

Audited Financial Statements
and Other Financial Information

Town of Sabattus, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF SABATTUS, MAINE

CONTENTS

JUNE 30, 2021

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
NOTES TO FINANCIAL STATEMENTS	20 - 55
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	56
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	57

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	58
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	59
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	60
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	61
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	62
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	63
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	64
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	65
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	66 - 67
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	68
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	69
SPECIAL REVENUE FUNDS DESCRIPTION	70
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	71 - 74
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	75 - 78
CAPITAL PROJECTS FUNDS DESCRIPTION	79
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	80 - 81

SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	82 - 83
PERMANENT FUNDS DESCRIPTION	84
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	85
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	86
GENERAL CAPITAL ASSETS DESCRIPTION	87
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	88
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	89

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	90 - 91
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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Sabattus
Sabattus, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 11 pages 57 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sabattus, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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 October 27, 2022, on our consideration of the Town of Sabattus, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sabattus, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
October 27, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(UNAUDITED)

The following management's discussion and analysis of the Town of Sabattus, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Sabattus' basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation 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 that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the Town's one type of activity. The type of activity presented for the Town of Sabattus is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, sanitation, general assistance, recreation, education, overlay and unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sabattus, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Sabattus are categorized as governmental funds.

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 in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the 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. Expenditures are recorded when liabilities are incurred and due. 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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Sabattus presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$699,019 from \$5,233,421 to \$5,932,440.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$3,629,723 at the end of this year.

Table 1
Town of Sabattus, Maine
Net Position
June 30,

	2021	2020
Assets		
Current Assets	\$ 4,190,413	\$ 3,778,754
Other Assets	1,709,600	2,137,000
Noncurrent Assets - Capital Assets	3,639,942	3,165,740
Total Assets	<u>9,539,955</u>	<u>9,081,494</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	108,244	165,298
Deferred Outflows Related to OPEB	27,387	24,689
Total Deferred Outflows of Resources	<u>135,631</u>	<u>189,987</u>
Liabilities		
Current Liabilities	905,796	830,308
Noncurrent Liabilities	2,754,419	3,084,787
Total Liabilities	<u>3,660,215</u>	<u>3,915,095</u>
Deferred Inflows of Resources		
Prepaid Taxes	23,835	12,406
Deferred Inflows Related to Pensions	34,773	81,957
Deferred Inflows Related to OPEB	24,323	28,602
Total Deferred Inflows of Resources	<u>82,931</u>	<u>122,965</u>
Net Position		
Net Investment in Capital Assets	2,290,178	1,927,653
Restricted	12,539	12,538
Unrestricted	3,629,723	3,293,230
Total Net Position	<u>\$ 5,932,440</u>	<u>\$ 5,233,421</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.53%, while total expenses increased by 3.54%. The increase in revenues was mostly due to taxes and grants and contributions not restricted to specific programs. The increase in expenses was primarily due to an increase in education.

Table 2
Town of Sabattus, Maine
Changes in Net Position
For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 135,331	\$ 104,406
Operating grants and contributions	42,420	45,594
<i>General Revenues:</i>		
Taxes	6,441,735	6,232,333
Grants and contributions not restricted to specific programs	981,900	812,657
Investment income	16,432	27,904
Other income	300,588	73,446
Total Revenues	<u>7,918,406</u>	<u>7,296,340</u>
Expenses		
General government	1,314,627	1,283,407
Public safety	1,070,346	928,565
Public works	311,514	648,003
Sanitation	251,173	220,995
General assistance	1,187	247
Recreation	3,500	3,500
Education	3,778,528	3,299,486
County tax	396,750	367,923
Overlay	9,391	1,074
Unclassified	-	132,844
Interest on long-term debt	33,614	37,455
Unallocated depreciation (Note 6)	48,757	48,759
Total Expenses	<u>7,219,387</u>	<u>6,972,258</u>
Change in Net Position	699,019	324,082
Net Position - July 1	<u>5,233,421</u>	<u>4,909,339</u>
Net Position - June 30	<u>\$ 5,932,440</u>	<u>\$ 5,233,421</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be 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 year and the net resources available for spending.

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

	<u>2020</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 39,308	\$ 56,207	\$ (16,899)
Assigned	433,666	421,681	11,985
Unassigned	<u>2,627,055</u>	<u>2,330,397</u>	<u>296,658</u>
Total Major Funds	<u>\$ 3,100,029</u>	<u>\$ 2,808,285</u>	<u>\$ 291,744</u>
Nonmajor Funds:			
Special Revenue Funds:			
Committed	\$ 337,001	\$ 159,875	\$ 177,126
Unassigned	(157,737)	(124,834)	(32,903)
Capital Projects Funds:			
Assigned	790,384	688,691	101,693
Unassigned	(160,716)	6,814	(167,530)
Permanent Funds:			
Restricted	<u>12,539</u>	<u>12,538</u>	<u>1</u>
Total Nonmajor Funds	<u>\$ 821,471</u>	<u>\$ 743,084</u>	<u>\$ 78,387</u>

The changes to total fund balances for the general fund and the nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original budget and final budget for the general fund.

The general fund actual revenues exceeded the budget by \$313,856. This was a result of all revenue categories being receipted in excess of the budgeted amounts with the exception of other intergovernmental revenue - homestead, intergovernmental - other intergovernmental, investment income and transfers from other funds.

The general fund actual expenditures were below budget by \$230,989. All expenditure categories were within or below budget with the exception of general government and sanitation.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$474,202 from the prior year. This increase was due to current year capital additions of \$746,799 less depreciation expense of \$272,597. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Table 4
Town of Sabattus, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2021</u>	<u>2020</u>
Land	\$ 117,491	\$ 117,491
Construction in progress	21,794	-
Buildings, building improvements and land improvements	883,771	913,416
Machinery, equipment and vehicles	1,512,475	1,062,213
Infrastructure	<u>1,104,411</u>	<u>1,072,620</u>
Total	<u>\$ 3,639,942</u>	<u>\$ 3,165,740</u>

Debt

At June 30, 2021, the Town had \$3,059,364 in bonds and notes from direct borrowings payable outstanding versus \$3,375,087 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of more than four months, while also maintaining reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 190 Middle Road, Sabattus, Maine 04280.

