

Audited Financial Statements
and Other Financial Information

Town of Sabattus, Maine

June 30, 2020



Proven Expertise & Integrity

TOWN OF SABATTUS, MAINE

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JUNE 30, 2020

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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, 2020 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, 2020 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 and pension and OPEB information on pages 4 through 10 pages 58 through 64 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 April 9, 2021, 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
April 9, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. 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 regards 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 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pension, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and Related Ratios, a 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 regards 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 \$324,082 from \$4,909,339 to \$5,233,421.

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 - decreased to a balance of \$3,293,230 at the end of this year.

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

	2020	2019 (Restated)
Assets		
Current Assets	\$ 3,778,754	\$ 3,743,583
Other Assets	2,137,000	2,564,400
Noncurrent Assets - Capital Assets	3,165,740	3,064,725
Total Assets	<u>9,081,494</u>	<u>9,372,708</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	165,298	185,250
Deferred Outflows Related to OPEB	24,689	-
Total Deferred Outflows of Resources	<u>189,987</u>	<u>185,250</u>
Liabilities		
Current Liabilities	830,308	826,207
Noncurrent Liabilities	3,084,787	3,715,738
Total Liabilities	<u>3,915,095</u>	<u>4,541,945</u>
Deferred Inflows of Resources		
Prepaid Taxes	12,406	21,423
Deferred Inflows Related to Pensions	81,957	85,251
Deferred Inflows Related to Pensions	28,602	-
Total Deferred Inflows of Resources	<u>122,965</u>	<u>106,674</u>
Net Position		
Net Investment in Capital Assets	1,927,653	1,546,366
Restricted	12,538	12,402
Unrestricted	3,293,230	3,350,571
Total Net Position	<u>\$ 5,233,421</u>	<u>\$ 4,909,339</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 1.92%, while total expenses decreased by 3.69%. The increase in revenues was mostly due to grants and contributions not restricted to specific purposes. The decrease in expenses was primarily due to a decrease in capital outlay.

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

	<u>2020</u>	<u>2019</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 104,406	\$ 127,553
Operating grants and contributions	45,594	42,136
<i>General Revenues:</i>		
Taxes	6,232,333	6,232,616
Grants and contributions not restricted to specific programs	812,657	650,159
Investment income	27,904	26,769
Other income	73,446	79,796
Total Revenues	<u>7,296,340</u>	<u>7,159,029</u>
Expenses		
General government	1,283,407	1,019,308
Public safety	928,565	852,472
Public works	648,003	681,299
Sanitation	220,995	210,426
General assistance	247	892
Recreation	3,500	3,500
Education	3,299,486	3,197,771
County tax	367,923	349,252
Capital outlay	-	742,872
Overlay	1,074	4,974
Unclassified	132,844	105,209
Interest on long-term debt	37,455	22,400
Unallocated depreciation (Note 6)	48,759	48,757
Total Expenses	<u>6,972,258</u>	<u>7,239,132</u>
Change in Net Position	324,082	(80,103)
Net Position - July 1, Restated	<u>4,909,339</u>	<u>4,989,442</u>
Net Position - June 30	<u>\$ 5,233,421</u>	<u>\$ 4,909,339</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,

	2020	2019	Increase (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 56,207	\$ 48,716	\$ 7,491
Assigned	421,681	319,089	102,592
Unassigned	2,330,397	2,093,531	236,866
Total Major Funds	<u>\$ 2,808,285</u>	<u>\$ 2,461,336</u>	<u>\$ 346,949</u>
Nonmajor Funds:			
Special Revenue Funds:			
Committed	\$ 159,875	\$ 250,588	\$ (90,713)
Unassigned	(124,834)	(87,517)	(37,317)
Capital Projects Funds:			
Assigned	688,691	962,773	(274,082)
Unassigned	6,814	(82,593)	89,407
Permanent Funds:			
Restricted	12,538	12,402	136
Total Nonmajor Funds	<u>\$ 743,084</u>	<u>\$ 1,055,653</u>	<u>\$ (312,569)</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 \$281,438. This was a result of all revenue categories being receipted in excess of the budgeted amounts with the exception of other intergovernmental revenue.

The general fund actual expenditures were below budget by \$173,474. All expenditure categories were within or below budget with the exception of public works.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town increased by \$101,015 from the prior year. This increase was due to current year capital additions of \$336,175 less depreciation expense of \$235,160. 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>2020</u>	<u>2019</u>
Land	\$ 117,491	\$ 117,491
Buildings, building improvements and land improvements	913,416	963,990
Machinery, equipment and vehicles	1,062,213	856,863
Infrastructure	<u>1,072,620</u>	<u>1,126,381</u>
Total	<u>\$ 3,165,740</u>	<u>\$ 3,064,725</u>

Debt

At June 30, 2020, the Town had \$3,375,087 in bonds and notes from direct borrowings payable outstanding versus \$4,082,759 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, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,166,631
Investments	167,512
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	313,485
Other	74,919
Prepaid items	16,913
Inventory	13,334
Tax acquired property	25,960
Total current assets	<u>3,778,754</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	2,137,000
Capital assets:	
Land and other assets not being depreciated	117,491
Depreciable assets, net of accumulated depreciation	3,048,249
Total noncurrent assets	<u>5,302,740</u>
TOTAL ASSETS	<u>9,081,494</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	165,298
Deferred outflows related to OPEB	24,689
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>189,987</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 9,271,481</u></u>

