of resources by \$31,895,847 as of the end of the fiscal year. This year's total net position includes an unrestricted portion totaling \$5,850,862 (an increase of \$1,356,502 from the prior year), which may be used to meet the Town's ongoing obligations to employees, citizens, and creditors.
- The Town's operations for this year resulted in an increase in net position of \$1,040,174. The Town's net expenses of \$21,233,023 were completely offset by net revenues of \$22,273,197.
- Total governmental activities' expenses in fiscal year 2021 were up by \$1,269,520 from fiscal year 2020. Also, total governmental activities' revenues in fiscal year 2021 were up by \$2,246,824 from fiscal year 2020.
- In the General Fund, the Town's unassigned fund balance increased by \$1,395,891 between June 30, 2020 to June 30, 2021, from \$3,362,918 to \$4,758,809 (a 42% increase).
- It is the policy of the Town to maintain unassigned fund balance in the General Fund at a range between two twelfths and three twelfths of the approved appropriation for the municipal budget or 16.67% to 25.00% - essentially, two to three months' worth of expenditures. Going into fiscal year 2022, the original approved appropriations totaled \$23,752,953, creating a target range of \$3,959,617 to \$5,938,238. At year end, the unassigned fund balance was \$4,758,809, above the target range minimum by \$799,192.
- 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 23.5% – up from 17.5% in the prior year.
- Current year debt issues were \$1,655,086 while debt repayments were \$1,346,747. The Town's total bonded and other outstanding long-term debt increased by \$308,339 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 \$31.9 million at the end of fiscal year 2021, compared to \$30.9 million at the end of fiscal year 2020.

Table A
Town of Standish
Condensed Statement of Net Position
As of June 30, 2021 and 2020

	2021	Restated 2020	\$ Change	% Change
Current assets	\$ 9,387,540	\$ 7,534,962	\$ 1,852,578	24.6%
Capital assets, net	<u>31,933,963</u>	<u>32,083,715</u>	<u>(149,752)</u>	-0.5%
Total assets	41,321,503	39,618,677	1,702,826	4.3%
Current liabilities	2,096,216	1,957,181	139,035	7.1%
Long-term liabilities	<u>7,316,427</u>	<u>6,840,346</u>	<u>476,081</u>	7.0%
Total liabilities	9,412,643	8,797,527	615,116	7.0%
Deferred inflows of resources	<u>13,013</u>	<u>8,013</u>	<u>5,000</u>	62.4%
Net investment in capital assets	23,438,529	23,870,103	(431,574)	-1.8%
Restricted	2,606,456	2,491,210	115,246	4.6%
Unrestricted	<u>5,850,862</u>	<u>4,494,360</u>	<u>1,356,502</u>	30.2%
Total net position	<u>\$ 31,895,847</u>	<u>\$ 30,855,673</u>	<u>\$ 1,040,174</u>	3.4%

Significant variances from the prior year include 24.6% increase (\$1,852,578) in current assets, a 62.4% increase (\$5,000) in deferred inflows, and a 30.2% increase (\$1,356,502) in unrestricted net assets.

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

The increase in unrestricted net position is attributable to the large change in total net position (\$1,040,174) a result of total revenues being greater than expenses.

Table B
Town of Standish
Condensed Statement of Activities
For the Years Ended June 30, 2021 and 2020

	2021	2020	\$ Change	% Change
Charges for services	\$ 1,431,871	\$ 1,413,808	\$ 18,063	1.3%
Operating grants	<u>257,551</u>	<u>195,661</u>	<u>61,890</u>	31.6%
Total program revenues	1,689,422	1,609,469	79,953	5.0%
Taxes	18,506,178	17,111,922	1,394,256	8.1%
Intergovernmental	1,551,981	1,057,401	494,580	46.8%
Other	<u>525,616</u>	<u>247,581</u>	<u>278,035</u>	112.3%
Total general revenues	<u>20,583,775</u>	<u>18,416,904</u>	<u>2,166,871</u>	11.8%
Total revenues	22,273,197	20,026,373	2,246,824	11.2%
General government	1,753,455	1,683,415	70,040	4.2%
Public safety	2,369,699	2,211,458	158,241	7.2%
General assistance	85,939	35,356	50,583	143.1%
Public works	3,490,244	3,043,892	446,352	14.7%
Community service programs	776,858	620,811	156,047	25.1%
Benefits and insurance	1,068,306	944,979	123,327	13.1%
Fixed charges	11,677,564	11,415,064	262,500	2.3%
Overlay and bad debt	<u>10,958</u>	<u>8,528</u>	<u>2,430</u>	28.5%
Total expenses	<u>21,233,023</u>	<u>19,963,503</u>	<u>1,269,520</u>	6.4%
Change in net position	<u>\$ 1,040,174</u>	<u>\$ 62,870</u>	<u>\$ 977,304</u>	1554.5%

Overall, total revenues were up in fiscal year 2021 compared to fiscal year 2020 by 11.2%. Most of this increase came from property taxes, excise taxes, and state revenue sharing and grant reimbursements. Total expenses were up by 6.4%, across all departments with varying significance.

Overall, the Town realized an increase in net position of \$1,040,174. This is 1554.5% more than the prior year's increase of \$62,870.

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 83%, followed by intergovernmental and charges for services, both at 7%.

Chart B on the following page shows the relative sizes of expenses based on the program. Fixed charges, which includes education, county tax, and debt interest, takes up the largest share of expenses at 55%. Public works is second, consuming 17% of expenses.