STATEMENT A

TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,499,021
Investments	168,392
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	245,304
Other	238,388
Prepaid items	25,974
Inventory	13,334
Total current assets	<u>4,190,413</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	1,709,600
Capital assets:	
Land and other assets not being depreciated	139,285
Depreciable assets, net of accumulated depreciation	3,500,657
Total noncurrent assets	<u>5,349,542</u>
TOTAL ASSETS	<u>9,539,955</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	108,244
Deferred outflows related to OPEB	27,387
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>135,631</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 9,675,586</u></u>

STATEMENT A (CONTINUED)

TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 21,551
Accrued expenses	10,340
Current portion of long-term obligations	<u>873,905</u>
Total current liabilities	<u>905,796</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,515,200
Notes from direct borrowings payable	674,974
Accrued compensated absences	89,593
Net pension liability	369,950
Net OPEB liability	<u>104,702</u>
Total noncurrent liabilities	<u>2,754,419</u>
TOTAL LIABILITIES	<u>3,660,215</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	23,835
Deferred inflows related to pensions	34,773
Deferred inflows related to OPEB	<u>24,323</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>82,931</u>
NET POSITION	
Net investment in capital assets	2,290,178
Restricted	12,539
Unrestricted	<u>3,629,723</u>
TOTAL NET POSITION	<u>5,932,440</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 9,675,586</u></u>

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

STATEMENT B

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 1,314,627	\$ 63,200	\$ -	\$ -	\$ (1,251,427)
Public safety	1,070,346	1,281	-	-	(1,069,065)
Public works	311,514	28,016	40,388	-	(243,110)
Sanitation	251,173	42,834	-	-	(208,339)
General assistance	1,187	-	-	-	(1,187)
Recreation	3,500	-	2,032	-	(1,468)
Education	3,778,528	-	-	-	(3,778,528)
County tax	396,750	-	-	-	(396,750)
Overlay	9,391	-	-	-	(9,391)
Interest on long-term debt	33,614	-	-	-	(33,614)
Unallocated depreciation (Note 6)*	48,757	-	-	-	(48,757)
Total government	<u>\$ 7,219,387</u>	<u>\$ 135,331</u>	<u>\$ 42,420</u>	<u>\$ -</u>	<u>(7,041,636)</u>

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(7,041,636)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,322,144
Excise taxes	1,119,591
Grants and contributions not restricted to specific programs	981,900
Investment income	16,432
Other income	<u>300,588</u>
Total general revenues	<u>7,740,655</u>
Change in net position	699,019
NET POSITION - JULY 1	<u>5,233,421</u>
NET POSITION - JUNE 30	<u><u>\$ 5,932,440</u></u>

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

TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,486,482	\$ 12,539	\$ 3,499,021
Investments	168,392	-	168,392
Accounts receivable (net of allowance for uncollectibles):			
Taxes	186,966	-	186,966
Liens	58,338	-	58,338
Other	238,388	-	238,388
Prepaid items	25,974	-	25,974
Inventory	13,334	-	13,334
Due from other funds	318,453	1,127,385	1,445,838
TOTAL ASSETS	<u>\$ 4,496,327</u>	<u>\$ 1,139,924</u>	<u>\$ 5,636,251</u>
LIABILITIES			
Accounts payable	\$ 21,551	\$ -	\$ 21,551
Accrued expenses	10,340	-	10,340
Due to other funds	1,127,385	318,453	1,445,838
TOTAL LIABILITIES	<u>1,159,276</u>	<u>318,453</u>	<u>1,477,729</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	23,835	-	23,835
Deferred revenue	213,187	-	213,187
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>237,022</u>	<u>-</u>	<u>237,022</u>
FUND BALANCES			
Nonspendable	39,308	-	39,308
Restricted	-	12,539	12,539
Committed	-	337,001	337,001
Assigned	433,666	790,384	1,224,050
Unassigned	2,627,055	(318,453)	2,308,602
TOTAL FUND BALANCES	<u>3,100,029</u>	<u>821,471</u>	<u>3,921,500</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,496,327</u>	<u>\$ 1,139,924</u>	<u>\$ 5,636,251</u>

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

TOWN OF SABATTUS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	Total Governmental Funds
Total Fund Balances	\$ 3,921,500
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,639,942
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	108,244
OPEB	27,387
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 4	1,709,600
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	213,187
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,096,600)
Notes from direct borrowings payable	(962,764)
Accrued compensated absences	(94,308)
Net pension liability	(369,950)
Net OPEB liability	(104,702)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	(34,773)
OPEB	(24,323)
Net position of governmental activities	<u>\$ 5,932,440</u>

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

TOWN OF SABATTUS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 5,302,456	\$ -	\$ 5,302,456
Excise taxes	1,119,591	-	1,119,591
Intergovernmental revenues:			
State revenue sharing	605,975	-	605,975
Homestead exemption	344,785	-	344,785
Grants/other	14,373	59,187	73,560
Charges for services	135,331	-	135,331
Investment income	16,431	1	16,432
Other revenue	80,292	220,296	300,588
TOTAL REVENUES	<u>7,619,234</u>	<u>279,484</u>	<u>7,898,718</u>
EXPENDITURES			
Current:			
General government	1,257,388	-	1,257,388
Public safety	890,747	94,872	985,619
Public works	540,543	-	540,543
Sanitation	245,406	-	245,406
General assistance	1,187	-	1,187
Recreation	3,500	-	3,500
County tax	396,750	-	396,750
Education	3,351,128	-	3,351,128
Overlay	9,391	-	9,391
Debt service			
Principal	-	432,121	432,121
Interest	-	33,614	33,614
Capital outlay	254,310	17,630	271,940
TOTAL EXPENDITURES	<u>6,950,350</u>	<u>578,237</u>	<u>7,528,587</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>668,884</u>	<u>(298,753)</u>	<u>370,131</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	377,140	377,140
Transfers (out)	(377,140)	-	(377,140)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(377,140)</u>	<u>377,140</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	291,744	78,387	370,131
FUND BALANCES - JULY 1	<u>2,808,285</u>	<u>743,084</u>	<u>3,551,369</u>
FUND BALANCES - JUNE 30	<u>\$ 3,100,029</u>	<u>\$ 821,471</u>	<u>\$ 3,921,500</u>

