

Town of Sebago



Annual Financial Statements
For the Year Ended June 30, 2021

Independently Audited By

Berry·Talbot·Royer
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement 1 Statement of Net Position.....	13
Statement 2 Statement of Activities.....	14
Statement 3 Balance Sheet – Governmental Funds	15
Statement 4 Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Statement 6 Reconciliation of Total Net Change in Fund Balances of Governmental Funds to the Change in Net Position of Governmental Activities.....	18
Statement 7 Statement of Fiduciary Net Position	19
Statement 8 Statement of Changes in Fiduciary Net Position.....	20
Notes to the Basic Financial Statements.....	21
Required Supplementary Information	
Schedule 1 Budgetary Comparison Schedule – General Fund	44
Schedule 2 Schedule of Proportionate Share of the Net Pension Liability	45
Schedule 3 Schedule of Employer Contributions	46
Schedule 4 Schedule of Changes to the OPEB Liability	47
Notes to the Required Supplementary Information	48
Other Supplementary Information	
Schedule 5 Schedule of Departmental Operations	50
Schedule 6 Combining Balance Sheet – Nonmajor Special Revenue Funds.....	52
Schedule 7 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	53
Schedule 8 Schedule of Ending Account Balance Details – Capital Projects Fund.....	54
Schedule 9 Schedule of Changes in Account Balance Details – Capital Projects Fund	55
Schedule 10 Schedule of Changes in Account Balance Details – Pooled Cemetery Fund.....	56
Schedule 11 Schedule of Expenditures of Federal Awards	57
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58



Independent Auditor's Report

Board of Selectmen
Town of Sebago, Maine

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

We did not audit the financial statements of the Sebago School Department, which represents thirteen percent, eight percent, and six percent, respectively, of the assets, fund balance, and revenue of the General Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Sebago, is based solely on the report of the other auditors.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 – 12), a budgetary comparison schedule (Schedule 1), and schedules related to pensions and other post-employment benefits (Schedules 2 – 4), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sebago, Maine's basic financial statements. Schedules 5 through 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 5 through 11 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 5 through 11 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 May 26, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
May 26, 2022

Management's Discussion and Analysis

Town of Sebago
For the Year Ended June 30, 2021

As Town Manager of Sebago, I offer the readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

Financial Highlights

Financial highlights for the past year include the following:

- The Town's assets exceeded its liabilities by \$8,111,828 at the close of the fiscal year. Of this amount, \$4,419,602 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$577,343 as a result of operations throughout the fiscal year, or 7.7%.
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,065,688, an increase of \$410,603 from the prior fiscal year. Of this, \$2,191,360 is unassigned and available for spending at the Town's discretion from the General Fund.
- At the end of the fiscal year, the net increase in the General Fund's fund balance was \$43,412, or 1.7%, from the prior fiscal year.

Overview of the Financial Statements

The Town's basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. The annual financial statements also contain required and other supplementary information.

Government-wide Financial Statements

Government-wide statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector company.

The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, accrued salaries).

In the government-wide financial statements, the Town's activities are reported as *governmental activities*, which encompass general government, public safety, public works, recreation and culture, welfare and social services. The Town does not currently report any business-type activities.

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 uses fund accounting to ensure and demonstrate compliance with the intended purpose of the fund and the proper use of its designated resources. The Town's funds are divided into two categories: governmental funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the governmental-wide financial statement because the resources of those funds are not available to support the Town's own programs.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Reconciliations are provided between the fund financial statements and the government-wide financial statements to assist in this comparison.

Financial Analysis of the Town as a Whole

Table 1
As of June 30, 2021 and 2020
Condensed Statements of Net Position

	2021	2020	\$ Change	% Change
Current assets	\$ 5,501,430	\$ 5,093,660	\$ 407,770	8.0%
Net capital assets	4,010,372	4,104,934	(94,562)	-2.3%
Total assets	9,511,802	9,198,594	313,208	3.4%
Deferred outflows of resources	122,812	66,695		
Current liabilities	472,007	539,662	(67,655)	-12.5%
Long-term liabilities	1,034,093	1,177,997	(143,904)	-12.2%
Total liabilities	1,506,100	1,717,659	(211,559)	-12.3%
Deferred inflows of resources	16,686	13,145	3,541	26.9%
Net investment in capital assets	3,721,385	3,747,355	(25,970)	-0.7%
Restricted net position	(29,159)	(542,351)	513,192	-94.6%
Unrestricted net position	4,419,602	4,329,481	90,121	2.1%
Total net position	<u>\$ 8,111,828</u>	<u>\$ 7,534,485</u>	<u>\$ 577,343</u>	7.7%

Current assets increased by 8.0% overall, or \$408k from the prior year. The increase is mostly driven by increases in cash and equivalents and the accounts receivables. The increases were offset by substantial decreases in the tax and lien receivables and the school's other current assets.