Chart A
Revenues by Source

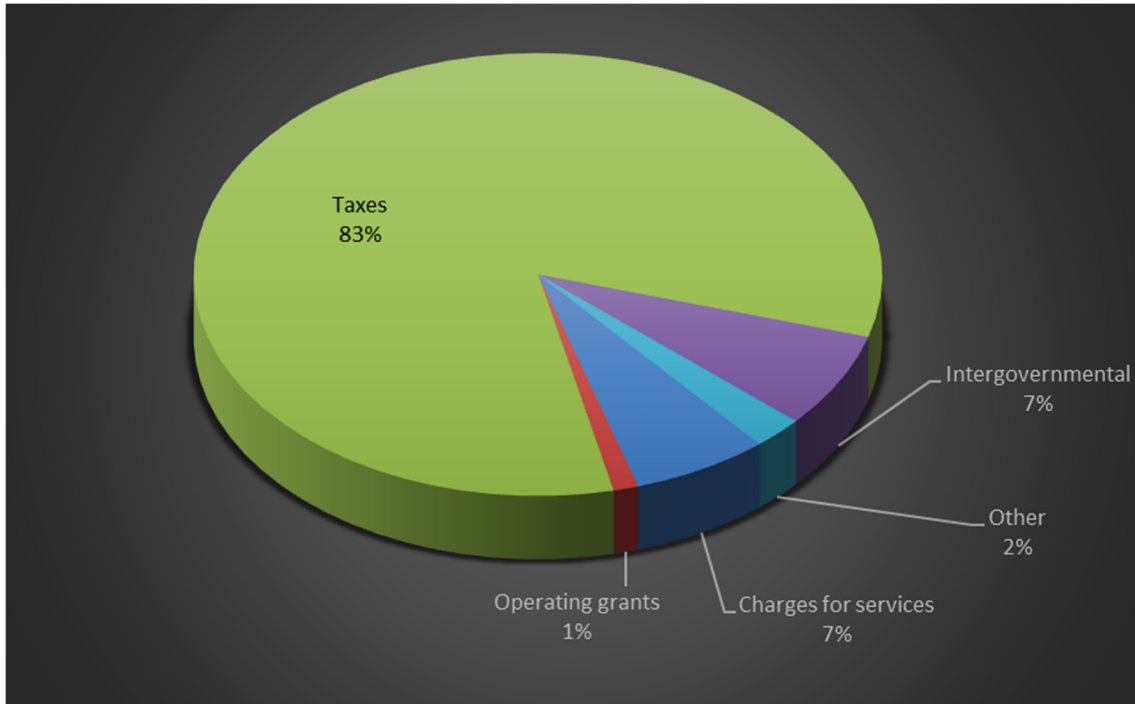
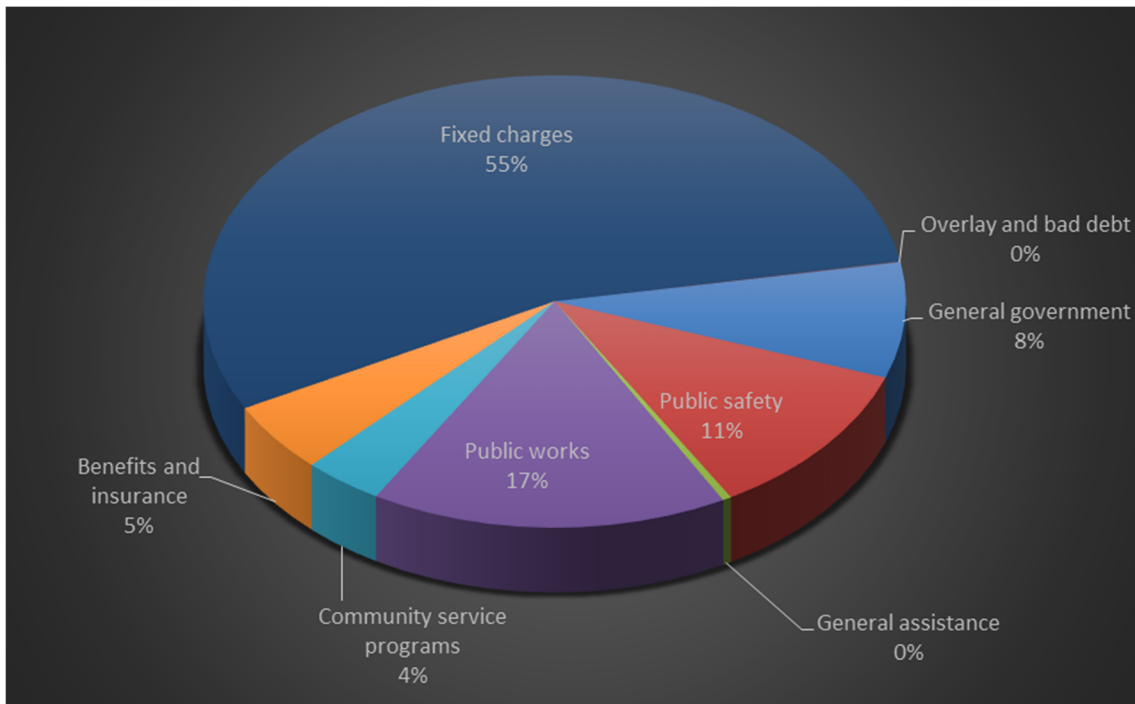


Chart B
Expenses by Program



Analysis of the Town's Governmental Funds

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

General Fund

The General Fund's net change in fund balance for the year was an increase of \$1,350,423, compared to a fiscal year 2020 increase of \$406,228. The unassigned fund balance had a net increase for the year of \$1,395,891, compared to a fiscal year 2020 increase of \$674,294. The Town's general intention was to increase the total fund balance during the year by approving a budget deficit of \$61,179, compared with \$327,565 in fiscal year 2020. (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 \$799,192 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 and carry forward amounts within the Assigned fund balance. The town council approved \$22,529 in carry forwards from the fiscal year 2021 budget into fiscal year 2022. The town also did not budget to use any undesignated fund balance to offset the tax commitment in covering budgeted expenditures.

2021 Capital Projects Fund

The 2021 Capital Projects Fund was created during the fiscal year from issuing \$1,655,086 in new debt to pay for a variety of capital improvement projects. The Town expended a total of \$585,708 on those planned projects during fiscal year 2021 and plan to complete the remaining projects in the coming fiscal years. Each year, the Town budgets for capital improvement projects which are approved at the annual town meeting.

Other Governmental Funds

All other governmental funds are composed of nonmajor special revenue funds, capital projects funds, and permanent funds. Total nonmajor special revenue funds' balances increased by \$109,011, total nonmajor capital projects funds' balances increased by \$326,094, and total nonmajor permanent funds' balances increased by \$37 – all told, an increase of \$435,142.

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 budget, as adopted by the Town on June 13, 2020, budgeted a deficit of \$35,000 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 2020's unexpended appropriations, \$4,851 were approved to be carried forward and added to the fiscal year 2021 appropriated budget in the General Administration Department. There was also an approved budget adjustment which reclassified \$1,350 from restricted within Code Enforcement.
- Cable Television increased by \$8,212 from a reclass of reserves for equipment upgrade.
- Town Clerk increased by \$7,234 due to approved carry forward from fiscal year 2020.
- Building Maintenance and Rich Memorial Beach increased by \$21,097 and \$3,300, respectively, from the Keep Maine Healthy grant.
- Public Safety increased by \$12,031 from reimbursement of PPE from the federal government.
- Public Works increased by \$1,038 from an approved reclass of third-party review funds,
- Planning increased by \$7,962, which consists of an approved budgeted adjustment/reclass of fund balance for impact fees and third-party review monies.
- Education increased by \$306,494 due to more in the education assessment than was known at the time of the Town Meeting.
- Overlay and Bad Debts increased by \$11,781 as a result of updated estimates of revenue when the taxes were committed.
- TIF District increased by \$35,643 as a result of updated estimates of revenue when the taxes were committed.

As a result of the changes above, along with offsetting updated estimates of revenues and property taxes to be committed totaling \$351,004, the final budget increased the budgeted deficit by \$26,178.

In analyzing comparisons between the final budget and actual results, revenues came in \$851,533 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 \$61,179, the actual surplus was \$1,350,423 – or, \$1,411,602 less than was budgeted.

Capital Assets and Long-term Debt Activity

Capital Assets

The Town's investment in capital assets for governmental activities, as of June 30, 2021, has a net book value of about \$31.9 million, made up of costs totaling \$66 million less accumulated depreciation of \$34.1 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 \$149,752. This is a combination of \$649,714 in net additions less \$799,466 in net reductions.

The Town disposed of assets with a historical cost of \$15,000, but that had a net book value of \$13,572. A loss was recognized on the disposal of an asset in the amount of \$1,428.

Table C
Capital Assets Net Book Value Comparisons
As of June 30, 2021 and 2020

	2021	Restated 2020	\$ Change	% Change
Land	\$ 872,273	\$ 872,273	\$ -	0.0%
Construction in progress	298,650	824,817	(526,167)	
Buildings	3,394,519	3,407,606	(13,087)	-0.4%
Land improvements	216,144	227,322	(11,178)	-4.9%
Machinery and equipment	3,292,963	2,951,029	341,934	11.6%
Infrastructure	23,859,414	23,800,668	58,746	0.2%
Totals	<u>\$ 31,933,963</u>	<u>\$ 32,083,715</u>	<u>\$ (149,752)</u>	-0.5%

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 75% of total capital assets. The next largest asset classes are machinery & equipment and buildings, both at 10%.