STATEMENT A (CONTINUED)

TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 15,858
Accrued expenses	5,622
Current portion of long-term obligations	808,828
Total current liabilities	<u>830,308</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	2,096,600
Notes from direct borrowings payable	475,007
Accrued compensated absences	101,604
Net pension liability	327,201
Net OPEB liability	84,375
Total noncurrent liabilities	<u>3,084,787</u>
TOTAL LIABILITIES	<u>3,915,095</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	12,406
Deferred inflows related to pensions	81,957
Deferred inflows related to OPEB	28,602
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>122,965</u>
NET POSITION	
Net investment in capital assets	1,927,653
Restricted	12,538
Unrestricted	3,293,230
TOTAL NET POSITION	<u>5,233,421</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 9,271,481</u></u>

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

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 1,283,407	\$ 41,891	\$ -	\$ -	\$ (1,241,516)
Public safety	928,565	399	-	-	(928,166)
Public works	648,003	27,467	43,284	-	(577,252)
Sanitation	220,995	34,649	-	-	(186,346)
General assistance	247	-	-	-	(247)
Recreation	3,500	-	2,310	-	(1,190)
Education	3,299,486	-	-	-	(3,299,486)
County tax	367,923	-	-	-	(367,923)
Overlay	1,074	-	-	-	(1,074)
Unclassified	132,844	-	-	-	(132,844)
Interest on long-term debt	37,455	-	-	-	(37,455)
Unallocated depreciation (Note 6)*	48,759	-	-	-	(48,759)
Total government	<u>\$ 6,972,258</u>	<u>\$ 104,406</u>	<u>\$ 45,594</u>	<u>\$ -</u>	<u>(6,822,258)</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, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(6,822,258)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,306,886
Excise taxes	925,447
Grants and contributions not restricted to specific programs	812,657
Investment income	27,904
Other income	73,446
Total general revenues	<u>7,146,340</u>
Change in net position	324,082
NET POSITION - JULY 1, RESTATED	<u>4,909,339</u>
NET POSITION - JUNE 30	<u><u>\$ 5,233,421</u></u>

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

TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,154,093	\$ 12,538	\$ 3,166,631
Investments	167,512	-	167,512
Accounts receivable (net of allowance for uncollectibles):			
Taxes	225,344	-	225,344
Liens	88,141	-	88,141
Other	74,919	-	74,919
Prepaid items	16,913	-	16,913
Inventory	13,334	-	13,334
Tax acquired property	25,960	-	25,960
Due from other funds	498,206	978,740	1,476,946
TOTAL ASSETS	<u>\$ 4,264,422</u>	<u>\$ 991,278</u>	<u>\$ 5,255,700</u>
LIABILITIES			
Accounts payable	\$ 15,858	\$ -	\$ 15,858
Accrued expenses	5,622	-	5,622
Due to other funds	1,228,752	248,194	1,476,946
TOTAL LIABILITIES	<u>1,250,232</u>	<u>248,194</u>	<u>1,498,426</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	12,406	-	12,406
Deferred revenue	193,499	-	193,499
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>205,905</u>	<u>-</u>	<u>205,905</u>
FUND BALANCES			
Nonspendable	56,207	-	56,207
Restricted	-	12,538	12,538
Committed	-	159,875	159,875
Assigned	421,681	688,691	1,110,372
Unassigned	2,330,397	(118,020)	2,212,377
TOTAL FUND BALANCES	<u>2,808,285</u>	<u>743,084</u>	<u>3,551,369</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,264,422</u>	<u>\$ 991,278</u>	<u>\$ 5,255,700</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, 2020

	Total Governmental Funds
Total Fund Balances	\$ 3,551,369
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	3,165,740
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	165,298
OPEB	24,689
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	2,137,000
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	193,499
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,678,000)
Notes from direct borrowings payable	(697,087)
Accrued compensated absences	(106,952)
Net pension liability	(327,201)
Net OPEB liability	(84,375)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	(81,957)
OPEB	(28,602)
Net position of governmental activities	<u>\$ 5,233,421</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, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 5,314,457	\$ -	\$ 5,314,457
Excise taxes	925,447	-	925,447
Intergovernmental revenues:			
State revenue sharing	463,323	-	463,323
Homestead exemption	301,147	-	301,147
Grants/other	14,677	79,104	93,781
Charges for services	104,406	-	104,406
Investment income	27,768	136	27,904
Other revenue	72,381	1,065	73,446
TOTAL REVENUES	<u>7,223,606</u>	<u>80,305</u>	<u>7,303,911</u>
EXPENDITURES			
Current:			
General government	1,195,479	-	1,195,479
Public safety	803,961	47,991	851,952
Public works	595,451	-	595,451
Sanitation	216,715	-	216,715
General assistance	247	-	247
Recreation	3,500	-	3,500
County tax	367,923	-	367,923
Education	3,299,486	-	3,299,486
Unclassified	132,844	-	132,844
Overlay	1,074	-	1,074
Debt service			
Principal	-	353,164	353,164
Interest	-	37,455	37,455
Capital outlay	-	214,241	214,241
TOTAL EXPENDITURES	<u>6,616,680</u>	<u>652,851</u>	<u>7,269,531</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>606,926</u>	<u>(572,546)</u>	<u>34,380</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	165,374	425,351	590,725
Transfers (out)	(425,351)	(165,374)	(590,725)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(259,977)</u>	<u>259,977</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	346,949	(312,569)	34,380
FUND BALANCES - JULY 1	<u>2,461,336</u>	<u>1,055,653</u>	<u>3,516,989</u>
FUND BALANCES - JUNE 30	<u>\$ 2,808,285</u>	<u>\$ 743,084</u>	<u>\$ 3,551,369</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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 34,380</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	336,175
Depreciation expense	<u>(235,160)</u>
	<u>101,015</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	(19,952)
OPEB	<u>24,689</u>
	<u>4,737</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(7,571)</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>(156,889)</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>864,561</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	3,294
OPEB	<u>(28,602)</u>
	<u>(25,308)</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	(3,115)
Net pension liability	(49,591)
Net OPEB liability	<u>(10,737)</u>
	<u>(63,443)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 324,082</u></u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 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. As of the date of this report, the state of emergency was extended to May 13, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town postponed the Town Meeting to August of 2020. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended for a period of time in the spring of 2020.