Net capital assets decreased during the year primarily due to much less capitalized items in the current year. During the year, depreciation expense was \$432,384 while the Town added \$337,822 in new capital assets. In the prior year the Town had added \$1,314,433 in new capital assets.

Current liabilities saw a decrease in its net balance during the year by \$67k. This is mostly due to a reduction in accounts payable and the long-term debt due within one year. Long-term liabilities decreased by roughly \$144K. This is a combination of payments on existing debt, and changes in net pension and net OPEB liabilities.

Changes in deferred inflows and outflows of resources are attributable to the change in pensions and OPEB balances. The Town has no control over these accounts, and their balances will fluctuate naturally from year to year as a result in changes in estimates, assumptions, and actuarial calculations.

Most of the Town's net position (54%) is unrestricted and available to be used in future years for the provision of governmental services. Net investment in capital assets (land, buildings, equipment, and infrastructure) make up 46% of total net position and represent the Town's net investment in long-term assets to help deliver goods and services. The restricted portion of net position is negative at year end due to the negative net position of the school department. The school department's separately issued financial statements provide more details.

Table 2
Fiscal Years Ended June 30, 2021 and 2020
Condensed Statements of Activities

	2021	2020	\$ Change	% Change
General revenues	\$ 6,486,889	\$ 6,093,755	\$ 393,134	6.5%
Program revenues	929,573	514,303	415,270	80.7%
Total revenues	7,416,462	6,608,058	808,404	12.2%
General government	575,542	566,919	8,623	1.5%
Public safety	536,685	497,137	39,548	8.0%
Health and sanitation	199,110	188,053	11,057	5.9%
Public works	995,359	434,248	561,111	129.2%
Town properties	56,257	42,479	13,778	32.4%
Recreation and community	61,448	59,023	2,425	4.1%
Education	3,880,901	3,749,467	131,434	3.5%
County tax	280,693	271,566	9,127	3.4%
Debt service	31,477	-	31,477	
Abatements / overlay	4,964	7,273	(2,309)	100.0%
Other expenses	216,683	401,082	(184,399)	-46.0%
Total expenses	6,839,119	6,217,247	621,872	10.0%
Change in net position	577,343	390,811	186,532	47.7%
Beginning net position	7,534,485	7,143,674	390,811	5.5%
Ending net position	\$ 8,111,828	\$ 7,534,485	\$ 577,343	7.7%

Overall, total revenue was up by over \$808k in fiscal year 2021 compared to the prior year. Mostly, this was due to an increase in property taxes (up by about \$207k from the prior year), as well as increased revenues from federal grants and other sources for the school department.

Total expenses increased by \$621,872 compared with the prior year. While the majority of expense lines above saw increases the public works department saw the largest increase of \$561,111.

The net result was an increase in net position of \$577,343. There were no extraordinary items in the current year.

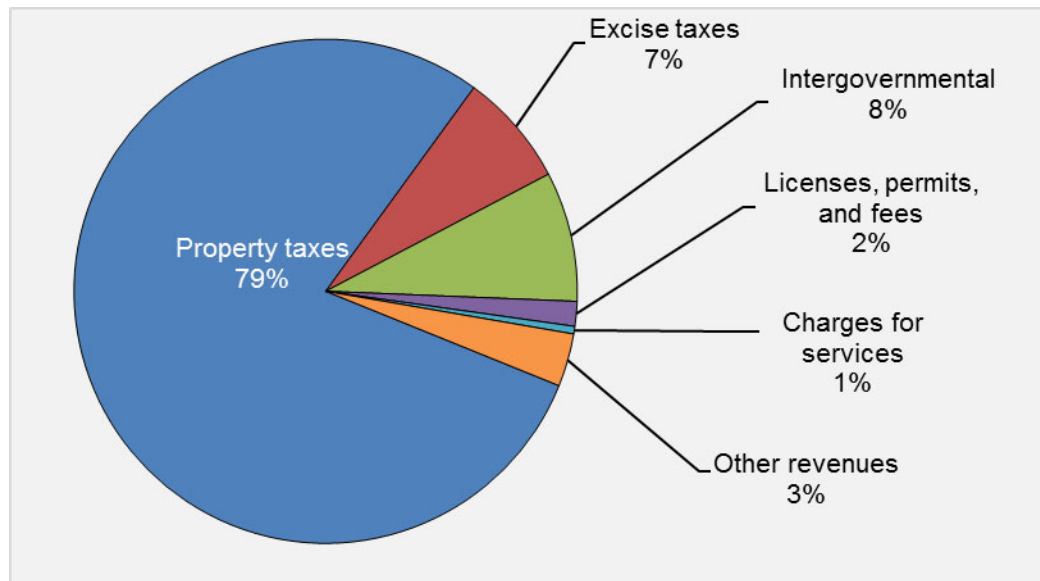
Financial Analysis of the Town's General Fund