Chart D on the following page provides a graphical depiction of how much of each asset class' total cost has been expensed as depreciation, as of June 30, 2021. The entire pie represents total cost, the red portion represents net book value (or, undepreciated cost), and the blue portion represents accumulated depreciation. These charts are designed to show how much of each asset class has been "used up" through depreciation. The more accumulated depreciation relative to net book value (i.e., the more blue the pie becomes), the closer the asset class is, on average, to the end of its useful life. As capital assets age, the Town needs to replace them so that the Town can carry out its services. The pies show that the buildings and land improvements have, on average for the class, relatively young useful lives. Infrastructure, on average, has passed middle age. And, the machinery and equipment class is over 50% accumulated depreciation, which means individual assets within that class are generally older and closer to the end of their useful lives. This analysis is useful to help assess where capital outlays will need to be made in the future.

Chart C
Composition of Capital Assets

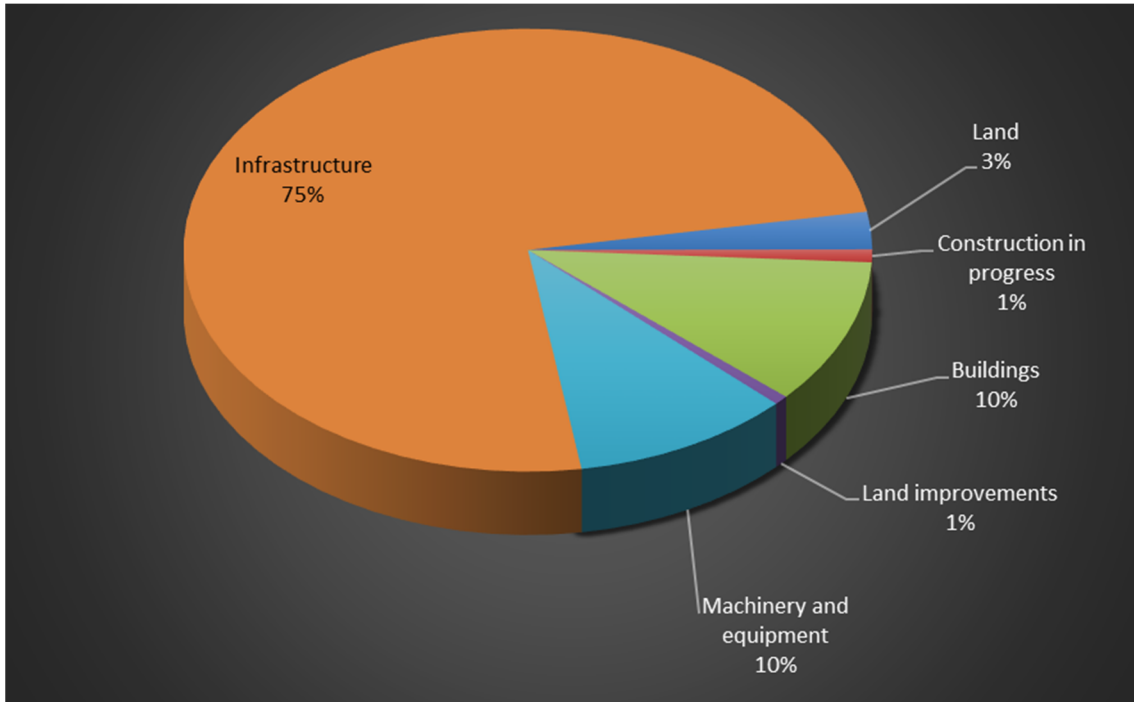
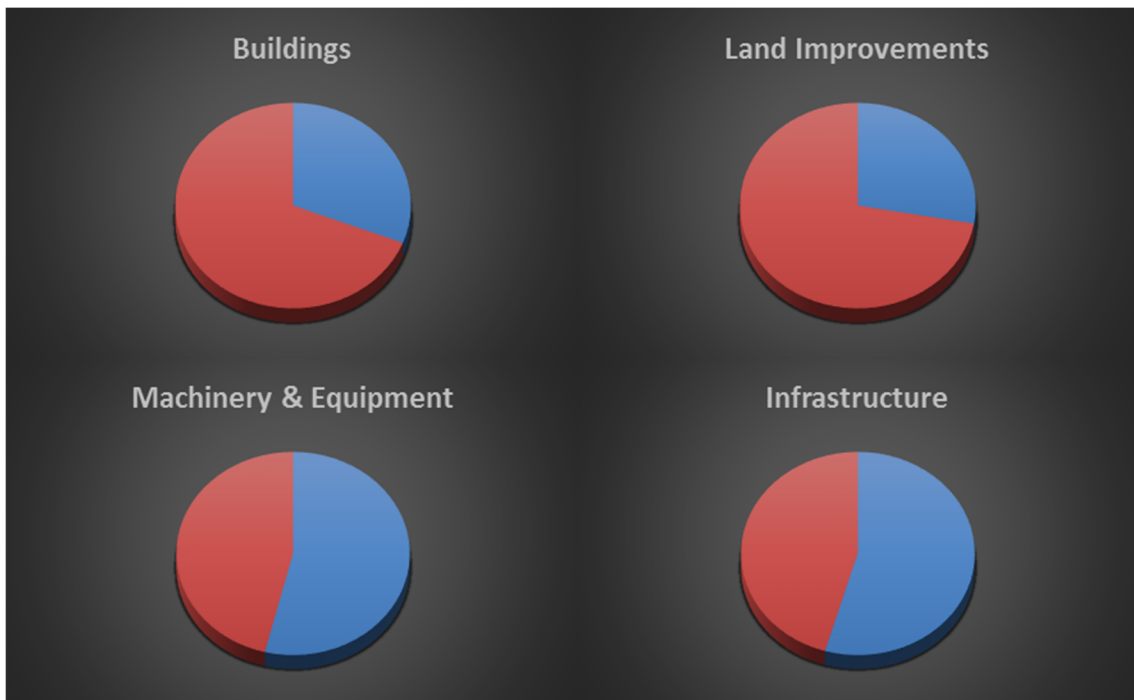


Chart D
Consumption of Capital Assets



Long-term Debt

At the end of the fiscal year, the Town had \$8.5 million in general obligation – an increase of \$308,339 over last year. There was a bond issuance in fiscal year 2021 of \$1,655,086 to fund approved capital projects. The Town paid down its debt during the year in the amount of \$1,346,747.

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 0.6% as of the end of fiscal year 2021. Likewise, on a per capita basis, the Town’s debt was approximately \$836, far below a generally acceptable amount of \$1,500 - \$2,000 per capita.

Table D
 Long-term Debt Comparisons
 As of June 30, 2021 and 2020

	2021	2020	\$ Change	% Change
Total Long-Term Debt	\$ 8,495,434	\$ 8,187,095	\$ 308,339	3.8%

Currently Known Facts, Decisions, or Conditions

Next Year's Budget and Rates

In June 2021, the Town's voters passed its fiscal year 2022 municipal budget in which they approved appropriations of \$10,738,281 for education, \$12,059,159 for municipal services, \$778,779 for county taxes, \$101,536 for allocation to the TIF District, and an estimated \$75,000 in overlay. The Town also approved \$2,303,000 in capital expenditures to be funded by issuing general obligation bonds. The Town estimated \$7,084,988 in non-property tax revenue, resulting in a projected tax commitment of \$16,667,965. This represented a \$551,617 (3.4%) increase over fiscal year 2021 Town Meeting tax commitment and an increase in the mil rate from \$15.15 to \$15.17. The actual tax commitment subsequently computed by the Town's assessor was \$16,757,462.38 which equated to a mil rate of \$15.00.