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. 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, 2020

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, 2020

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, 2020

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, 2020

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 deposits 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, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$74,919 for the year ended June 30, 2020.

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, 2020

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.

Tax Acquired Property

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of a tax lien in accordance with 36 M.R.S.A. § 943. The amount of taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by Article 29 at the Annual Town Meeting and the Tax Acquired Policy #12 adopted June 15, 2017.

Capital Assets

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

All long-term obligations to be repaid from governmental resources is 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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 July 16, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on September 3, 2019 and March 3, 2020. Interest on unpaid taxes commenced on September 4, 2019 and March 4, 2020, at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$29,962 for the year ended June 30, 2020.

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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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.

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, 2020, the Town's cash balance amounting to \$3,166,631 was comprised of bank deposits of \$3,234,382. 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	3,171,844
Savings accounts	12,538
	<u>\$ 3,234,382</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does 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 \$167,512 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, 2020, the Town's investments of \$167,512 in certificates of deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

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, 2020, a long-term receivable has been recorded for \$2,137,000, 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020, consisted of the following individual receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 498,206	\$ 1,228,752
Nonmajor special revenue funds	159,875	124,834
Nonmajor capital projects funds	818,865	123,360
	<u>\$ 1,476,946</u>	<u>\$ 1,476,946</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.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 165,374	\$ 425,351
Nonmajor special revenue funds	-	116,924
Nonmajor capital projects funds	425,351	48,450
	<u>\$ 590,725</u>	<u>\$ 590,725</u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Disposals	Balance 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Depreciated assets:				
Land improvements	191,683	-	-	191,683
Buildings and improvements	1,730,703	22,425	-	1,753,128
Machinery, equipment and vehicles	3,469,217	235,158	-	3,704,375
Infrastructure	1,337,700	78,592	-	1,416,292
	6,729,303	336,175	-	7,065,478
Less: accumulated depreciation	(3,782,069)	(235,160)	-	(4,017,229)
	2,947,234	101,015	-	3,048,249
Net capital assets	<u>\$ 3,064,725</u>	<u>\$ 101,015</u>	<u>\$ -</u>	<u>\$ 3,165,740</u>
<u>Current year depreciation:</u>				
General government				\$ 3,914
Fire				47,408
Police				29,205
Public works				101,594
Transfer station				4,280
Town-wide				48,759
Total depreciation expense				<u>\$ 235,160</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance 7/1/19 (Restated)	Additions	Reductions	Balance 6/30/20	Current Portion
Bonds payable	\$ 3,259,400	\$ -	\$ (581,400)	\$ 2,678,000	\$ 581,400
Notes from direct borrowings payable	823,359	156,889	(283,161)	697,087	222,080
	<u>\$ 4,082,759</u>	<u>\$ 156,889</u>	<u>\$ (864,561)</u>	<u>\$ 3,375,087</u>	<u>\$ 803,480</u>

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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.	\$ 225,000
\$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.	316,000
\$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>2,137,000</u>
Total bonds payable	<u><u>\$ 2,678,000</u></u>

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.	\$ 292,175
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.	219,161
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.	123,573
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>62,178</u>
Total notes from direct borrowings payable	<u><u>\$ 697,087</u></u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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	
	Principal	Interest	Principal	Interest
2021	\$ 581,400	\$ 92,051	\$ 222,080	\$ 21,206
2022	581,400	70,511	228,844	14,442
2023	581,400	48,416	121,235	7,523
2024	506,400	26,030	124,928	3,817
2025	427,400	6,256	-	-
	<u>\$ 2,678,000</u>	<u>\$ 243,264</u>	<u>\$ 697,087</u>	<u>\$ 46,988</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, 2020:

	7/1/19 (Restated)	Additions	Reductions	Balance 6/30/20	Current Portion
Accrued compensated absences	\$ 103,837	\$ 3,115	\$ -	\$ 106,952	\$ 5,348
Net pension liability	277,610	49,591	-	327,201	-
Net OPEB liability	73,638	30,863	(20,126)	84,375	-
Total	<u>\$ 455,085</u>	<u>\$ 83,569</u>	<u>\$ (20,126)</u>	<u>\$ 518,528</u>	<u>\$ 5,348</u>

Please see Notes 9, 17 and 18 for more detailed information on each of these other long-term obligations.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the Town's liability for compensated absences is \$106,952 .