The following schedule presents a summary of the General Fund's revenues for the fiscal years ended June 30, 2021 and 2020. Note that the revenues recognized in the General Fund differ from the revenues recognized for total governmental activities (see Table 2) due to (a) differences in measurement focus and accounting basis, as described in Note 1 to the financial statements, and (b) the fact that the General Fund revenues exclude revenues recognized in other funds. General Fund revenues focus on current financial resources available to provide goods and services of basic Town operations.

	2021	% of Total	2020	% of Total
Property taxes	\$ 5,271,452	78.9%	\$ 5,076,574	80.4%
Excise taxes	486,477	7.3%	390,694	6.2%
Intergovernmental	556,533	8.3%	524,332	8.3%
Licenses, permits, and fees	106,153	1.6%	80,133	1.3%
Charges for services	32,529	0.5%	38,243	0.6%
Other revenues	226,827	3.4%	202,304	3.2%
Total general fund revenues	<u>\$ 6,679,971</u>		<u>\$ 6,312,280</u>	

The biggest increase was in excise taxes, and this was primarily due to the continued trend of purchasing or leasing new vehicles.

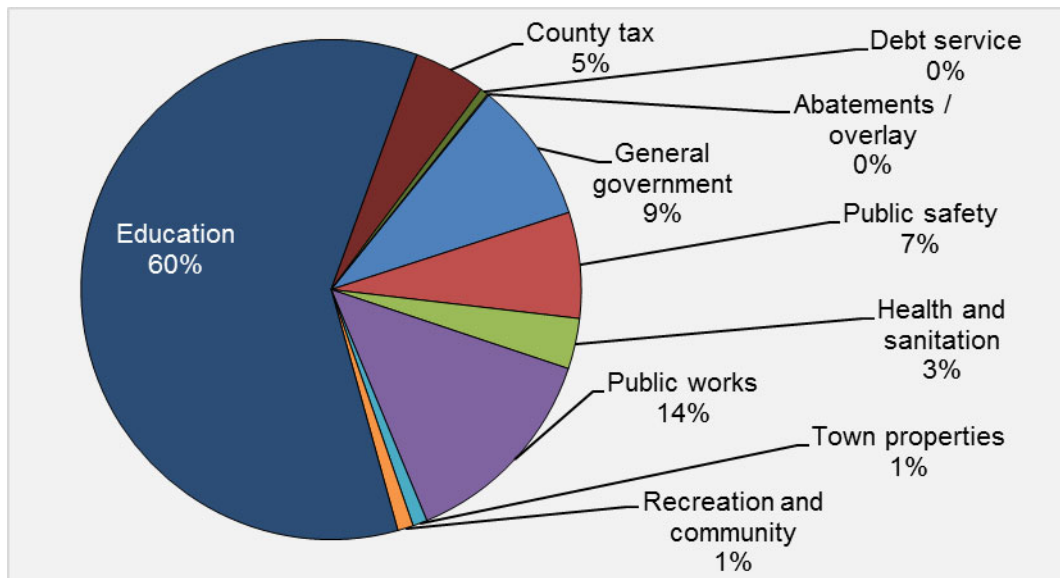
Property taxes make up 79% of the Town's General Fund revenues, with intergovernmental being the next highest with 8%. The other sources of revenue make up the remaining 13% of the total.



The following schedule presents a summary of the General Fund's expenses for the fiscal years ended June 30, 2021 and 2020. Note that the expenditures recognized in the General Fund differ from the expenses recognized for total governmental activities (see Table 2) due to (a) differences in measurement focus and accounting basis, as described in Note 1 to the financial statements, and (b) the fact that the General Fund expenditures exclude expenditures recognized in other funds. General Fund expenditures focus on the consumption of current financial resources in providing goods and services of basic Town operations.