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

TOWN OF SABATTUS, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 370,131</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	746,799
Depreciation expense	<u>(272,597)</u>
	<u>474,202</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(57,054)
OPEB	<u>2,698</u>
	<u>(54,356)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>19,688</u>
Payment of receivable for long-term debt obligations from RSU No. 4	<u>(427,400)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(566,795)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>882,518</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	47,184
OPEB	<u>4,279</u>
	<u>51,463</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	12,644
Net pension liability	(42,749)
Net OPEB liability	<u>(20,327)</u>
	<u>(50,432)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 699,019</u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Sabattus was incorporated under the laws of the State of Maine. The Town operates under the Selectboard-town manager form of government and provides the following services: general government services, public safety, public works, sanitation, general assistance, recreation, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in the state primary and in municipal

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and school district elections.

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major and nonmajor funds).

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Fund

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

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

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$238,388 for the year ended June 30, 2021.

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). In the general fund, inventory consists of diesel fuel and gasoline.

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The Town has long-term debt in its name that was incurred for school purposes. Although the assets were transferred to the new RSU, the Town still maintains this debt in its name. According to the new RSU agreement, the RSU will take over the payment of this debt. Hence, an offsetting receivable has been recorded in the amount of debt outstanding.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance

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

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

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

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

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Selectboard.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB that qualify for reporting in this category. These items are reported in the statement of net position.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 25, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on October 6, 2020 and March 1, 2021. Interest on unpaid taxes commenced on October 7, 2020 and March 2, 2021, at 8% per annum.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$86,315 for the year ended June 30, 2021.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2021, the Town's cash balance amounting to \$3,499,021 was comprised of bank deposits of \$3,729,562. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. All of these deposits were fully covered by federal depository insurance and not exposed to custodial credit risk or were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 50,000
Sweep account	3,667,022
Savings accounts	12,540
	<u>\$ 3,729,562</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$168,392 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2021, the Town's investments of \$168,392 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 3 - LONG-TERM RECEIVABLE

As of July 1, 2010, the Sabattus School Department became a member of Regional School Unit (RSU) No. 4. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2021, a long-term receivable has been recorded for \$1,709,600, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 100 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021, consisted of the following individual receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 318,453	\$ 1,127,385
Nonmajor special revenue funds	337,001	157,737
Nonmajor capital projects funds	790,384	160,716
	<u>\$ 1,445,838</u>	<u>\$ 1,445,838</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ -	\$ 377,140
Nonmajor capital projects funds	377,140	-
	<u>\$ 377,140</u>	<u>\$ 377,140</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Disposals	Balance 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Construction in progress	-	21,794	-	21,794
	<u>117,491</u>	<u>21,794</u>	<u>-</u>	<u>139,285</u>
Depreciated assets:				
Land improvements	191,683	-	-	191,683
Buildings and improvements	1,753,128	-	-	1,753,128
Machinery, equipment and vehicles	3,704,375	714,115	-	4,418,490
Infrastructure	1,416,292	10,890	-	1,427,182
	<u>7,065,478</u>	<u>725,005</u>	<u>-</u>	<u>7,790,483</u>
Less: accumulated depreciation	<u>(4,017,229)</u>	<u>(272,597)</u>	<u>-</u>	<u>(4,289,826)</u>
	<u>3,048,249</u>	<u>452,408</u>	<u>-</u>	<u>3,500,657</u>
Net capital assets	<u>\$ 3,165,740</u>	<u>\$ 474,202</u>	<u>\$ -</u>	<u>\$ 3,639,942</u>
<u>Current year depreciation:</u>				
General government				\$ 3,914
Fire				47,310
Police				37,417
Public works				129,432
Transfer station				5,767
Town-wide				48,757
Total depreciation expense				<u>\$ 272,597</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Reductions	Balance 6/30/21	Current Portion
Bonds payable	\$ 2,678,000	\$ -	\$ (581,400)	\$ 2,096,600	\$ 581,400
Notes from direct borrowings payable	697,087	566,795	(301,118)	962,764	287,790
	<u>\$ 3,375,087</u>	<u>\$ 566,795</u>	<u>\$ (882,518)</u>	<u>\$ 3,059,364</u>	<u>\$ 869,190</u>

The following is a summary of the outstanding bonds payable:

Bonds payable:

\$750,000, Road Construction Bond with Camden National Bank. Interest at a fixed rate of 2.14% per annum with annual principal payments of \$75,000. Matures in September of 2022.	\$ 150,000
\$790,000, Town Office Building Bond with Camden National Bank. Interest at a fixed rate of 2.49% per annum with annual principal payments of \$79,000. Matures in October of 2023.	237,000
\$5,128,800, 2005 Series B Elementary School Bond Payable. Interest at a fixed rate ranging from 3% to 7% per annum with annual principal payments of \$427,400. Matures in October of 2024.	<u>1,709,600</u>
Total bonds payable	<u>\$ 2,096,600</u>