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2020, the Town had the following restricted net position:

Restricted for cemetery funds	<u>\$ 12,538</u>
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NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2020, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 16,913
Inventory	13,334
Tax acquired property	25,960
	<u>\$ 56,207</u>

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule I)	<u>\$ 12,538</u>
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NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 159,875</u>
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TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

General fund:	
Planning board carryforward	\$ 2,254
Capital equipment	2,804
Capital outlay	58,923
Reserved for FY 2021 budget	357,700
Nonmajor capital projects funds (Schedule G)	688,691
	<u>\$ 1,110,372</u>

NOTE 15 - DEFICIT FUND BALANCES

At June 30, 2020, the Town had the following deficit fund balances:

MMA safety grant	\$ 2,905
Highway safety	19,242
Health/PTO reimbursement plan	26,975
Fire grant	56,814
Police grants	15,986
Webster Mill	2,912
Police department equipment	40,768
Public works equipment	54,350
Municipal office equipment	5,293
Municipal building facilities	22,949
Road construction paving	(130,174)
	<u>\$ 118,020</u>

NOTE 16 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION-RETIREMENT
CORPORATION

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFERRED COMPENSATION PLAN (CONTINUED)

unforeseen emergency. All amounts of compensation deferred under the plan, all 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 Board of Selectmen. 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 2020, 2019 and 2018 were \$53,172, \$44,582, \$41,027, 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 17 - 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.mainebers.org or by contacting the System at (800) 451-9800.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2019, there were 307 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

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 plan members are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.8% 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, 2020 was \$60,146.

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

At June 30, 2020, the Town reported a liability of \$327,201 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the Town's proportion was 0.10705%, which was an increase of 0.00561% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized total pension expense of \$66,249. At June 30, 2020, 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	\$ 38,741	\$ -
Changes of assumptions	16,570	-
Net difference between projected and actual earnings on pension plan investments	-	81,957
Changes in proportion and differences between contributions and proportionate share of contributions	49,841	-
Contributions subsequent to the measurement date	60,146	-
Total	<u>\$ 165,298</u>	<u>\$ 81,957</u>

\$60,146 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Year ended June 30:	
2019	\$ 55,873
2020	(31,232)
2021	(1,392)
2022	(52)
2023	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2019, 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2019 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2019; the rate was 6.875% in 2018, compounded annually.

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

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

Cost of Living Benefit Increases - 1.91%; in 2018 the rate was 2.20%

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, 2019 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2019. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2019 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	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	\$ 745,342	\$ 327,201	\$ (63,931)

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2019 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience 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 2019, this was four years; for 2018, this was three years; prior to 2018, 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.

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.

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

service lives of active and inactive members in each plan. 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' 2019 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (800) 451-9800.

NOTE 18 - 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 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 criterion 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Employees Covered by Benefit Terms

At January 1, 2020, 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.

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, 2020, the Town reported a liability of \$84,375 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$14,650. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,934
Changes of assumptions	24,427	6,668
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	262	-
Total	<u>\$ 24,689</u>	<u>\$ 28,602</u>

\$262 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2021	\$ (681)
2022	(681)
2023	(681)
2024	(681)
2025	(677)
Thereafter	(774)

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, 2020. 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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

20-Bond GO Index. The rate of 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 101,067	\$ 84,375	\$ 71,016
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 101,067</u>	<u>\$ 84,375</u>	<u>\$ 71,016</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 69,718	\$ 84,375	\$ 103,306
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 69,718</u>	<u>\$ 84,375</u>	<u>\$ 103,306</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, 2020, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Actuarial Cost Method

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

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.

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, 2020 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, 2020, they are as follows:

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
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 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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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, 2020, 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.

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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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, 2020 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, 2019 was \$21,934.

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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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 19 - EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2020, the Town had an overdraft in the following line item:

Public works	<u>\$ 11,584</u>
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NOTE 20 - 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-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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - RISK MANAGEMENT (CONTINUED)

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, 2020. 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 21 - 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 22 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 23 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2019 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04) and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by (\$73,638).

The net position was also restated to include a capital lease that was not included on the prior year's financials. The net position was restated by (\$150,147). The resulting restatements decreased net position from \$5,059,486 to \$4,909,339.

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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,461,336	\$ 2,461,336	\$ 2,461,336	\$ -
Resources (Inflows):				
Property taxes	5,311,886	5,311,886	5,314,457	2,571
Excise taxes	829,500	829,500	925,447	95,947
Intergovernmental:				
State revenue sharing	324,000	324,000	463,323	139,323
Homestead exemption	301,147	301,147	301,147	-
Other intergovernmental	14,716	14,716	14,677	(39)
Charges for services	89,119	89,119	104,406	15,287
Investment income	10,000	10,000	27,768	17,768
Other revenue	61,800	61,800	72,381	10,581
Transfers from other funds	165,374	165,374	165,374	-
Amounts Available for Appropriation	<u>9,568,878</u>	<u>9,568,878</u>	<u>9,850,316</u>	<u>281,438</u>
Charges to Appropriations (Outflows):				
General government	1,248,866	1,248,866	1,195,479	53,387
Public safety	842,100	842,100	803,961	38,139
Public works	583,867	583,867	595,451	(11,584)
Sanitation	231,182	231,182	216,715	14,467
General assistance	2,000	2,000	247	1,753
Recreation	3,500	3,500	3,500	-
County tax	367,924	367,924	367,923	1
Education	3,299,486	3,299,486	3,299,486	-
Capital outlay	181,267	181,267	132,844	48,423
Overlay	29,962	29,962	1,074	28,888
Transfers to other funds	425,351	425,351	425,351	-
Total Charges to Appropriations	<u>7,215,505</u>	<u>7,215,505</u>	<u>7,042,031</u>	<u>173,474</u>
Budgetary Fund Balance, June 30	<u>\$ 2,353,373</u>	<u>\$ 2,353,373</u>	2,808,285	<u>\$ 454,912</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>\$ 2,808,285</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*