	2021	% of Total	2020	% of Total
General government	\$ 553,074	9.2%	\$ 536,243	8.9%
Public safety	412,304	6.8%	349,471	5.8%
Health and sanitation	197,008	3.3%	185,951	3.1%
Public works	821,210	13.6%	688,799	11.4%
Town properties	56,257	0.9%	42,479	0.7%
Recreation and community	61,448	1.0%	59,023	1.0%
Education	3,607,408	59.9%	3,885,891	64.5%
County tax	280,693	4.7%	271,566	4.5%
Debt service	31,477	0.5%	-	0.0%
Abatements / overlay	4,964	0.1%	7,273	0.1%
Total general fund expenditures	<u>\$ 6,025,843</u>		<u>\$ 6,026,696</u>	

Education expenditures take up 60.2% of the total, while the next three largest categories of expenditures are for public works (13.7%), general government (9.2%), and public safety (6.9%). The remaining departments and categories (e.g., public safety, recreation, etc.) consume only 10% of total general fund expenditures.



As of June 30, 2021, the General Fund's fund balance was \$2,627,673, up by \$43,412 from the prior year. The fund balance is broken down into three components at year end: restricted, assigned, and unassigned. The restricted portion of \$207,423 represents the portion of fund balance that is restricted for future educational expenditures (it is, essentially, the school department's ending fund balance). The assigned portion, \$228,890, represents the amount of fund balance that the Town has budgeted to use in fiscal year 2022 and other minor amounts assigned for specific future expenditure. The unassigned portion of \$2,191,360 represents the accumulated surplus of the General Fund that can be used in future years for any purpose.

Budgetary Analysis of the General Fund

The General Fund is the only fund for which a legal budget is adopted. The original budget is approved at the annual town meeting and can have updates throughout the fiscal year due to statutorily required additions or reductions or due to special town meetings where additional appropriations may be approved.

The Town approves two different parts of its budget – the educational budget and the municipal budget. For ease of comprehension, the budgetary comparison schedule is prepared on a budgetary basis that presents the amounts for education costs as the total amount raised for education and transferred from the municipal accounts to the school department's accounts. This is considered a *perspective difference* from US GAAP. See the notes to the required supplementary information for more details.

The Town's original budget contemplated a \$342,966 deficit (commonly referred to as a "budgeted use of fund balance). The Town had approved \$117,966 in expenditures within the roads / paving account that was carried forward from fiscal year 2020 unexpended balance, and approved at the annual town meeting. The result is that the Town's final budget also had a budgeted deficit of \$342,966.

Total final budgeted expenditures were \$5,743,924. Actual expenditures were \$5,714,059, coming in \$29,865 under budget. Revenues came in at \$285,281 more than budgeted and other financing sources came in with \$726 more than budgeted. All combined, it means the Town used \$315,872 less of fund balance than it had budgeted – instead of using \$342,966, it only used \$27,094 (again, on a budgetary basis).

The Town's Other Governmental Funds

The only major fund, other than the General Fund, that the Town presents separately is the Capital Projects fund. This fund ended the year with a committed fund balance of \$2,228,300. The Capital Projects fund accounts for the various individual capital projects approved to be funded through tax levies. At year end, there were 39 different accounts within the Capital Projects fund that are being accounted for.

The fund's balance at the beginning of the year was \$1,899,561. During the year, the Town transferred in from the General Fund a total of \$578,242 to be added to the individual accounts. Additionally, the fund earned interest totaling \$2,600.94 during the year. During the year, the Town expended \$252,104 from the fund for specific capital purchases. Please see Schedule 9 for further details on the changes within sub-accounts.

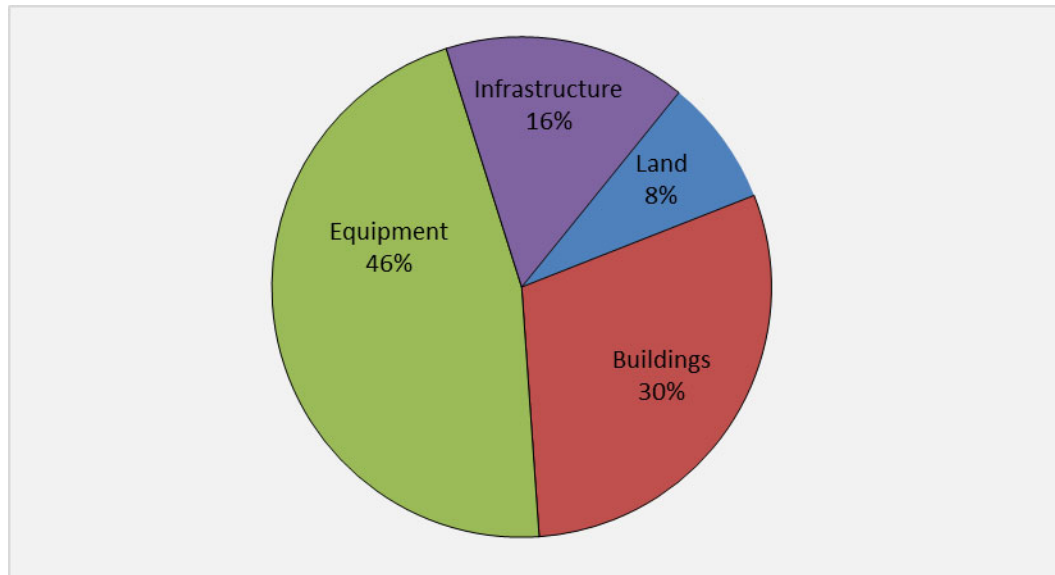
The remainder of the Town's governmental funds are considered non-major. These consist of the EMS Daytime Rescue fund, the Fuel Assistance fund, the FEMA Homeland Security fund, the school department's special revenue funds, and a few other small funds. Their combined revenues during the year totaled \$720,801 – mostly from federal and state education grants. Total expenditures from these other governmental funds were \$727,349 – again, mostly on federal and state grant programs. All told, the non-major governmental funds began the year with fund balances totaling \$171,263 and ended the year with fund balances totaling \$209,715.