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

Note payable for the rehabilitation and contruction of the Williams Road. The note is for five years with annual payments of \$78,592. The effective interest rate is fixed at 2.95% per annum. Maturity in September of 2023.	\$ 222,210
Note payable for the demolition of Webster Mill. The note is for three years with annual payments of \$114,530. The effective interest rate is fixed at 2.95% per annum. Maturity in September of 2021.	111,093
Note payable for the lease of a dump truck. The note is for five years with annual payments of \$33,316. The effective interest rate is fixed at 3.09% per annum. Maturity in December of 2023.	94,075
Note payable for a 2020 Ford Explorer. The note is for three years with annual payments of \$23,000. The effective interest rate is fixed at 2.09% per annum. Maturity in October of 2021.	19,853
Note payable for GPM Pumper. The note is for five years with annual payments of \$55,793. The effective interest rate is fixed at 1.43% per annum. Maturity in November of 2029.	468,152
Note payable for the lease of a municipal vehicle fueling system. The note is for six years with annual payments of \$16,848. The effective interest rate is fixed at 3.29% per annum. Maturity in August of 2023.	<u>47,381</u>
Total notes from direct borrowings payable	<u><u>\$ 962,764</u></u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	Bonds Payable		Notes from Direct Borrowings Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 581,400	\$ 70,511	\$ 287,790	\$ 11,551	\$ 951,252
2023	581,400	48,416	181,085	9,204	820,105
2024	506,400	26,030	175,459	6,796	714,685
2025	427,400	6,256	51,252	4,541	489,449
2026	-	-	51,982	3,811	55,793
2027-2031	-	-	215,196	7,729	222,925
	<u>\$ 2,096,600</u>	<u>\$ 151,213</u>	<u>\$ 962,764</u>	<u>\$ 43,632</u>	<u>\$ 3,254,209</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Reductions	Balance 6/30/21	Current Portion
Accrued compensated absences	\$ 106,952	\$ -	\$ (12,644)	\$ 94,308	\$ 4,715
Net pension liability	327,201	153,410	(110,661)	369,950	-
Net OPEB liability	84,375	20,559	(232)	104,702	-
Total	<u>\$ 518,528</u>	<u>\$ 173,969</u>	<u>\$ (123,537)</u>	<u>\$ 568,960</u>	<u>\$ 4,715</u>

Please see Notes 9, 16 and 17 for more detailed information on each of these other long-term obligations.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2021, the Town's liability for compensated absences is \$94,308.

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCE

At June 30, 2021, the Town had the following restricted net position and fund balance:

Nonmajor permanent funds (Schedule I)	<u>\$ 12,539</u>
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NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 25,974
Inventory	<u>13,334</u>
	<u>\$ 39,308</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 337,001</u>
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TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

General fund:	
Planning board carryforward	\$ 2,254
Capital equipment	5,181
Capital outlay	58,923
Fleet maintenance	7,981
Reserved for FY 2022 budget	359,327
Nonmajor capital projects funds (Schedule G)	790,384
	<u>\$ 1,224,050</u>

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2021, the Town had the following deficit fund balances:

MMA safety grant	\$ 2,905
Highway safety	23,875
Health/PTO reimbursement plan	26,975
Fire grant	56,215
Police grants	44,855
Webster Mill	2,912
Police department equipment	40,768
Public works equipment	87,666
Municipal office equipment	5,293
Municipal building facilities	26,989
	<u>\$ 318,453</u>

NOTE 15 - DEFERRED COMPENSATION PLAN

MissionSquare Retirement

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all Town employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Selectboard. The Town will contribute 5% of normal compensation for the plan year, exclusive of overtime compensation for employees that participate in the Town's defined benefit plan. The employee's and the Town's matching contribution vests 100% with the employee when contributed. The Town's contributions to the plan including employee contributions for 2021, 2020 and 2019 were \$56,582, 53,172 and \$44,582, respectively.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and related earnings on plan assets are not included in the financial statements of the Town.

NOTE 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2020, there were 301 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's AC plan members are required to contribute 8.1% and 3C plan members are required to contribute 9.5% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The current rate for the AC plan is 10.1% and the 3C plan is 12.9% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2021 was \$53,607.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a liability of \$369,950 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Town's proportion was 0.09311%, which was a decrease of 0.01393% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized total pension revenue of \$2,774. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,200	\$ 4,068
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	24,073	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,364	30,705
Contributions subsequent to the measurement date	53,607	-
Total	<u>\$ 108,244</u>	<u>\$ 34,773</u>

\$53,607 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Year ended June 30:	
2021	\$ (23,516)
2022	2,441
2023	20,448
2024	20,493
2025	-
Thereafter	-

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

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

Asset Valuation Method

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

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2020.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2020 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 777,486	\$ 369,950	\$ 36,352

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Annual Comprehensive Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2021, the following employees were covered by the benefit terms:

Active members	16
Retirees and spouses	<u>0</u>
Total	<u><u>16</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100.0% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Retiree Premium Amounts

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 500	\$1,029.68	\$2,309.71
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

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

At June 30, 2021, the Town reported a liability of \$104,702 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$13,350. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 18,766
Changes of assumptions	27,155	5,557
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	232	-
Total	<u>\$ 27,387</u>	<u>\$ 24,323</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

\$232 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2022	\$ 110
2023	110
2024	110
2025	114
2026	(209)
Thereafter	2,597

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 125,307	\$ 104,702	\$ 88,220
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 125,307</u>	<u>\$ 104,702</u>	<u>\$ 88,220</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 85,933	\$ 104,702	\$ 129,196
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 85,933</u>	<u>\$ 104,702</u>	<u>\$ 129,196</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement

Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

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

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$18,766.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 190 Middle Road, Sabattus, Maine 04280.

NOTE 18 - EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2021, the Town had an overdraft in the following line item:

General government	\$ 27,416
Sanitation	2,356
	<u>\$ 29,772</u>

NOTE 19 - RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - RISK MANAGEMENT (CONTINUED)

sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town has its liability insurance through the Kyes Agency Inc. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after the \$1,000 deductible is met, to \$4,377,412. Under the general liability portion of the policy, coverage is provided after the deductible is met, to \$1,000,000 per occurrence and \$3,000,000 in total. For the law enforcement liability, the coverage is \$1,000,000 per occurrence and in total with a \$2,500 deductible. For the public official liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible. Under the employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 20 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 21 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,808,285	\$ 2,808,285	\$ 2,808,285	\$ -
Resources (Inflows):				
Property taxes	5,287,524	5,287,524	5,302,456	14,932
Excise taxes	854,500	854,500	1,119,591	265,091
Intergovernmental:				
State revenue sharing	440,000	440,000	605,975	165,975
Homestead exemption	419,704	419,704	344,785	(74,919)
Other intergovernmental	16,106	16,106	14,373	(1,733)
Charges for services	98,415	98,415	135,331	36,916
Investment income	21,200	21,200	16,431	(4,769)
Other revenue	65,500	65,500	80,292	14,792
Transfers from other funds	102,429	102,429	-	(102,429)
Amounts Available for Appropriation	<u>10,113,663</u>	<u>10,113,663</u>	<u>10,427,519</u>	<u>313,856</u>
Charges to Appropriations (Outflows):				
General government	1,229,972	1,229,972	1,257,388	(27,416)
Public safety	897,753	897,753	890,747	7,006
Public works	627,742	627,742	540,543	87,199
Sanitation	243,050	243,050	245,406	(2,356)
General assistance	2,000	2,000	1,187	813
Recreation	3,500	3,500	3,500	-
County tax	396,750	396,750	396,750	-
Education	3,351,128	3,351,128	3,351,128	-
Capital outlay	-	343,129	254,310	88,819
Overlay	86,315	86,315	9,391	76,924
Transfers to other funds	377,140	377,140	377,140	-
Total Charges to Appropriations	<u>7,215,350</u>	<u>7,558,479</u>	<u>7,327,490</u>	<u>230,989</u>
Budgetary Fund Balance, June 30	<u>\$ 2,898,313</u>	<u>\$ 2,555,184</u>	3,100,029	<u>\$ 544,845</u>
Utilization of unassigned fund balance	<u>\$ 125,000</u>	<u>\$ 125,000</u>	-	<u>\$ (125,000)</u>
Differences - budget to GAAP:				
Add: RSU 4 debt payments			427,400	
Less: RSU 4 debt service			(427,400)	
GAAP Fund Balance, June 30			<u>\$ 3,100,029</u>	

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

TOWN OF SABATTUS, MAINE

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

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Proportion of the net pension liability (asset)	0.09%	0.11%	0.10%	0.07%	0.08%	0.09%	0.09%
Proportionate share of the net pension liability (asset)	\$ 369,950	\$ 327,201	\$ 36,352	\$ 302,357	\$ 434,852	\$ 278,636	\$ 132,670
Covered payroll	\$ 519,774	\$ 556,587	\$ 516,452	\$ 419,734	\$ 457,679	\$ 459,815	\$ 420,588
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.18%	58.79%	7.04%	72.04%	95.01%	60.60%	31.54%
Plan fiduciary net position as a percentage of the total pension liability	88.35%	90.62%	91.14%	86.43%	81.60%	88.27%	94.10%

* The amounts presented for each fiscal year are as of June 30 and are for those years for which information is available.

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>							
Contractually required contribution	\$ 53,607	\$ 60,146	\$ -	\$ 55,034	\$ 37,743	\$ 37,356	\$ 35,699
Contributions in relation to the contractually required contribution	<u>(53,607)</u>	<u>(60,146)</u>	<u>-</u>	<u>(55,034)</u>	<u>(37,743)</u>	<u>(37,356)</u>	<u>(35,699)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 473,399	\$ 519,774	\$ 556,587	\$ 516,452	\$ 419,734	\$ 457,679	\$ 459,815
Contributions as a percentage of covered payroll	11.32%	11.57%	0.00%	10.66%	8.99%	8.16%	7.76%

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

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 84,375	\$ -	\$ 84,375
Changes for the year:			
Service cost	10,870	-	10,870
Interest	2,606	-	2,606
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	7,117	-	7,117
Contributions - employer	-	266	(266)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(266)	(266)	-
Administrative expense	-	-	-
Net changes	20,327	-	20,327
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 104,702	\$ -	\$ 104,702

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 10,870	\$ 8,202	\$ 9,065	\$ 7,272
Interest (includes interest on service cost)	2,606	3,351	2,748	2,496
Changes of benefit terms	-	(1,627)	-	-
Differences between expected and actual experience	-	(18,293)	-	(9,079)
Changes of assumptions	7,117	19,310	(8,890)	11,619
Benefit payments, including refunds of member contributions	(266)	(206)	(198)	(281)
Net change in total OPEB liability	\$ 20,327	\$ 10,737	\$ 2,725	\$ 12,027
Total OPEB liability - beginning	\$ 84,375	\$ 73,638	\$ 70,913	\$ 58,886
Total OPEB liability - ending	\$ 104,702	\$ 84,375	\$ 73,638	\$ 70,913
<u>Plan fiduciary net position</u>				
Contributions - employer	266	206	198	281
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(266)	(206)	(198)	(281)
Administrative expense	-	-	-	-
Net change in fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 104,702	\$ 84,375	\$ 73,638	\$ 70,913
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-
Covered payroll	\$ 755,055	\$ 734,129	\$ 734,129	\$ 734,129
Net OPEB liability as a percentage of covered payroll	13.9%	11.5%	10.0%	9.7%

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

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>				
Employer contributions	\$ 266	\$ 206	\$ 198	\$ 281
Benefit payments	<u>(266)</u>	<u>(206)</u>	<u>(198)</u>	<u>(281)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 755,055	\$ 734,129	\$ 734,129	\$ 734,129
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF SABATTUS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions

MEPERS PLD Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MMEHT OPEB Plan:

There was a change in the discount rate from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,287,524	\$ 5,287,524	\$ 5,302,456	\$ 14,932
Motor vehicle excise	850,000	850,000	1,113,847	263,847
Boat excise	4,500	4,500	5,744	1,244
Intergovernmental revenues:				
State revenue sharing	440,000	440,000	605,975	165,975
Homestead exemption	419,704	419,704	344,785	(74,919)
Snowmobile	2,000	2,000	2,032	32
Tree growth	8,000	8,000	5,565	(2,435)
Veterans' reimbursement	5,000	5,000	5,654	654
Other state/federal funds	1,106	1,106	1,122	16
Charges for services:				
Town clerk fees	15,950	15,950	27,343	11,393
Permits and fees	7,350	7,350	7,407	57
Code enforcement	10,000	10,000	27,934	17,934
Planning board	2,000	2,000	516	(1,484)
Transfer station	35,000	35,000	42,834	7,834
Public safety	100	100	1,281	1,181
Public works	28,015	28,015	28,016	1
Investment income:				
Regular investment income	21,200	21,200	16,431	(4,769)
Other revenues:				
Fees/interest on taxes	30,500	30,500	41,110	10,610
Gain sale of fuel	2,000	2,000	1,617	(383)
SSD administration	33,000	33,000	33,000	-
Miscellaneous	-	-	4,565	4,565
Transfers from other funds	102,429	102,429	-	(102,429)
Amounts Available for Appropriation	<u>\$ 7,305,378</u>	<u>\$ 7,305,378</u>	<u>\$ 7,619,234</u>	<u>\$ 313,856</u>