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Proportion of the net pension liability (asset)	0.11%	0.10%	0.07%	0.08%	0.09%	0.09%
Proportionate share of the net pension liability (asset)	\$ 327,201	\$ 327,201	\$ 302,357	\$ 434,852	\$ 278,636	\$ 132,670
Covered payroll	\$ 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	58.79%	63.36%	72.04%	95.01%	60.60%	31.54%
Plan fiduciary net position as a percentage of the total pension liability	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 60,146	\$ 60,146	\$ 55,034	\$ 37,743	\$ 37,356	\$ 35,699
Contributions in relation to the contractually required contribution	<u>(60,146)</u>	<u>(60,146)</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>
Covered payroll	\$ 519,774	\$ 556,587	\$ 516,452	\$ 419,734	\$ 457,679	\$ 459,815
Contributions as a percentage of covered payroll	11.57%	10.81%	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, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 73,638	\$ -	\$ 73,638
Changes for the year:			
Service cost	8,202	-	8,202
Interest	3,351	-	3,351
Changes of benefits	(1,627)	-	(1,627)
Differences between expected and actual experience	(18,293)	-	(18,293)
Changes of assumptions	19,310	-	19,310
Contributions - employer	-	206	(206)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(206)	(206)	-
Administrative expense	-	-	-
Net changes	10,737	-	10,737
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 84,375</u>	<u>\$ -</u>	<u>\$ 84,375</u>

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, 2020

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 8,202	\$ 9,065	\$ 7,272
Interest (includes interest on service cost)	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	19,310	(8,890)	11,619
Benefit payments, including refunds of member contributions	(206)	(198)	(281)
Net change in total OPEB liability	\$ 10,737	\$ 2,725	\$ 12,027
Total OPEB liability - beginning	\$ 73,638	\$ 70,913	\$ 58,886
Total OPEB liability - ending	\$ 84,375	\$ 73,638	\$ 70,913
<u>Plan fiduciary net position</u>			
Contributions - employer	206	198	281
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(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	<u>\$ 84,375</u>	<u>\$ 73,638</u>	<u>\$ 70,913</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-
Covered payroll	\$ 755,055	\$ 734,129	\$ 734,129
Net OPEB liability as a percentage of covered payroll	11.2%	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, 2020

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

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

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

TOWN OF SABATTUS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

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 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the "Cadillac Tax" was reflected in this valuation by removing the previously planned excise tax.

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, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,311,886	\$ 5,311,886	\$ 5,314,457	\$ 2,571
Motor vehicle excise	825,000	825,000	921,094	96,094
Boat excise	4,500	4,500	4,353	(147)
Intergovernmental revenues:				
State revenue sharing	324,000	324,000	463,323	139,323
Homestead exemption	301,147	301,147	301,147	-
Snowmobile	1,500	1,500	2,310	810
Tree growth	8,000	8,000	6,383	(1,617)
Veterans' reimbursement	5,000	5,000	5,760	760
Other state/federal funds	216	216	224	8
Charges for services:				
Town clerk fees	22,350	22,350	26,425	4,075
Permits and fees	850	850	661	(189)
Code enforcement	10,000	10,000	13,895	3,895
Planning board	2,000	2,000	910	(1,090)
Transfer station	35,000	35,000	34,649	(351)
Public safety	100	100	399	299
Public works	18,819	18,819	27,467	8,648
Investment income:				
Regular investment income	10,000	10,000	27,768	17,768
Other revenues:				
Fees/interest on taxes	25,500	25,500	34,340	8,840
Gain sale of fuel	2,000	2,000	1,865	(135)
SSD administration	34,200	34,200	35,200	1,000
Miscellaneous	100	100	976	876
Transfers from other funds	165,374	165,374	165,374	-
Amounts Available for Appropriation	<u>\$ 7,107,542</u>	<u>\$ 7,107,542</u>	<u>\$ 7,388,980</u>	<u>\$ 281,438</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, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 360,921	\$ -	\$ 360,921	\$ 343,971	\$ 16,950
Wage adjustment	15,000	-	15,000	12,606	2,394
Social security and medicare	233,574	-	233,574	207,499	26,075
Insurance	354,359	-	354,359	369,937	(15,578)
Boards and committees	20,500	-	20,500	17,814	2,686
Animal control officer	28,544	-	28,544	27,917	627
Code enforcement officer	23,750	-	23,750	22,568	1,182
Androscoggin Valley Council of Gov.	5,100	-	5,100	5,189	(89)
MMA dues	4,800	-	4,800	4,857	(57)
Non-profit	5,700	-	5,700	5,700	-
Veterans Memorial Park	3,100	-	3,100	674	2,426
Professional services	128,650	-	128,650	110,042	18,608
Operational utilities	64,868	-	64,868	66,705	(1,837)
Total	1,248,866	-	1,248,866	1,195,479	53,387
PUBLIC SAFETY					
Police department	518,157	-	518,157	491,141	27,016
Fire department	152,475	-	152,475	147,384	5,091
Fire hydrants	78,050	-	78,050	78,047	3
EMS	15,500	-	15,500	10,996	4,504
Emergency management	2,250	-	2,250	1,635	615
Dispatch and E911/PSAP	60,668	-	60,668	58,791	1,877
Street lights	15,000	-	15,000	15,967	(967)
Total	842,100	-	842,100	803,961	38,139
PUBLIC WORKS					
Public works	554,867	-	554,867	556,759	(1,892)
Stormwater management	29,000	-	29,000	38,692	(9,692)
Total	583,867	-	583,867	595,451	(11,584)
SANITATION					
S.R.S.W.T.S.	231,182	-	231,182	216,715	14,467
Total	231,182	-	231,182	216,715	14,467
GENERAL ASSISTANCE					
	2,000	-	2,000	247	1,753
RECREATION					
Sabattus Lake Dam Commission	2,000	-	2,000	2,000	-
Sabattus Mountaineers Snowmobile	1,500	-	1,500	1,500	-
Total	3,500	-	3,500	3,500	-