Capital Assets

At year end, the Town carried \$4,010,372 in land, buildings, equipment, and infrastructure on its books. This amount represents the historical cost of the assets less accumulated depreciation. Depreciation expense is the allocation of the cost of assets over the course of their useful lives. The table below shows the Town's general capital assets, net of accumulated depreciation, as of June 30, 2021 and 2020.

	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>% of Total</u>
Land	\$ 328,758	8.2%	\$ 328,758	8.0%
Buildings	1,197,184	29.9%	1,111,758	27.1%
Equipment	1,854,147	46.2%	1,921,347	46.8%
Infrastructure	<u>630,283</u>	15.7%	<u>743,071</u>	18.1%
Net capital assets	<u>\$ 4,010,372</u>		<u>\$ 4,104,934</u>	

Changes in capital asset balances from FY20 to FY21 are the net result of capital additions totaling \$337,822 and depreciation expense totaling \$432,384.



Long-term Debt

The Town began the fiscal year with total outstanding debt of just over \$1.3 million. The Town entered into a five-year capital lease for a Kyocera copier, which was an increase to debt of \$5,167. The Town paid off \$557 on the copier lease during 2021. The Town also made its debt payments on the solar and school bonds. The result was that the Town ended the year with total outstanding debt of just under \$1.1 million – a slight decrease from the prior year.

Economic Factors and Next Year's Budget and Rates

In the fall of 2021, a Town wide revaluation was conducted, dropping our mill rate from \$14.35 to \$9.85. Roughly a third of taxpayers saw an increase, a third saw a decrease, and a third remained the same. Due to the revaluation, a modest overlay was budgeted in the event that abatements would have to be granted.

2021 continued to be a year of uncertainty due to COVID. Revenues were very strong as it appears stimulus checks were used to purchase new vehicles and pay taxes. CIP and Budget Committees continued their hard work in creating a budget for the future, not knowing the path the pandemic would take. In May, the voters approved an operating budget of \$2,740,453 for FY22 (excluding school and County)

As we continue to move forward into 2022, I suspect the economy will continue to challenge us. The rising cost of supplies nationwide, will no doubt trickle its way down to our level. We are mindful of the current financial situation and will do our best to budget appropriately to create a budget that is both responsible and adequate.

Contacting the Town's Financial Management

If you have questions about this report or wish to request additional financial information, please contact the Town Manager, Michele Bukoveckas, (207) 787-2457, or by visiting the Town Office at 406 Bridgton Road, Sebago, Maine.

Statement of Net Position

Statement 1

As of June 30, 2021

	Governmental Activities
Assets	
Cash and equivalents	\$ 5,006,796
Accounts receivable	178,073
Taxes and liens receivable	303,111
School's other current assets	13,450
Total current assets	5,501,430
Land	328,758
Other capital assets	7,050,000
Accumulated depreciation	(3,368,386)
Net capital assets	4,010,372
Total Assets	9,511,802
Deferred Outflows of Resources	
Deferred outflows for pensions	72,208
Deferred outflows for other post-employment benefits	50,604
Total Deferred Outflows of Resources	122,812
Liabilities	
Accounts payable	85,020
Accrued expenses	31,658
Customer deposits	7,115
School's accrued wages	155,196
School's other current liabilities	10,742
Long-term debt - due within one year	182,276
Total current liabilities	472,007
Accrued compensated absences	38,259
Long-term debt - due beyond one year	896,724
Net pension liability	28,336
Net other post-employment benefits liability	70,774
Total non-current liabilities	1,034,093
Total Liabilities	1,506,100
Deferred Inflows of Resources	
Prepaid taxes	8,465
Deferred inflows for pensions	7,049
Deferred inflows for other post-employment benefits	1,172
Total Deferred Inflows of Resources	16,686
Net Position	
Net investment in capital assets	3,721,385
Restricted	(29,159)
Unrestricted	4,419,602
Total Net Position	<u>\$ 8,111,828</u>