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 393,765	\$ -	\$ 393,765	\$ 382,348	\$ 11,417
Wage adjustment	15,000	-	15,000	15,000	-
Social security and medicare	205,535	-	205,535	211,010	(5,475)
Insurance	391,975	-	391,975	395,119	(3,144)
Boards and committees	19,800	-	19,800	16,772	3,028
Animal control officer	28,894	-	28,894	28,442	452
Code enforcement officer	24,958	-	24,958	24,376	582
Androscoggin Valley Council of Gov.	5,285	-	5,285	5,283	2
MMA dues	4,860	-	4,860	4,875	(15)
Non-profit	6,700	-	6,700	6,700	-
Veterans Memorial Park	1,500	-	1,500	1,240	260
Professional services	70,650	-	70,650	108,048	(37,398)
Operational utilities	61,050	-	61,050	58,175	2,875
Total	1,229,972	-	1,229,972	1,257,388	(27,416)
PUBLIC SAFETY					
Police department	568,514	-	568,514	548,393	20,121
Fire department	155,075	-	155,075	168,483	(13,408)
Fire hydrants	81,228	-	81,228	81,228	-
EMS	14,980	-	14,980	15,522	(542)
Emergency management	1,950	-	1,950	1,210	740
Dispatch and E911/PSAP	62,506	-	62,506	62,497	9
Street lights	13,500	-	13,500	13,414	86
Total	897,753	-	897,753	890,747	7,006
PUBLIC WORKS					
Public works	601,982	-	601,982	513,861	88,121
Stormwater management	25,760	-	25,760	26,682	(922)
Total	627,742	-	627,742	540,543	87,199
SANITATION					
S.R.S.W.T.S.	243,050	-	243,050	245,406	(2,356)
Total	243,050	-	243,050	245,406	(2,356)
GENERAL ASSISTANCE					
	2,000	-	2,000	1,187	813
RECREATION					
Sabattus Lake Dam Commission	2,000	-	2,000	2,000	-
Sabattus Mountaineers Snowmobile	1,500	-	1,500	1,500	-
Rec club	5,000	-	5,000	5,000	-
Total	8,500	-	8,500	8,500	-

SCHEDULE B (CONTINUED)

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
TRANSFERS TO OTHER FUNDS					
Municipal building facilities	218,380	-	218,380	218,380	-
Road reconstruction paving	158,760	-	158,760	158,760	-
Total	<u>377,140</u>	<u>-</u>	<u>377,140</u>	<u>377,140</u>	<u>-</u>
OTHER GOVERNMENTAL APPROPRIATIONS					
School appropriations	3,351,128	-	3,351,128	3,351,128	-
County tax	396,750	-	396,750	396,750	-
Total	<u>3,747,878</u>	<u>-</u>	<u>3,747,878</u>	<u>3,747,878</u>	<u>-</u>
CAPITAL OUTLAY	<u>-</u>	<u>343,129</u>	<u>343,129</u>	<u>254,310</u>	<u>88,819</u>
OVERLAY/ABATEMENTS	<u>86,315</u>	<u>-</u>	<u>86,315</u>	<u>9,391</u>	<u>76,924</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 7,220,350</u>	<u>\$ 343,129</u>	<u>\$ 7,563,479</u>	<u>\$ 7,332,490</u>	<u>\$ 230,989</u>

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 12,539	\$ 12,539
Due from other funds	337,001	790,384	-	1,127,385
TOTAL ASSETS	<u>\$ 337,001</u>	<u>\$ 790,384</u>	<u>\$ 12,539</u>	<u>\$ 1,139,924</u>
LIABILITIES				
Due to other funds	\$ 157,737	\$ 160,716	\$ -	\$ 318,453
TOTAL LIABILITIES	<u>157,737</u>	<u>160,716</u>	<u>-</u>	<u>318,453</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	12,539	12,539
Committed	337,001	-	-	337,001
Assigned	-	790,384	-	790,384
Unassigned	(157,737)	(160,716)	-	(318,453)
TOTAL FUND BALANCES	<u>179,264</u>	<u>629,668</u>	<u>12,539</u>	<u>821,471</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 337,001</u>	<u>\$ 790,384</u>	<u>\$ 12,539</u>	<u>\$ 1,139,924</u>

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 18,799	\$ 40,388	\$ -	\$ 59,187
Interest income	-	-	1	1
Other income	220,296	-	-	220,296
TOTAL REVENUES	<u>239,095</u>	<u>40,388</u>	<u>1</u>	<u>279,484</u>
EXPENDITURES				
Public safety	94,872	-	-	94,872
Capital outlay	-	17,630	-	17,630
Debt service:				
Principal	-	432,121	-	432,121
Interest	-	33,614	-	33,614
TOTAL EXPENDITURES	<u>94,872</u>	<u>483,365</u>	<u>-</u>	<u>578,237</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>144,223</u>	<u>(442,977)</u>	<u>1</u>	<u>(298,753)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	377,140	-	377,140
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>377,140</u>	<u>-</u>	<u>377,140</u>
NET CHANGE IN FUND BALANCES	144,223	(65,837)	1	78,387
FUND BALANCES - JULY 1	<u>35,041</u>	<u>695,505</u>	<u>12,538</u>	<u>743,084</u>
FUND BALANCES - JUNE 30	<u>\$ 179,264</u>	<u>\$ 629,668</u>	<u>\$ 12,539</u>	<u>\$ 821,471</u>

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

Special Revenue Funds

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
ASSETS							
Due from other funds	\$ -	\$ 47,899	\$ -	\$ -	\$ -	\$ 777	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 47,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777</u>	<u>\$ -</u>
LIABILITIES							
Due to other funds	\$ 2,905	\$ -	\$ 23,875	\$ 26,975	\$ 56,215	\$ -	\$ 44,855
TOTAL LIABILITIES	<u>2,905</u>	<u>-</u>	<u>23,875</u>	<u>26,975</u>	<u>56,215</u>	<u>-</u>	<u>44,855</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	47,899	-	-	-	777	-
Assigned	-	-	-	-	-	-	-
Unassigned	(2,905)	-	(23,875)	(26,975)	(56,215)	-	(44,855)
TOTAL FUND BALANCES (DEFICITS)	<u>(2,905)</u>	<u>47,899</u>	<u>(23,875)</u>	<u>(26,975)</u>	<u>(56,215)</u>	<u>777</u>	<u>(44,855)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 47,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777</u>	<u>\$ -</u>