SCHEDULE B (CONTINUED)

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
TRANSFERS TO OTHER FUNDS					
Municipal building facilities	220,187	-	220,187	220,187	-
Road reconstruction paving	159,999	-	159,999	159,999	-
Police dept equipment	20,165	-	20,165	20,165	-
Fire dept equipment	25,000	-	25,000	25,000	-
Total	<u>425,351</u>	<u>-</u>	<u>425,351</u>	<u>425,351</u>	<u>-</u>
OTHER GOVERNMENTAL APPROPRIATIONS					
School appropriations	3,299,486	-	3,299,486	3,299,486	-
County tax	<u>367,924</u>	<u>-</u>	<u>367,924</u>	<u>367,923</u>	<u>1</u>
Total	<u>3,667,410</u>	<u>-</u>	<u>3,667,410</u>	<u>3,667,409</u>	<u>1</u>
CAPITAL OUTLAY	<u>181,267</u>	<u>-</u>	<u>181,267</u>	<u>132,844</u>	<u>48,423</u>
OVERLAY/ABATEMENTS	<u>29,962</u>	<u>-</u>	<u>29,962</u>	<u>1,074</u>	<u>28,888</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 7,215,505</u>	<u>\$ -</u>	<u>\$ 7,215,505</u>	<u>\$ 7,042,031</u>	<u>\$ 173,474</u>

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 12,538	\$ 12,538
Due from other funds	159,875	818,865	-	978,740
TOTAL ASSETS	<u>\$ 159,875</u>	<u>\$ 818,865</u>	<u>\$ 12,538</u>	<u>\$ 991,278</u>
LIABILITIES				
Due to other funds	\$ 124,834	\$ 123,360	\$ -	\$ 248,194
TOTAL LIABILITIES	<u>124,834</u>	<u>123,360</u>	<u>-</u>	<u>248,194</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	12,538	12,538
Committed	159,875	-	-	159,875
Assigned	-	688,691	-	688,691
Unassigned	(124,834)	6,814	-	(118,020)
TOTAL FUND BALANCES	<u>35,041</u>	<u>695,505</u>	<u>12,538</u>	<u>743,084</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 159,875</u>	<u>\$ 818,865</u>	<u>\$ 12,538</u>	<u>\$ 991,278</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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 35,820	\$ 43,284	\$ -	\$ 79,104
Interest income	-	-	136	136
Other income	1,065	-	-	1,065
TOTAL REVENUES	<u>36,885</u>	<u>43,284</u>	<u>136</u>	<u>80,305</u>
EXPENDITURES				
Public safety	47,991	-	-	47,991
Capital outlay	-	214,241	-	214,241
Debt service:				
Principal	-	353,164	-	353,164
Interest	-	37,455	-	37,455
TOTAL EXPENDITURES	<u>47,991</u>	<u>604,860</u>	<u>-</u>	<u>652,851</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,106)</u>	<u>(561,576)</u>	<u>136</u>	<u>(572,546)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	425,351	-	425,351
Transfers (out)	(116,924)	(48,450)	-	(165,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(116,924)</u>	<u>376,901</u>	<u>-</u>	<u>259,977</u>
NET CHANGE IN FUND BALANCES	(128,030)	(184,675)	136	(312,569)
FUND BALANCES - JULY 1	<u>163,071</u>	<u>880,180</u>	<u>12,402</u>	<u>1,055,653</u>
FUND BALANCES - JUNE 30	<u>\$ 35,041</u>	<u>\$ 695,505</u>	<u>\$ 12,538</u>	<u>\$ 743,084</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, 2020