The differences between the original June town meeting budget and the final budget resulting from assessor's tax commitment were due to (a) an increase in the budgeted overlay by \$141,264 to account for an estimated increase in abatements based on historical experience and expected valuation adjustments, (b) a net increase in the amounts of homestead exemption and BETE reimbursements by \$45,874, (c) an increase in the estimated captured assessed value of \$7,378 from the Town's new Tax Increment Financing district, (d) an increase between estimated property valuations used in the original budget and actual valuations used in the final budget of \$18,378,780, and (e) an increase in the MSAD6 school budget of \$358,647.

The final budgeted municipal appropriations utilized in determining the tax commitment for fiscal year 2022 turned out to be \$22,427,565 – 8.17% higher than for fiscal year 2021. Expenditures through the date of this report are a little elevated but within budget projections. Of particular interest again this year are expenditures for heating fuel in all relevant departments, which, due to an unusually warm October again the October numbers are all well under budget. In fact, after almost four months of the fiscal year, the fuel expenditure line for heating purposes is only 4.4% expensed, which is a good indicator of heating fuel consumption for the Town. With the stabilization of management in FY19, the FY22 budget through four months is on target.

Other Items of Note

In May 2021, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$1,655,086. The town plans to issue new debt in the spring issue in the amount of \$2,003,000 instead of November 2021. 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 2022, the Town made its sixth contribution of \$108,914 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 \$533,306.99. The town will receive the remainder of the \$1,066,550 in approximately 12 months. The town is currently exploring options for use of the funds. The town continues to look into 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, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 8,011,287
Accounts receivable	523,121
Taxes receivable	671,580
Liens receivable	108,535
Lien interest and costs receivable	9,754
Tax acquired property	9,715
Inventory and prepaid expense	53,388
Other assets	160
Total current assets	<u>9,387,540</u>
Land	872,273
Construction in progress	298,650
Depreciable capital assets	64,832,418
Accumulated depreciation	<u>(34,069,378)</u>
Total capital assets, net of depreciation	<u>31,933,963</u>
Total Assets	41,321,503
Liabilities	
Accounts payable	285,514
Accrued wages	122,831
Customer deposits	23,705
Unearned revenues	102,025
Accrued interest	25,538
Accrued compensated absences	357,596
Long-term debt - due within one year	1,179,007
Long-term debt - due beyond one year	<u>7,316,427</u>
Total Liabilities	9,412,643
Deferred Inflows of Resources	
Taxes collected in advance	<u>13,013</u>
Net Position	
Net investment in capital assets	23,438,529
Restricted for:	
Nonexpendable permanent fund principal	19,958
Expendable permanent fund balances	4,884
Capital projects	2,307,682
Special revenues	235,201
Other externally imposed purposes	38,731
Unrestricted	<u>5,850,862</u>
Total Net Position	<u>\$ 31,895,847</u>

Statement of Activities

Statement 2

For the Year Ended June 30, 2021

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	\$ 1,753,455	\$ 464,335	\$ 1,811	\$ (1,287,309)
Public safety	2,369,699	529,927	450	(1,839,322)
General assistance	85,939	-	54,923	(31,016)
Public works	3,490,244	273,090	191,500	(3,025,654)
Community service programs	776,858	164,519	8,867	(603,472)
Benefits and insurance	1,068,306	-	-	(1,068,306)
Fixed charges	11,677,564	-	-	(11,677,564)
Overlay and bad debt	10,958	-	-	(10,958)
Total Primary Government	\$ 21,233,023	\$ 1,431,871	\$ 257,551	(19,543,601)
General Revenues				
				16,191,372
				2,314,806
				1,551,981
				57,350
				468,266
				<u>20,583,775</u>
				Change in Net Position 1,040,174
				Beginning Net Position <u>30,855,673</u>
				Ending Net Position <u>\$ 31,895,847</u>

Balance Sheet

Statement 3

Governmental Funds

As of June 30, 2021

	General Fund	2021 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,354,166	\$ 3,445,377	\$ 211,744	\$ 8,011,287
Accounts receivable	467,031	-	56,090	523,121
Taxes receivable	671,580	-	-	671,580
Liens receivable	108,535	-	-	108,535
Lien interest and costs receivable	9,754	-	-	9,754
Tax acquired property	9,715	-	-	9,715
Inventory and prepaid expense	50,118	-	3,270	53,388
Other assets	160	-	-	160
Due from other funds	1,837,414	-	1,429,535	3,266,949
Total Assets	\$ 7,508,473	\$ 3,445,377	\$ 1,700,639	\$ 12,654,489
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 230,938	\$ 213	\$ 54,363	\$ 285,514
Accrued wages	104,728	-	18,103	122,831
Customer deposits	23,705	-	-	23,705
Unearned revenues	19,442	-	82,583	102,025
Due to other funds	893,169	2,371,863	1,917	3,266,949
Total liabilities	1,271,982	2,372,076	156,966	3,801,024
Deferred Inflows of Resources				
Unavailable property taxes	446,097	-	-	446,097
Taxes collected in advance	13,013	-	-	13,013
Total deferred inflows of resources	459,110	-	-	459,110
Fund Balances				
Nonspendable	59,993	-	19,957	79,950
Restricted	38,731	1,073,301	1,474,466	2,586,498
Committed	897,319	-	49,250	946,569
Assigned	22,529	-	-	22,529
Unassigned	4,758,809	-	-	4,758,809
Total fund balances	5,777,381	1,073,301	1,543,673	8,394,355
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,508,473	\$ 3,445,377	\$ 1,700,639	\$ 12,654,489

Reconciliation Statement

Statement 4

Total Governmental Fund Balances to the
 Net Position of Governmental Activities
 As of June 30, 2021

Total governmental fund balances, per Statement 3 \$ 8,394,355

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 31,933,963

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 (25,538)
 Accrued compensated absences (357,596)
 Long-term debt (8,495,434)

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 446,097

Net position of governmental activities, per Statement 1 \$ 31,895,847

Statement of Revenues, Expenditures, and Changes in Fund Balances

Statement 5

Governmental Funds

For the Year Ended June 30, 2021

	General Fund	2021 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 18,443,439	\$ -	\$ -	\$ 18,443,439
Intergovernmental	1,745,403	-	53,000	1,798,403
Licenses and permits	444,348	-	-	444,348
Charges for services	823,006	-	-	823,006
Recreation	1,886	-	135,486	137,372
Beach passes and fees	27,146	-	-	27,146
Penalties and interest	57,350	-	-	57,350
Other revenues	87,146	3,923	388,329	479,398
Total revenues	21,629,724	3,923	576,815	22,210,462
Expenditures				
General government	1,621,425	44,250	73,129	1,738,804
Public safety	2,306,572	375,124	45,227	2,726,923
General assistance	85,939	-	-	85,939
Public works	1,979,418	165,443	741,509	2,886,370
Community service programs	184,363	891	598,906	784,160
Benefits and insurance	1,068,306	-	-	1,068,306
Fixed charges	13,020,820	-	-	13,020,820
Overlay and bad debt	10,958	-	-	10,958
Total expenditures	20,277,801	585,708	1,458,771	22,322,280
Revenue Deficit	1,351,923	(581,785)	(881,956)	(111,818)
Other Financing Sources (Uses)				
Bond proceeds	-	1,655,086	-	1,655,086
Transfers in	2,000	-	3,500	5,500
Transfers out	(3,500)	-	(2,000)	(5,500)
Total other financing sources (uses)	(1,500)	1,655,086	1,500	1,655,086
Net Change in Fund Balances	1,350,423	1,073,301	(880,456)	1,543,268
Beginning Fund Balances	4,426,958	-	2,424,129	6,851,087
Ending Fund Balances	\$ 5,777,381	\$ 1,073,301	\$ 1,543,673	\$ 8,394,355

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, 2021

Net change in fund balances of governmental funds, per Statement 5	\$ 1,543,268
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	(1,655,086)
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	1,342,497
Capital lease obligation principal payments	4,471
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	1,782,865
Loss on disposal	(1,429)
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	62,739
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	(1,973,723)
Decrease in accrued interest expense	759
Increase in accrued compensated absences	<u>(66,187)</u>
Change in net position of governmental activities, per Statement 2	<u>\$ 1,040,174</u>

Statement of Fiduciary Net Position

Statement 7

Fiduciary Funds
As of June 30, 2021

	<u>Agency Fund</u>
Assets	
Cash	\$ <u>684,101</u>
Liabilities	
Due to third parties	\$ <u>684,101</u>

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).