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Police OUI Detail Grant	Comprehensive Plan	Surplus Bids	Veterans Memorial Park	Homeland Security 2016	Charter Commission
ASSETS						
Due from other funds	\$ 29,108	\$ 15,502	\$ 15,925	\$ 2,362	\$ 6,606	\$ 1,422
TOTAL ASSETS	<u>\$ 29,108</u>	<u>\$ 15,502</u>	<u>\$ 15,925</u>	<u>\$ 2,362</u>	<u>\$ 6,606</u>	<u>\$ 1,422</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	29,108	15,502	15,925	2,362	6,606	1,422
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>29,108</u>	<u>15,502</u>	<u>15,925</u>	<u>2,362</u>	<u>6,606</u>	<u>1,422</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 29,108</u>	<u>\$ 15,502</u>	<u>\$ 15,925</u>	<u>\$ 2,362</u>	<u>\$ 6,606</u>	<u>\$ 1,422</u>

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Police Emp-E Reimbursement	Keep ME Healthy Grant	Fire Donations	Public Works
ASSETS				
Due from other funds	\$ 31,353	\$ 1,815	\$ 23	\$ 128,000
TOTAL ASSETS	<u>\$ 31,353</u>	<u>\$ 1,815</u>	<u>\$ 23</u>	<u>\$ 128,000</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	31,353	1,815	23	128,000
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>31,353</u>	<u>1,815</u>	<u>23</u>	<u>128,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 31,353</u>	<u>\$ 1,815</u>	<u>\$ 23</u>	<u>\$ 128,000</u>

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Police Forfeiture	Total
ASSETS						
Due from other funds	\$ -	\$ 4,265	\$ 17,287	\$ 32,518	\$ 2,139	\$ 337,001
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 17,287</u>	<u>\$ 32,518</u>	<u>\$ 2,139</u>	<u>\$ 337,001</u>
LIABILITIES						
Due to other funds	\$ 2,912	\$ -	\$ -	\$ -	\$ -	\$ 157,737
TOTAL LIABILITIES	<u>2,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,737</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	4,265	17,287	32,518	2,139	337,001
Assigned	-	-	-	-	-	-
Unassigned	(2,912)	-	-	-	-	(157,737)
TOTAL FUND BALANCES (DEFICITS)	<u>(2,912)</u>	<u>4,265</u>	<u>17,287</u>	<u>32,518</u>	<u>2,139</u>	<u>179,264</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 17,287</u>	<u>\$ 32,518</u>	<u>\$ 2,139</u>	<u>\$ 337,001</u>

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,627
Other income	-	-	-	-	7,000	-	5,000
TOTAL REVENUES	-	-	-	-	7,000	-	16,627
EXPENDITURES							
Public safety	-	780	4,633	-	6,401	-	45,496
TOTAL EXPENDITURES	-	780	4,633	-	6,401	-	45,496
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(780)	(4,633)	-	599	-	(28,869)
FUND BALANCES (DEFICITS) - JULY 1	(2,905)	48,679	(19,242)	(26,975)	(56,814)	777	(15,986)
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,905)</u>	<u>\$ 47,899</u>	<u>\$ (23,875)</u>	<u>\$ (26,975)</u>	<u>\$ (56,215)</u>	<u>\$ 777</u>	<u>\$ (44,855)</u>

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Police OUI Detail Grant	Comprehensive Plan	Surplus Bids	Veterans Memorial Park	Homeland Security 2016	Charter Commission
REVENUES						
Intergovernmental	\$ 4,303	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	12,375	-	-	-
TOTAL REVENUES	<u>4,303</u>	<u>-</u>	<u>12,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Public safety	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	4,303	-	12,375	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>24,805</u>	<u>15,502</u>	<u>3,550</u>	<u>2,362</u>	<u>6,606</u>	<u>1,422</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 29,108</u>	<u>\$ 15,502</u>	<u>\$ 15,925</u>	<u>\$ 2,362</u>	<u>\$ 6,606</u>	<u>\$ 1,422</u>

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Police Emp-E Reimbursement	Keep ME Healthy Grant	Fire Donations	Public Works
REVENUES				
Intergovernmental	\$ -	\$ 2,832	\$ -	\$ -
Other income	61,363	5,858	700	128,000
TOTAL REVENUES	<u>61,363</u>	<u>8,690</u>	<u>700</u>	<u>128,000</u>
EXPENDITURES				
Public safety	<u>30,010</u>	<u>6,875</u>	<u>677</u>	-
TOTAL EXPENDITURES	<u>30,010</u>	<u>6,875</u>	<u>677</u>	-
NET CHANGE IN FUND BALANCES (DEFICITS)	31,353	1,815	23	128,000
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 31,353</u>	<u>\$ 1,815</u>	<u>\$ 23</u>	<u>\$ 128,000</u>

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Police Forfeiture	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 37	\$ -	\$ -	\$ 18,799
Other income	-	-	-	-	-	220,296
TOTAL REVENUES	-	-	37	-	-	239,095
EXPENDITURES						
Public safety	-	-	-	-	-	94,872
TOTAL EXPENDITURES	-	-	-	-	-	94,872
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	37	-	-	144,223
FUND BALANCES (DEFICITS) - JULY 1	(2,912)	4,265	17,250	32,518	2,139	35,041
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,912)</u>	<u>\$ 4,265</u>	<u>\$ 17,287</u>	<u>\$ 32,518</u>	<u>\$ 2,139</u>	<u>\$ 179,264</u>

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases. Projects are generally segregated by the related Town department managing the project.