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

Statement of Activities

Statement 2

For the Year Ended June 30, 2021

Functions / Programs	Program Revenues			Net (Expense)
				Revenue and
				Changes in
	Expenses	Charges for	Operating Grants and	Governmental
		Services	Contributions	Activities
Primary Government				
Governmental Activities				
General government	\$ 575,542	\$ 31,539	\$ 1,244	\$ (542,759)
Public safety	536,685	48,487	-	(488,198)
Health and sanitation	199,110	-	-	(199,110)
Public works	995,359	-	49,848	(945,511)
Town properties	56,257	330	-	(55,927)
Recreation and community	61,448	660	-	(60,788)
Education	3,880,901	324	796,006	(3,084,571)
County tax	280,693	-	-	(280,693)
Debt service	31,477	-	-	(31,477)
Abatements / overlay	4,964	-	-	(4,964)
Other expenses	216,683	-	1,135	(215,548)
Total Primary Government	\$ 6,839,119	\$ 81,340	\$ 848,233	(5,909,546)
General Revenues				
Property taxes				5,284,541
Excise taxes				486,477
Intergovernmental				506,062
Licenses, permits, and fees				106,153
Other revenues				103,656
Total general revenues				6,486,889
Change in Net Position				577,343
Beginning Net Position				7,534,485
Ending Net Position				\$ 8,111,828

Balance Sheet

Statement 3

Governmental Funds

As of June 30, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and equivalents	\$ 2,602,577	\$ 2,224,801	\$ 179,418	\$ 5,006,796
Accounts receivable	48,049	-	130,024	178,073
Taxes receivable	271,668	-	-	271,668
Liens receivable	31,443	-	-	31,443
School's other current assets	10,240	-	3,209	13,449
Due from other funds	127,206	3,499	29,772	160,477
Total Assets	<u>\$ 3,091,183</u>	<u>\$ 2,228,300</u>	<u>\$ 342,423</u>	<u>\$ 5,661,906</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 85,020	\$ -	\$ -	\$ 85,020
Accrued expenses	31,658	-	-	31,658
Customer deposits	7,115	-	-	7,115
School's accrued wages	150,392	-	4,804	155,196
School's other current liabilities	-	-	698	698
Due to other funds	33,271	-	127,206	160,477
Total liabilities	<u>307,456</u>	<u>-</u>	<u>132,708</u>	<u>440,164</u>
Deferred inflows of resources				
Prepaid taxes	8,465	-	-	8,465
Unavailable taxes	147,589	-	-	147,589
Total deferred inflows	<u>156,054</u>	<u>-</u>	<u>-</u>	<u>156,054</u>
Fund balances				
Restricted	207,423	-	25,996	233,419
Committed	-	2,228,300	183,719	2,412,019
Assigned	228,890	-	-	228,890
Unassigned	2,191,360	-	-	2,191,360
Total fund balances	<u>2,627,673</u>	<u>2,228,300</u>	<u>209,715</u>	<u>5,065,688</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,091,183</u>	<u>\$ 2,228,300</u>	<u>\$ 342,423</u>	<u>\$ 5,661,906</u>

**Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities**

Statement 4

As of June 30, 2021

Total governmental fund balances, per Statement 3	\$ 5,065,688
Capital assets reported in the Statement of Net Position are not current financial resources and, therefore, are not reported in the governmental funds.	4,010,372
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued compensated absences payable	(38,259)
Long-term debt and related interest	(1,089,043)
Balances related to pensions and OPEB are not current financial resources or obligations and, therefore, are not recognized in the governmental funds. They are, however, economic resources and obligations and recognized in governmental activities.	
Deferred outflows for pensions and OPEB	122,812
Net pension and OPEB liabilities	(99,110)
Deferred inflows for pensions and OPEB	(8,221)
Deferred outflows and inflows of resources related to unavailable property taxes are not claims on economic resources and, therefore, are not included in the Statement of Net Position	<u>147,589</u>
Net position of governmental activities, per Statement 1	<u><u>\$ 8,111,828</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances

Statement 5

Governmental Funds

For the Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 5,271,452	\$ -	\$ -	\$ 5,271,452
Excise taxes	486,477	-	-	486,477
Intergovernmental	556,533	-	657,883	1,214,416
Licenses, permits, and fees	106,153	-	-	106,153
Charges for services	32,529	-	48,811	81,340
Other revenues	<u>226,827</u>	<u>2,601</u>	<u>14,107</u>	<u>243,535</u>
Total revenues	6,679,971	2,601	720,801	7,403,373
Expenditures				
General government	553,074	-	-	553,074
Public safety	412,304	-	30,286	442,590
Health and sanitation	197,008	-	-	197,008
Public works	821,210	-	-	821,210
Town properties	56,257	-	-	56,257
Recreation and community	61,448	-	-	61,448
Education	3,607,408	-	696,379	4,303,787
County tax	280,693	-	-	280,693
Debt service	31,477	-	-	31,477
Abatements / overlay	4,964	-	-	4,964
Capital projects	-	252,104	-	252,104
Other expenditures	<u>-</u>	<u>-</u>	<u>684</u>	<u>684</u>
Total expenditures	<u>6,025,843</u>	<u>252,104</u>	<u>727,349</u>	<u>7,005,296</u>
Revenue Surplus (Deficit)	654,128	(249,503)	(6,548)	398,077
Other Financing Sources (Uses)				
Sale of property	12,000	-	-	12,000
Insurance proceeds	526	-	-	526
Transfers in	-	578,242	45,000	623,242
Transfers out	<u>(623,242)</u>	<u>-</u>	<u>-</u>	<u>(623,242)</u>
Net other financing	(610,716)	578,242	45,000	12,526
Net Change in Fund Balance	43,412	328,739	38,452	410,603
Beginning Fund Balance	<u>2,584,261</u>	<u>1,899,561</u>	<u>171,263</u>	<u>4,655,085</u>
Ending Fund Balance	<u>\$ 2,627,673</u>	<u>\$ 2,228,300</u>	<u>\$ 209,715</u>	<u>\$ 5,065,688</u>

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

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

Statement 6

For the Year Ended June 30, 2021

Total net change in fund balances of governmental funds, per Statement 5	\$ 410,603
Issuance of new debt is reported as an other financing source in the governmental funds, but is not reported as revenue for governmental activities. Instead, it is reported as increases in long-term debt in the Statement of Net Position.	(5,167)
Repayment of the principal portion of a lease obligation is an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but is not an expense on the Statement of Activities. Also, the change in accrued interest expense from one year to the next is not an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but is an expense adjustment on the Statement of Activities.	
Long-term debt payments	232,038
Change in accrued interest expense	886
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Losses resulting from the disposal of assets are not consumption of current financial resources and, therefore, are not recognized in the fund financial statements. However, they are considered consumption of economic resources and are recognized in the Statement of Activities.	
Capital outlays	337,822
Depreciation expense	(432,384)
Taxes that are not received within 60 days of the end of the period are not considered available current resources in the fund financial statements and, thus, are not recognized in revenue in the current period. However, they are considered economic resources and are recognized in the Statement of Activities.	
Change in unavailable taxes	13,089
Changes to net pension and OPEB liabilities and the changes in deferred inflows and deferred outflows related to pensions and OPEB are not recognized as adjustments to expenditures in the governmental funds, but are recognized as adjustments to expenses of governmental activities.	
Changes in pension-related accounts	12,543
Changes in OPEB-related accounts	2,786
Changes in accrued compensated absences from one period to the next represent expenses in the Statement of Activities, but are not expenditures of current financial resources and, thus, are not recognized in the fund financial statements.	
Change in accrued compensated absences	5,127
Change in Net Position of Governmental Activities, per Statement 2	\$ <u>577,343</u>

Statement of Fiduciary Net Position

Statement 7

Fiduciary Funds

As of June 30, 2021

	Custodial Funds	Private-purpose Trusts		
	Joseph Potter Fitch Fund	Perpetual Care Funds	Pooled Cemetery Funds	Total
Assets				
Cash	\$ 36,860	\$ 25,270	\$ 14,776	\$ 76,906
Liabilities				
Due to others	\$ 36,860	-	-	36,860
Net Position				
Non-expendable		11,400	8,434	19,834
Expendable		13,870	6,342	20,212
Total Net Position		\$ 25,270	\$ 14,776	\$ 40,046