Pensions and Other Post-Employment Benefits (OPEB)

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 purposes of measuring the Town's OPEB liability, deferred outflows and deferred inflows related to OPEB, and OPEB expense, information about the fiduciary net position of the MainePERS Group Life Insurance (GLI) Plan and the Maine Education Association Benefits Trust (MEABT) Plan (collectively, the OPEB Plans) and additions to/deductions from the OPEB Plans' fiduciary net positions have been determined on the same basis as they are reported by the OPEB Plans.

For these purposes, the Pension Plan and the OPEB Plans recognize additions when earned and measurable, and deductions when due and payable in accordance with the terms of the statutes. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the GLI OPEB Plan until after year end. Investments of the plans are measured at fair value.

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 and GASB Statement No 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

As a result of the foregoing paragraph, no amounts are presented for the Town for pensions and OPEB as of June 30, 2021, because the measurement dates would be June 30, 2020, before the Town's plan came into existence. Amounts for pensions and OPEB will be included in the FY2022 financial statements.

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.

Note 1 Summary of Significant Accounting Policies (Continued)

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	\$ 66,003,341
Accumulated depreciation	(34,069,378)
Bonds and notes payable	<u>(8,495,434)</u>
Net investment in capital assets	<u>\$ 23,438,529</u>

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.

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1 Summary of Significant Accounting Policies (Continued)**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, 2021, of the Town's \$8,135,566 in bank deposits, \$3,975,918 was insured by the FDIC, \$4,148,122 was insured by an irrevocable standby letter of credit, and \$11,526 was at risk.

Note 3 Accounts, Taxes, and Liens Receivable

Accounts receivable as of June 30, 2021 is \$523,121. Of this amount, approximately 86% 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	\$ 667,059
Taxes receivable - prior years	4,991
Allowance for uncollectible accounts	<u>(470)</u>
Taxes receivable, net	<u>\$ 671,580</u>

Liens receivable as of June 30, 2021 is \$108,535. 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, 2020 to June 30, 2021 fiscal year were committed on September 15, 2020. Taxes were due semi-annually on November 16, 2020 and May 16, 2021. Unpaid taxes are charged interest of 8% per annum. The tax commitment was based on the April 1, 2020 assessed real estate and personal property values totaling \$1,063,785,379.

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 \$109,781 for the year ended June 30, 2021.

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 2021:

Real estate valuation	\$1,055,298,759
Personal property valuation	<u>8,486,620</u>
Total valuation	1,063,785,379
Tax rate (per \$1,000 of valuation)	<u>15.15</u>
Tax commitment	<u><u>\$ 16,116,348</u></u>

Collection of fiscal year 2021 taxes levied is as follows:

Original tax commitment	\$ 16,116,348
Supplemental taxes	<u>75,024</u>
Total tax commitment	16,191,372
Less:	
Abatements of current year taxes	10,484
Current year taxes receivable at year end	<u>667,059</u>
Current year tax collections	<u><u>\$ 15,513,829</u></u>
Collection rate of current year taxes	95.9%

Note 5 Interfund Transactions

Interfund Receivables and Payables

Individual interfund receivable and payable balances at June 30, 2021 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 1,837,414	\$ 893,169
Capital projects fund	-	2,371,863
Nonmajor special revenue funds	169,433	1,917
Nonmajor capital projects funds	1,235,261	-
Nonmajor permanent funds	<u>24,841</u>	<u>-</u>
Totals	<u>\$ 3,266,949</u>	<u>\$ 3,266,949</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, 2021 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,000	\$ 3,500
Nonmajor special revenue funds	<u>3,500</u>	<u>2,000</u>
Totals	<u>\$ 5,500</u>	<u>\$ 5,500</u>

Transfers from the General Fund to other funds consisted of \$3,500 to the Public Safety Fair special revenue fund. Transfers to the General Fund consisted of \$2,000 from the TIF District special revenue fund.

Note 6 Capital Assets

Capital asset activity for the year ended June 30, 2021 was:

	Restated Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable Capital Assets				
Land	\$ 872,273	\$ -	\$ -	\$ 872,273
Construction in process	824,817	271,871	(798,038)	298,650
Depreciable Capital Assets				
Buildings	4,839,887	72,839	-	4,912,726
Land improvements	299,364	-	-	299,364
Machinery and equipment	6,367,950	787,056	(15,000)	7,140,006
Infrastructure	<u>50,988,651</u>	<u>1,491,671</u>	<u>-</u>	<u>52,480,322</u>
Total capital assets	64,192,942	2,623,437	(813,038)	66,003,341
Less: Accumulated Depreciation				
Buildings	1,432,281	85,926	-	1,518,207
Land improvements	72,042	11,178	-	83,220
Machinery and equipment	3,416,921	443,694	(13,572)	3,847,043
Infrastructure	<u>27,187,983</u>	<u>1,432,925</u>	<u>-</u>	<u>28,620,908</u>
Total accumulated depreciation	<u>32,109,227</u>	<u>1,973,723</u>	<u>(13,572)</u>	<u>34,069,378</u>
Net capital assets	<u>\$ 32,083,715</u>	<u>\$ 649,714</u>	<u>\$ (799,466)</u>	<u>\$ 31,933,963</u>

The Town retired assets with a historical cost of \$15,000 and a net book value of \$1,428. Reductions in construction in process are reclassified as additions to depreciable assets. New capital asset additions in the current year were \$2,623,437.

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

General government	\$ 99,238
Public safety	282,542
Public works	1,546,346
Community service	<u>45,597</u>
Total depreciation expense	<u>\$ 1,973,723</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, 2021:

	<u>Debt Payable</u>
Beginning balance	\$ 8,187,095
New debt issues	1,655,086
Principal payments	<u>(1,346,747)</u>
Ending balance	8,495,434
Amounts due within one year	<u>(1,179,007)</u>
Amounts due beyond one year	<u>\$ 7,316,427</u>

Interest expenditures on long-term debt for the year were \$159,996

The annual requirement to amortize debt outstanding as of June 30, 2021 is as follows:

Bonds	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2022	\$ 1,145,788	\$ 149,358	\$ 1,295,146
Fiscal Year 2023	1,171,022	128,871	1,299,893
Fiscal Year 2024	1,171,022	106,331	1,277,353
Fiscal Year 2025	1,067,968	84,237	1,152,205
Fiscal Year 2026	1,067,968	62,620	1,130,588
Fiscal Year 2027-2031	2,569,301	97,483	2,666,784
Fiscal Year 2032-2036	<u>165,509</u>	<u>1,200</u>	<u>166,709</u>
Totals	<u>\$ 8,358,578</u>	<u>\$ 630,100</u>	<u>\$ 8,988,678</u>

Capital Lease - Xerox Copier	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2022	\$ 4,607	\$ 439	\$ 5,046
Fiscal Year 2023	4,747	299	5,046
Fiscal Year 2024	4,891	155	5,046
Fiscal Year 2025	<u>2,501</u>	<u>22</u>	<u>2,523</u>
Totals	<u>\$ 16,746</u>	<u>\$ 915</u>	<u>\$ 17,661</u>

Androskoggin Bank - Note Payable	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2022	\$ 28,612	\$ 3,880	\$ 32,492
Fiscal Year 2023	29,536	2,956	32,492
Fiscal Year 2024	30,490	2,002	32,492
Fiscal Year 2025	<u>31,472</u>	<u>1,020</u>	<u>32,492</u>
Totals	<u>\$ 120,110</u>	<u>\$ 9,858</u>	<u>\$ 129,968</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 21, 2021, was \$1,215,150,000.