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Downtown Project
ASSETS						
Due from other funds	\$ -	\$ 115,049	\$ -	\$ 55,146	\$ -	\$ 523
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 115,049</u>	<u>\$ -</u>	<u>\$ 55,146</u>	<u>\$ -</u>	<u>\$ 523</u>
LIABILITIES						
Due to other funds	\$ 40,768	\$ -	\$ 87,666	\$ -	\$ 5,293	\$ -
TOTAL LIABILITIES	<u>40,768</u>	<u>-</u>	<u>87,666</u>	<u>-</u>	<u>5,293</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	115,049	-	55,146	-	523
Unassigned	(40,768)	-	(87,666)	-	(5,293)	-
TOTAL FUND BALANCES (DEFICITS)	<u>(40,768)</u>	<u>115,049</u>	<u>(87,666)</u>	<u>55,146</u>	<u>(5,293)</u>	<u>523</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 115,049</u>	<u>\$ -</u>	<u>\$ 55,146</u>	<u>\$ -</u>	<u>\$ 523</u>

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
ASSETS							
Due from other funds	\$ 292,403	\$ -	\$ 59,482	\$ 9,608	\$ 158,173	\$ 100,000	\$ 790,384
TOTAL ASSETS	<u>\$ 292,403</u>	<u>\$ -</u>	<u>\$ 59,482</u>	<u>\$ 9,608</u>	<u>\$ 158,173</u>	<u>\$ 100,000</u>	<u>\$ 790,384</u>
LIABILITIES							
Due to other funds	\$ -	\$ 26,989	\$ -	\$ -	\$ -	\$ -	\$ 160,716
TOTAL LIABILITIES	<u>-</u>	<u>26,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,716</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	292,403	-	59,482	9,608	158,173	100,000	790,384
Unassigned	-	(26,989)	-	-	-	-	(160,716)
TOTAL FUND BALANCES (DEFICITS)	<u>292,403</u>	<u>(26,989)</u>	<u>59,482</u>	<u>9,608</u>	<u>158,173</u>	<u>100,000</u>	<u>629,668</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 292,403</u>	<u>\$ -</u>	<u>\$ 59,482</u>	<u>\$ 9,608</u>	<u>\$ 158,173</u>	<u>\$ 100,000</u>	<u>\$ 790,384</u>

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Downtown Project
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	687	-	-	-	-
Debt service:						
Principal	-	55,793	29,498	-	-	-
Interest	-	-	3,818	-	-	-
TOTAL EXPENDITURES	-	56,480	33,316	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(56,480)	(33,316)	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(56,480)	(33,316)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	(40,768)	171,529	(54,350)	55,146	(5,293)	523
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (40,768)</u>	<u>\$ 115,049</u>	<u>\$ (87,666)</u>	<u>\$ 55,146</u>	<u>\$ (5,293)</u>	<u>\$ 523</u>

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 40,388	\$ -	\$ 40,388
TOTAL REVENUES	-	-	-	-	40,388	-	40,388
EXPENDITURES							
Capital outlay	-	4,200	-	-	12,743	-	17,630
Debt service:							
Principal	-	201,865	-	-	144,965	-	432,121
Interest	-	16,355	-	-	13,441	-	33,614
TOTAL EXPENDITURES	-	222,420	-	-	171,149	-	483,365
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(222,420)	-	-	(130,761)	-	(442,977)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	218,380	-	-	158,760	-	377,140
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	218,380	-	-	158,760	-	377,140
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(4,040)	-	-	27,999	-	(65,837)
FUND BALANCES (DEFICITS) - JULY 1	292,403	(22,949)	59,482	9,608	130,174	100,000	695,505
FUND BALANCES (DEFICITS) - JUNE 30	\$ 292,403	\$ (26,989)	\$ 59,482	\$ 9,608	\$ 158,173	\$ 100,000	\$ 629,668

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Sabattus, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Cemetery Fund	Total
ASSETS		
Cash and cash equivalents	\$ 12,539	\$ 12,539
TOTAL ASSETS	<u>\$ 12,539</u>	<u>\$ 12,539</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	12,539	12,539
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>12,539</u>	<u>12,539</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,539</u>	<u>\$ 12,539</u>

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Cemetery Fund	Total
REVENUES		
Interest income	\$ 1	\$ 1
TOTAL REVENUES	<u>1</u>	<u>1</u>
EXPENSES		
Cemetery expenses	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1	1
FUND BALANCES - JULY 1	<u>12,538</u>	<u>12,538</u>
FUND BALANCES - JUNE 30	<u><u>\$ 12,539</u></u>	<u><u>\$ 12,539</u></u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

TOWN OF SABATTUS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ -	\$ -	\$ 19,570	\$ -	\$ 19,570
Fire	-	31,851	994,443	-	1,026,294
Police	-	4,500	328,620	-	333,120
Public Works	21,794	22,425	817,685	1,427,182	2,289,086
Transfer Station	-	-	57,663	-	57,663
Town-wide	117,491	1,886,035	2,200,509	-	4,204,035
Total General Capital Assets	139,285	1,944,811	4,418,490	1,427,182	7,929,768
Less: Accumulated Depreciation	-	(1,061,040)	(2,906,015)	(322,771)	(4,289,826)
Net General Capital Assets	<u>\$ 139,285</u>	<u>\$ 883,771</u>	<u>\$ 1,512,475</u>	<u>\$ 1,104,411</u>	<u>\$ 3,639,942</u>

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
General Government	\$ 19,570	\$ -	\$ -	\$ 19,570
Fire	521,100	505,194	-	1,026,294
Police	323,820	9,300	-	333,120
Public Works	2,056,781	232,305	-	2,289,086
Transfer Station	57,663	-	-	57,663
Town-wide	4,204,035	-	-	4,204,035
Total General Capital Assets	7,182,969	746,799	-	7,929,768
Less: Accumulated Depreciation	(4,017,229)	(272,597)	-	(4,289,826)
Net General Capital Assets	<u>\$ 3,165,740</u>	<u>\$ 474,202</u>	<u>\$ -</u>	<u>\$ 3,639,942</u>

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



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Selectboard
Town of Sabattus
Sabattus, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine's basic financial statements and have issued our report thereon dated October 27, 2022.

Internal Control Over Financial Reporting

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

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

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 the Town of Sabattus, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Sabattus, Maine in a separate letter dated May 24, 2022.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
October 27, 2022