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
ASSETS							
Due from other funds	\$ -	\$ 48,679	\$ -	\$ -	\$ -	\$ 777	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 48,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777</u>	<u>\$ -</u>
LIABILITIES							
Due to other funds	\$ 2,905	\$ -	\$ 19,242	\$ 26,975	\$ 56,814	\$ -	\$ 15,986
TOTAL LIABILITIES	<u>2,905</u>	<u>-</u>	<u>19,242</u>	<u>26,975</u>	<u>56,814</u>	<u>-</u>	<u>15,986</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	48,679	-	-	-	777	-
Assigned	-	-	-	-	-	-	-
Unassigned	(2,905)	-	(19,242)	(26,975)	(56,814)	-	(15,986)
TOTAL FUND BALANCES (DEFICITS)	<u>(2,905)</u>	<u>48,679</u>	<u>(19,242)</u>	<u>(26,975)</u>	<u>(56,814)</u>	<u>777</u>	<u>(15,986)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 48,679</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, 2020

	Police OUI Detail Grant	Comprehensive Plan	Surplus Bids	Veterans Memorial Park	Homeland Security 2016	Charter Commission
ASSETS						
Due from other funds	\$ 24,805	\$ 15,502	\$ 3,550	\$ 2,362	\$ 6,606	\$ 1,422
TOTAL ASSETS	<u>\$ 24,805</u>	<u>\$ 15,502</u>	<u>\$ 3,550</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	24,805	15,502	3,550	2,362	6,606	1,422
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>24,805</u>	<u>15,502</u>	<u>3,550</u>	<u>2,362</u>	<u>6,606</u>	<u>1,422</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 24,805</u>	<u>\$ 15,502</u>	<u>\$ 3,550</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, 2020

	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Police Forfeiture	Total
ASSETS						
Due from other funds	\$ -	\$ 4,265	\$ 17,250	\$ 32,518	\$ 2,139	\$ 159,875
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 17,250</u>	<u>\$ 32,518</u>	<u>\$ 2,139</u>	<u>\$ 159,875</u>
LIABILITIES						
Due to other funds	\$ 2,912	\$ -	\$ -	\$ -	\$ -	\$ 124,834
TOTAL LIABILITIES	<u>2,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,834</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	4,265	17,250	32,518	2,139	159,875
Assigned	-	-	-	-	-	-
Unassigned	(2,912)	-	-	-	-	(124,834)
TOTAL FUND BALANCES (DEFICITS)	<u>(2,912)</u>	<u>4,265</u>	<u>17,250</u>	<u>32,518</u>	<u>2,139</u>	<u>35,041</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 17,250</u>	<u>\$ 32,518</u>	<u>\$ 2,139</u>	<u>\$ 159,875</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, 2020

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 18,259
Other income	-	-	-	-	-	1,050	-
TOTAL REVENUES	-	-	-	-	10,000	1,050	18,259
EXPENDITURES							
Public safety	-	1,068	5,373	-	15,858	1,347	24,345
TOTAL EXPENDITURES	-	1,068	5,373	-	15,858	1,347	24,345
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,068)	(5,373)	-	(5,858)	(297)	(6,086)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(20,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(20,000)	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(1,068)	(5,373)	(20,000)	(5,858)	(297)	(6,086)
FUND BALANCES (DEFICITS) - JULY 1	(2,905)	49,747	(13,869)	(6,975)	(50,956)	1,074	(9,900)
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,905)</u>	<u>\$ 48,679</u>	<u>\$ (19,242)</u>	<u>\$ (26,975)</u>	<u>\$ (56,814)</u>	<u>\$ 777</u>	<u>\$ (15,986)</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, 2020

	OUI Detail Grant	Comprehensive Plan	Surplus Bids	Memorial Park	Security 2016	Charter Commission
REVENUES						
Intergovernmental	\$ 7,561	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>7,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Public safety	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	7,561	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>17,244</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>\$ 24,805</u>	<u>\$ 15,502</u>	<u>\$ 3,550</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, 2020

	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Police Forfeiture	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,820
Other income	-	-	-	15	-	1,065
TOTAL REVENUES	-	-	-	15	-	36,885
EXPENDITURES						
Public safety	-	-	-	-	-	47,991
TOTAL EXPENDITURES	-	-	-	-	-	47,991
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	15	-	(11,106)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(96,924)	-	(116,924)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(96,924)	-	(116,924)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	(96,909)	-	(128,030)
FUND BALANCES (DEFICITS) - JULY 1	(2,912)	4,265	17,250	129,427	2,139	163,071
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,912)</u>	<u>\$ 4,265</u>	<u>\$ 17,250</u>	<u>\$ 32,518</u>	<u>\$ 2,139</u>	<u>\$ 35,041</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, 2020

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Downtown Project
ASSETS						
Due from other funds	\$ -	\$ 171,529	\$ -	\$ 55,146	\$ -	\$ 523
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 171,529</u>	<u>\$ -</u>	<u>\$ 55,146</u>	<u>\$ -</u>	<u>\$ 523</u>
LIABILITIES						
Due to other funds	\$ 40,768	\$ -	\$ 54,350	\$ -	\$ 5,293	\$ -
TOTAL LIABILITIES	<u>40,768</u>	<u>-</u>	<u>54,350</u>	<u>-</u>	<u>5,293</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	171,529	-	55,146	-	523
Unassigned	(40,768)	-	(54,350)	-	(5,293)	-
TOTAL FUND BALANCES (DEFICITS)	<u>(40,768)</u>	<u>171,529</u>	<u>(54,350)</u>	<u>55,146</u>	<u>(5,293)</u>	<u>523</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 171,529</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, 2020