At June 30, 2021, the Town only carried debt in the "all other purposes" category. The Town's debt limit for that category of debt was \$91,136,250. The Town's total outstanding debt of \$8,495,434, therefore, is only 9.3% of its total allowable limit.

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

General obligation bonds issued October 2011, totaling \$1,402,746; annual principal payments of \$140,275 due in November; semi-annual interest payable in November and May; variable interest rate from 0.50% to 5.50% per annum; matures November 2021.	140,275
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.	309,164
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.	544,359
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.	616,873
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.	873,237
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.	1,141,780
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.	1,410,000

Note 7 Long-Term Debt (Continued)

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.	1,667,804
General obligation bonds issued May 2021, totaling \$1,655,086; annual principal payments of \$165,509 due in November; semi-annual interest payable in November and May; variable interest rate from 0.41% to 1.45% per annum; matures November 2031.	1,655,086
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.	120,110
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>16,746</u>
Total Outstanding Long-term Debt	<u>\$ 8,495,434</u>

Note 8 Short-Term Debt Obligations

During the year, the Town issued \$2,407,000 and \$2,338,000 in tax anticipation notes for working operating needs. These notes were paid in full during the year.

Total interest paid on short-term obligations for the year ended June 30, 2021 was \$7,892.

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 \$763,085, or 2.29%, of Cumberland County's outstanding debt of \$33,370,194, and \$4,144,416, or 37.9%, of Maine School Administrative District No. 6's outstanding bonded debt of \$10,935,456.

Note 10 Contingent Liability**Litigation**

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

State and Federal Grants

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

Note 11 Risk Management

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

Based on coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2021.

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, 2021 is \$4,758,809. The remainder of the General Fund's fund balance is composed of the following:

	Nonspendable	Restricted	Committed	Assigned
Inventories	\$ 43,889	\$ -	\$ -	\$ -
Prepaid expenses	6,229	-	-	-
Tax acquired property	9,715	-	-	-
Other	160	-	-	-
Impact fees	-	35,780	-	-
G Spenser fund	-	1,427	-	-
J Mucci fund	-	1,524	-	-
Donations	-	-	3,076	-
Dog park	-	-	11,173	-
Voting machine	-	-	8,064	-
Summer rec scholarship	-	-	5,040	-
Community center	-	-	23,618	-
Conservation	-	-	9,029	-
Government access	-	-	13,888	-
Grant	-	-	2,390	-
Skate park	-	-	2,202	-
Bond levelization	-	-	635,165	-
Economic development	-	-	74,094	-
Planning projects	-	-	77,954	-
Retirement payout	-	-	7,397	-
Engineering	-	-	24,229	-
Budgeted deficit	-	-	-	-
Carry forwards	-	-	-	22,529
	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,529</u>
Totals	<u>\$ 59,993</u>	<u>\$ 38,731</u>	<u>\$ 897,319</u>	<u>\$ 22,529</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, 2021, the Town's share of the retirement contributions on behalf of the qualified employees amounted to \$135,586. 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 Reclassifications

Certain reclassifications have been made to the prior year's financial statements regarding a portion of net investment in capital assets and unrestricted net position. A portion of a public safety truck was capitalized twice. (see Note 6). The reclassifications had no effect on previously reported results of operations or total net position.

Note 16 Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through November 23, 2021, the date the financial statements were available to be issued.

In September 2021, the Town Council approved a tax anticipation note (TAN) not to exceed \$1,950,000; of which \$1,950,000 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 15, 2021.

Budgetary Comparison Schedule

Schedule 1

General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 15,765,344	\$ 16,116,348	\$ 16,128,633	\$ 12,285
Non-Property Taxes	1,947,600	1,947,600	2,314,806	367,206
Intergovernmental	1,483,297	1,522,639	1,745,403	222,764
Licenses and Permits	345,750	347,465	444,348	96,883
Charges for Services	717,670	720,239	823,006	102,767
Beach passes and fees	30,000	30,000	27,146	(2,854)
Penalties and Interest	43,000	43,000	57,350	14,350
Other Revenues	50,900	50,900	89,032	38,132
Total revenues	20,383,561	20,778,191	21,629,724	851,533
Expenditures				
General government	1,765,345	1,816,051	1,621,425	194,626
Public safety	2,318,232	2,330,263	2,306,572	23,691
General assistance	43,131	43,131	85,939	(42,808)
Public works	2,125,056	2,126,095	1,979,418	146,677
Community service programs	251,295	254,595	184,363	70,232
Benefits and insurance	1,090,624	1,090,624	1,068,306	22,318
Fixed charges	12,723,378	13,065,515	13,020,820	44,695
Overlay and bad debt	98,000	109,781	10,958	98,823
Total expenditures	20,415,061	20,836,055	20,277,801	558,254
Revenue Surplus (Deficit)	(31,500)	(57,864)	1,351,923	1,409,787
Other Financing Sources (Uses)				
Transfers in from other funds	-	185	2,000	1,815
Transfers out to other funds	(3,500)	(3,500)	(3,500)	-
Total other financing	(3,500)	(3,315)	(1,500)	1,815
Net Change in Fund Balance	<u>\$ (35,000)</u>	<u>\$ (61,179)</u>	<u>\$ 1,350,423</u>	<u>\$ 1,411,602</u>
Net Change in Fund Balance				
Nonspendable	\$ -	\$ -	\$ (25,529)	
Restricted	-	-	(87,789)	
Committed	-	-	59,752	
Assigned	(35,000)	(61,179)	8,099	
Unassigned	-	-	1,395,890	
	<u>\$ (35,000)</u>	<u>\$ (61,179)</u>	<u>\$ 1,350,423</u>	

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, 2021, 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 2021, the Town adopted an original budget with a deficit of \$35,000. The deficit was to be funded by the General Fund's assigned fund balance.

The final budget added \$26,179 to the budgeted deficit due to the approval of fiscal year 2020 unexpended appropriations being carried forward to be expended in fiscal year 2021. Additionally, the final budget increased due to use of committed fund balance for impact fees - expensed out of planning for various engineering or recovery of impact fees.

As a result of the above, the final budgeted deficit was \$61,179.

During the year, actual performance resulted in a surplus of \$1,350,423.

Note 3 Budget Line Over-expenditures

For fiscal year 2021, the Town over-expended the General Assistance budget line due to a greater need for the aid.

In total, the Town came in under its total budgeted expenditures by \$558,254, which translates to 2.8% under the total final budget.