	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	\$ 130,174	\$ 100,000	\$ 818,865
TOTAL ASSETS	<u>\$ 292,403</u>	<u>\$ -</u>	<u>\$ 59,482</u>	<u>\$ 9,608</u>	<u>\$ 130,174</u>	<u>\$ 100,000</u>	<u>\$ 818,865</u>
LIABILITIES							
Due to other funds	\$ -	\$ 22,949	\$ -	\$ -	\$ -	\$ -	\$ 123,360
TOTAL LIABILITIES	<u>-</u>	<u>22,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,360</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	292,403	-	59,482	9,608	-	100,000	688,691
Unassigned	-	(22,949)	-	-	130,174	-	6,814
TOTAL FUND BALANCES (DEFICITS)	<u>292,403</u>	<u>(22,949)</u>	<u>59,482</u>	<u>9,608</u>	<u>130,174</u>	<u>100,000</u>	<u>695,505</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 292,403</u>	<u>\$ -</u>	<u>\$ 59,482</u>	<u>\$ 9,608</u>	<u>\$ 130,174</u>	<u>\$ 100,000</u>	<u>\$ 818,865</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, 2020

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Downtown Project
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	54,168	10,428	-	-	-	-
Debt service:						
Principal	-	-	-	26,500	-	-
Interest	-	-	-	782	-	-
TOTAL EXPENDITURES	54,168	10,428	-	27,282	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(54,168)	(10,428)	-	(27,282)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	20,165	25,000	-	-	-	-
Transfers (out)	(48,450)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(28,285)	25,000	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(82,453)	14,572	-	(27,282)	-	-
FUND BALANCES (DEFICITS) - JULY 1	41,685	156,957	(54,350)	82,428	(5,293)	523
FUND BALANCES (DEFICITS) - JUNE 30	\$ (40,768)	\$ 171,529	\$ (54,350)	\$ 55,146	\$ (5,293)	\$ 523

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 43,284	\$ -	\$ 43,284
TOTAL REVENUES	-	-	-	-	43,284	-	43,284
EXPENDITURES							
Capital outlay	-	16,848	-	-	132,797	-	214,241
Debt service:							
Principal	-	183,839	-	-	142,825	-	353,164
Interest	-	19,499	-	-	17,174	-	37,455
TOTAL EXPENDITURES	-	220,186	-	-	292,796	-	604,860
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(220,186)	-	-	(249,512)	-	(561,576)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	220,187	-	-	159,999	-	425,351
Transfers (out)	-	-	-	-	-	-	(48,450)
TOTAL OTHER FINANCING SOURCES (USES)	-	220,187	-	-	159,999	-	376,901
NET CHANGE IN FUND BALANCES (DEFICITS)	-	1	-	-	(89,513)	-	(184,675)
FUND BALANCES (DEFICITS) - JULY 1	292,403	(22,950)	59,482	9,608	219,687	100,000	880,180
FUND BALANCES (DEFICITS) - JUNE 30	\$ 292,403	\$ (22,949)	\$ 59,482	\$ 9,608	\$ 130,174	\$ 100,000	\$ 695,505

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, 2020

	Cemetery Fund	Total
ASSETS		
Cash and cash equivalents	\$ 12,538	\$ 12,538
TOTAL ASSETS	<u>\$ 12,538</u>	<u>\$ 12,538</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	12,538	12,538
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>12,538</u>	<u>12,538</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,538</u>	<u>\$ 12,538</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, 2020

	Cemetery Fund	Total
REVENUES		
Interest income	\$ 136	\$ 136
TOTAL REVENUES	<u>136</u>	<u>136</u>
EXPENSES		
Cemetery expenses	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	136	136
FUND BALANCES - JULY 1	<u>12,402</u>	<u>12,402</u>
FUND BALANCES - JUNE 30	<u><u>\$ 12,538</u></u>	<u><u>\$ 12,538</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, 2020

	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	489,249	-	521,100
Police	-	4,500	319,320	-	323,820
Public Works	-	-	719,081	1,337,700	2,056,781
Transfer Station	-	-	57,663	-	57,663
Town-wide	117,491	1,886,035	2,200,509	-	4,204,035
Total General Capital Assets	117,491	1,922,386	3,805,392	1,337,700	7,182,969
Less: Accumulated Depreciation	-	(1,008,970)	(2,743,179)	(265,080)	(4,017,229)
Net General Capital Assets	<u>\$ 117,491</u>	<u>\$ 913,416</u>	<u>\$ 1,062,213</u>	<u>\$ 1,072,620</u>	<u>\$ 3,165,740</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, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
General Government	\$ 19,570	\$ -	\$ -	\$ 19,570
Fire	511,251	9,849	-	521,100
Police	270,273	53,547	-	323,820
Public Works	1,798,875	257,906	-	2,056,781
Transfer Station	42,790	14,873	-	57,663
Town-wide	4,204,035	-	-	4,204,035
Total General Capital Assets	6,846,794	336,175	-	7,182,969
Less: Accumulated Depreciation	(3,782,069)	(235,160)	-	(4,017,229)
Net General Capital Assets	<u>\$ 3,064,725</u>	<u>\$ 101,015</u>	<u>\$ -</u>	<u>\$ 3,165,740</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, 2020 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 April 9, 2021.

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*.

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
April 9, 2021