Budgetary Comparison Schedule

Schedule 2

Recreation Special Revenue Fund ▪ Budgetary Basis

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Recreation Fund Revenues				
Summer program	\$ 135,000	\$ 135,000	\$ 3,090	\$ (131,910)
Vacation week programs	11,000	11,000	8,525	(2,475)
Soccer	5,900	5,900	-	(5,900)
Basketball	1,000	1,000	-	(1,000)
Special programs	24,000	24,000	16,598	(7,402)
Before and after school program	227,750	227,750	103,401	(124,349)
Adult and senior programs	27,000	27,000	3,406	(23,594)
Summer spectacular	5,500	5,500	-	(5,500)
Misc. revenue	-	-	467	467
Total revenue	<u>437,150</u>	<u>437,150</u>	<u>135,487</u>	<u>(301,663)</u>
Recreation Fund Expenditures				
Salaries	320,780	320,780	138,428	182,352
Telephone	900	900	638	262
Postage and printing	6,800	6,800	-	6,800
Contractual	21,965	21,965	9,838	12,127
Summer program	27,100	27,100	-	27,100
Vacation week programs	3,000	3,000	58	2,942
Soccer	3,350	3,350	-	3,350
Basketball	700	700	-	700
Special programs	13,000	13,000	3,432	9,568
Before and after school programs	11,200	11,200	1,139	10,061
Adult and senior programs	16,600	16,600	1,369	15,231
Summer spectacular	5,500	5,500	-	5,500
Fuels and vehicle maintenance	1,700	1,700	414	1,286
Other commodities	3,000	3,000	-	3,000
New equipment	-	-	-	-
Total expenditures	<u>435,595</u>	<u>435,595</u>	<u>155,316</u>	<u>280,279</u>
Net Change in Fund Balance	<u>\$ 1,555</u>	<u>\$ 1,555</u>	<u>\$ (19,829)</u>	<u>\$ (21,384)</u>

Budgetary Comparison Schedule
2021 Capital Projects Funds - Budgetary Basis
 For the Year Ended June 30, 2021

Schedule 3

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 3,923	\$ 3,923
Capital Project Expenditures				
General administration	50,000	50,000	45,141	4,859
Public safety	560,586	560,586	375,124	185,462
Public works	229,500	229,500	165,443	64,057
Highway roads	815,000	815,000	-	815,000
Total expenditures	<u>1,655,086</u>	<u>1,655,086</u>	<u>585,708</u>	<u>1,069,378</u>
Revenue Surplus (Deficit)	(1,655,086)	(1,655,086)	(581,785)	1,073,301
Other Financing Sources				
Proceeds from bonds	<u>1,655,086</u>	<u>1,655,086</u>	<u>1,655,086</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,073,301</u></u>	<u><u>\$ 1,073,301</u></u>

Schedule of Departmental Operations

Schedule 4

General Fund

For the Year Ended June 30, 2021

	Authorized Expenditures	Actual Expenditures	(Overdrawn) Unexpended	Carried Forward
General Government				
Assessing	\$ 130,265	\$ 125,405	\$ 4,860	\$ -
Code enforcement	125,650	96,731	28,919	-
General administration	401,070	371,162	29,908	809
Cable television	144,330	139,134	5,196	-
Town council	63,573	42,747	20,826	-
Town clerk	254,236	230,039	24,197	7,935
Finance	290,244	257,976	32,268	-
Planning	130,637	146,662	(16,025)	-
Appeals board	987	539	448	-
Building maintenance	275,059	211,030	64,029	-
Total general government	1,816,051	1,621,425	194,626	8,744
Public Safety				
Public safety	1,602,177	1,583,379	18,798	6,785
Law enforcement	728,086	723,193	4,893	-
Total public safety	2,330,263	2,306,572	23,691	6,785
General Assistance	43,131	85,939	(42,808)	-
Public Works				
Public works	1,488,923	1,341,434	147,489	-
Solid waste	637,172	637,984	(812)	-
Total public works	2,126,095	1,979,418	146,677	-
Community Service Programs				
Recreation	177,187	123,077	54,110	-
Rich memorial beach	37,318	28,196	9,122	-
Donations	40,090	33,090	7,000	7,000
Total community service programs	254,595	184,363	70,232	7,000
Benefits and Insurance				
Employee benefits	998,115	990,643	7,472	-
Insurance	92,509	77,663	14,846	-
Total benefits and insurance	1,090,624	1,068,306	22,318	-
Fixed Costs and Other				
Debt service	1,426,521	1,381,826	44,695	-
County tax	799,941	799,941	-	-
Education	10,738,281	10,738,281	-	-
TIF District	100,772	100,772	-	-
Overlay and bad debts	109,781	10,958	98,823	-
Total fixed costs and other	13,175,296	13,031,778	143,518	-
Totals	<u>\$ 20,836,055</u>	<u>\$ 20,277,801</u>	<u>\$ 558,254</u>	<u>\$ 22,529</u>

Comparative Balance Sheets

Schedule 5

General Fund

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 4,354,166	\$ 3,512,623
Accounts receivable	467,031	304,531
Taxes receivable, net	671,580	640,897
Liens receivable	108,535	121,763
Lien interest and costs receivable	9,754	11,305
Tax acquired property	9,715	25,856
Inventory and prepaid expense	50,118	85,361
Other assets	160	160
Due from other funds	<u>1,837,414</u>	<u>1,541,539</u>
Total Assets	<u>\$ 7,508,473</u>	<u>\$ 6,244,035</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 230,938	\$ 173,205
Accrued wages	104,728	78,625
Customer deposits	23,705	22,736
Unearned revenues	19,442	16,219
Due to other funds	<u>893,169</u>	<u>1,134,922</u>
Total liabilities	1,271,982	1,425,707
Deferred Inflows of Resources		
Unavailable property taxes	446,097	383,357
Taxes collected in advance	<u>13,013</u>	<u>8,013</u>
Total deferred inflows of resources	459,110	391,370
Fund Balances		
Nonspendable	59,993	85,522
Restricted	38,731	126,520
Committed	897,319	837,568
Assigned	22,529	14,430
Unassigned	<u>4,758,809</u>	<u>3,362,918</u>
Total fund balances	<u>5,777,381</u>	<u>4,426,958</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,508,473</u>	<u>\$ 6,244,035</u>

Summarized Schedule of Changes in Fund Balances

Schedule 6

General Fund

For the Year Ended June 30, 2021

	<u>Beginning Balance</u>	<u>Net Changes</u>	<u>Ending Balance</u>
Nonspendable			
Prepaid expenses, inventories, and other	\$ 85,522	\$ (25,529)	\$ 59,993
Restricted			
Impact fees and restricted donations	126,520	(87,789)	38,731
Committed			
Reserves	837,568	59,752	897,319
Assigned			
Use of fund balance to fund budgeted deficits	-	-	-
Unexpended appropriations carried forward	14,430	8,099	22,529
Unassigned	<u>3,362,919</u>	<u>1,395,890</u>	<u>4,758,809</u>
Totals	<u>\$ 4,426,959</u>	<u>\$ 1,350,423</u>	<u>\$ 5,777,381</u>

Detailed Schedule of Changes in Fund Balances

Schedule 7

General Fund

For the Year Ended June 30, 2021

	Beginning Balance	Revenues	Transfers In and (Out)	Expenditures	Ending Balance
Nonspendable					
Inventories	\$ 82,268	\$ -	\$ -	\$ (38,379)	\$ 43,889
Tax acquired property	-	-	9,715	-	9,715
Prepaid expenses	3,094	-	3,135	-	6,229
Other	160	-	-	-	160
Restricted					
G Spencer fund	1,426	2	-	-	1,428
J Mucci fund	1,522	2	-	-	1,524
Impact fees	123,572	11,196	(98,989)	-	35,779
Committed					
Donations	1,262	-	1,813	-	3,075
Dog park	9,272	-	1,902	-	11,174
Voting machine	8,052	12	-	-	8,064
Summer rec school	5,033	7	-	-	5,040
Community center	23,584	35	-	-	23,619
Conservation	9,014	13	-	-	9,027
Government access	10,402	-	-	(8,011)	2,391
Grant	-	-	13,890	-	13,890
Skate park	2,199	3	-	-	2,202
Bond levelization	616,930	-	18,238	-	635,168
Econ development	73,980	109	-	-	74,089
Planning projects	77,839	115	-	-	77,954
Retirement payout	-	-	7,397	-	7,397
Engineering	-	-	24,229	-	24,229
Assigned					
Budgeted deficit	-	-	-	-	-
Carry forwards	14,430	-	22,529	(14,430)	22,529
Unassigned	<u>3,362,919</u>	<u>21,618,230</u>	<u>(5,359)</u>	<u>(20,216,981)</u>	<u>4,758,809</u>
Totals	<u>\$ 4,426,958</u>	<u>\$ 21,629,724</u>	<u>\$ (1,500)</u>	<u>\$ (20,277,801)</u>	<u>\$ 5,777,381</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 As of June 30, 2021

Schedule 8

	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
Fire fighter vent grant	-	-	-	-
Fire fighter radios grant	-	-	-	-
CTCL election grant	-	-	-	-
Keep Maine healthy	-	-	-	-
TIF district	204,014	-	185	204,199
Committed				
Bottles 4 fuel	7,730	-	-	7,730
Public safety fair	-	-	4,814	4,814
Recreation fund	-	6,360	133,431	139,791
Totals	<u>\$ 211,744</u>	<u>\$ 6,360</u>	<u>\$ 169,432</u>	<u>\$ 387,536</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
Fire fighter vent grant	-	-	-	-	-
Fire fighter radios grant	-	-	-	-	-
CTCL election grant	-	-	-	-	-
Keep Maine healthy	-	-	-	-	-
TIF district	-	-	-	204,199	204,199
Committed					
Bottles 4 fuel	-	-	1,917	5,813	7,730
Public safety fair	-	-	-	4,814	4,814
Recreation fund	484	100,684	-	38,623	139,791
Totals	<u>\$ 484</u>	<u>\$ 100,684</u>	<u>\$ 1,917</u>	<u>\$ 284,451</u>	<u>\$ 387,536</u>

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

Schedule 9

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021

	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
Fire fighter vent grant	-	100,368	-	(100,368)	-
Fire fighter radios grant	-	128,009	-	(128,009)	-
CTCL election grant	-	5,000	-	(5,000)	-
Keep Maine healthy	-	24,397	-	(24,397)	-
TIF district	104,999	101,200	(2,000)	-	204,199
Committed					
Bottles 4 fuel	(675)	8,867	-	(2,379)	5,813
Public safety fair	1,621	450	3,500	(757)	4,814
Recreation fund	58,493	135,486	-	(155,356)	38,623
Totals	<u>\$ 175,440</u>	<u>\$ 523,777</u>	<u>\$ 1,500</u>	<u>\$ (416,266)</u>	<u>\$ 284,451</u>

Combining Balance Sheet
Nonmajor Capital Projects Funds
 As of June 30, 2021

Schedule 10

	2014 Capital Projects Fund	2015 Capital Projects Fund	2016 Capital Projects Fund	2017 Capital Projects Fund	2018 Capital Projects Fund	2019 Capital Projects Fund	2020 Capital Projects Fund	Total
Assets								
Due from other funds	\$ 87,785	\$ 2,140	\$ 1,831	\$ 237,022	\$ 78,768	\$ 190,236	\$ 637,480	\$ 1,235,262
Accounts Receivable	-	-	-	-	-	53,000	-	53,000
Total Assets	<u>87,785</u>	<u>2,140</u>	<u>1,831</u>	<u>237,022</u>	<u>78,768</u>	<u>243,236</u>	<u>637,480</u>	<u>1,288,262</u>
Liabilities								
Accounts payables	-	-	-	-	-	53,881	-	53,881
Fund Balances								
Restricted	87,785	2,140	1,831	237,022	78,768	189,355	637,480	1,234,381
Total Liabilities and Fund Balance	<u>\$ 87,785</u>	<u>\$ 2,140</u>	<u>\$ 1,831</u>	<u>\$ 237,022</u>	<u>\$ 78,768</u>	<u>\$ 243,236</u>	<u>\$ 637,480</u>	<u>\$ 1,288,262</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2021

Schedule 11

	2014 Capital Projects Fund	2015 Capital Projects Fund	2016 Capital Projects Fund	2017 Capital Projects Fund	2018 Capital Projects Fund	2019 Capital Projects Fund	2020 Capital Projects Fund	Total
Revenues								
Interest and grant income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,000	\$ -	\$ 53,000
Expenditures								
General Government	-	-	-	-	5,186	6,763	61,180	73,129
Public safety	1,563	-	-	-	-	1,170	41,737	44,470
Parks and recreation	9,733	-	89,433	23,646	757	53,881	5,946	183,396
Highway roads	9,416	-	-	-	90,990	71,848	569,252	741,506
Total expenditures	20,712	-	89,433	23,646	96,933	133,662	678,115	1,042,501
Change in Fund Balance	(20,712)	-	(89,433)	(23,646)	(96,933)	(80,662)	(678,115)	(989,501)
Beginning Fund Balance	108,497	2,140	91,264	260,668	175,701	270,017	1,315,595	2,223,882
Ending Fund Balance	\$ 87,785	\$ 2,140	\$ 1,831	\$ 237,022	\$ 78,768	\$ 189,355	\$ 637,480	\$ 1,234,381

Combining Balance Sheet
Nonmajor Permanent Funds
 As of June 30, 2021

Schedule 12

	Hasty Fund	Wescott Fund	Totals	
			2021	2020
Assets				
Due from general fund	\$ 15,265	\$ 9,577	\$ 24,842	\$ 24,805
Fund Balances				
Nonspendable - permanent	\$ 14,911	\$ 5,047	\$ 19,958	\$ 19,958
Restricted - expendable	354	4,530	4,884	4,847
	\$ 15,265	\$ 9,577	\$ 24,842	\$ 24,805

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

Schedule 13

Nonmajor Permanent Funds
For the Year Ended June 30, 2021

	Hasty Fund	Wescott Fund	Totals	
			2021	2020
Revenues				
Interest	\$ 23	\$ 14	\$ 37	\$ 59
Expenditures	-	-	-	-
Surplus Revenues	23	14	37	59
Beginning Fund Balances	15,242	9,563	24,805	24,746
Ending Fund Balances	<u>\$ 15,265</u>	<u>\$ 9,577</u>	<u>\$ 24,842</u>	<u>\$ 24,805</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 2021 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 2) and the 2021 Capital Projects Fund (Schedule 3) as other supplementary information for purposes of additional analysis.

On a budgetary basis, the Recreation Special Revenue Fund ran a deficit for the year in the amount of \$19,829. The recreation program took in approximately \$302,000 less in revenue than was originally estimated. Expenditures were approximately \$280,279 less than was originally estimated. The driver of the fiscal year 2021 deficit was Covid-19 which canceled Summer and Fall 2020, including most of Spring and early Summer 2021 Recreation programs.

On a budgetary basis, the 2021 Capital Projects Fund ran a surplus for the year in the amount of \$1,073,301. Surpluses will be used in future years to complete approved capital projects.



**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Town Council
Town of Standish

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Standish, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Standish's basic financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Berry Talbot Royer". The signature is written in a cursive, slightly slanted style.

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
November 23, 2021