Statement of Changes in Fiduciary Net Position

Statement 8

Fiduciary Funds

For the Year Ended June 30, 2021

	Private-purpose Trusts		
	Perpetual Care Funds	Pooled Cemetery Funds	Total
Additions			
Interest	\$ 28	\$ 19	\$ 47
Lot sales	<u>2,100</u>	<u>-</u>	<u>2,100</u>
Total additions	2,128	19	2,147
Deductions			
For designated purposes	<u>-</u>	<u>769</u>	<u>769</u>
Change in Net Position	2,128	(750)	1,378
Beginning Net Position	<u>23,142</u>	<u>15,526</u>	<u>38,668</u>
Ending Net Position	<u><u>\$ 25,270</u></u>	<u><u>\$ 14,776</u></u>	<u><u>\$ 40,046</u></u>

Note 1 Summary of Significant Accounting Policies**The Reporting Entity**

The Town of Sebago, Maine, incorporated in 1826 operates under a Town Manager-Selectmen form of government. The Board of Selectmen consists of five members elected by the registered voters for three year staggered terms. The financial statements of the Town of Sebago conform to generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

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

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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

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

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

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

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of capital assets. The fund accounts for all of the capital investment projects (CIP) that have been approved by the Town for future expenditures and is considered a major fund.

Governmental funds are reported on a modified accrual, current financial resources basis.

For fiduciary funds, the focus is on fund type rather than reporting by major funds. The Town maintains two types of fiduciary funds - private-purpose trusts and custodial funds.

Private-Purpose Trusts and *Custodial Funds* are used to account for assets received by the Town and held in a trustee capacity. Non-expendable trust funds are those whose principal must be preserved intact. Custodial funds are generally used to account for assets that the government holds on behalf of others as their agent. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are not incorporated into the government-wide statements.

Fiduciary funds are reported on a full accrual, economic resources basis.

Note 1 Summary of Significant Accounting Policies (Continued)**Measurement Focus and Basis of Accounting**

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

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

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

Interfund Transactions

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)**Cash and Equivalents**

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

Accounts Receivable

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Under US GAAP, accounts receivable are to be reported net of an allowance for doubtful accounts. Management makes no allowance for doubtful accounts because it believes if an allowance were estimated, it would not materially affect the balances of accounts receivable or the overall presentation of the financial statements. Historically, the Town has not experienced any significant bad debts, primarily due to its ability to compel payment of taxes through the lien process and through the courts. Other types of significant receivables include amounts due from insurance companies for EMS services rendered and from the State of Maine for intergovernmental revenues. Historically, neither of these sources of recognized revenues has resulted in bad debts.

Capital Assets

Capital assets, which include land, building, equipment, and infrastructure are reported in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives of the assets.

Buildings	15 - 40 years
Equipment	5 - 20 years
Infrastructure	10 years

The cost of normal repairs and maintenance that do not add to the value of the assets or materially extend asset lives are not capitalized.

The Town has elected not to retroactively report their major infrastructure assets acquired prior to 2003.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Accrued Compensated Absences

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (governmental fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town presents deferred outflows of resources related to pensions and other post-employment benefits on the Statement of Net Position.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (governmental fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. On the Statement of Net Position, the Town presents deferred inflows for prepaid property taxes, pensions, and other post-employment benefits. On the Balance Sheet, the Town's deferred inflows of resources consist of prepaid taxes and unavailable property taxes (property taxes not collected within 60 days after the financial statement date).

Net Position Components

Net position in the government-wide financial statements is required to be separated into the following three components:

Net Investment in Capital Assets - This component shows the portion of net position that is the most illiquid. It is tied up in capital assets, net of any depreciation or related debt.

Capital assets	\$ 7,378,758
Accumulated depreciation	(3,368,386)
Capital asset-related debt	<u>(288,987)</u>
Net investment in capital assets	<u>\$ 3,721,385</u>

Restricted - This component shows the portion of net assets that is restricted by external constraints (e.g., grant agreements, laws, regulations, other governments, etc.) to be used only for specified purposes.

Unrestricted - This component shows the remainder of net position that is neither net investment in capital assets nor restricted. It is the portion that may be used for general governmental purposes.

Note 1 Summary of Significant Accounting Policies (Continued)**Fund Balance Components**

In the governmental fund financial statements, fund balance is separated into five possible components that describe the extent to which the Town is bound to observe constraints imposed on the use of those resources, and thus their general accessibility and liquidity. The categories are as follows:

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

Restricted - represents the portion of fund balance which has external or legal restrictions on its use, such as restrictions on use established by grantors, creditors, or due to statutes or other legislation.

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

Assigned - reflects the amounts constrained by the Town's *intent* to be used for specific purposes but are neither restricted nor committed. The subsequent fiscal year's budgeted deficit, often referred to as the *budgeted use of fund balance*, and unexpended appropriations authorized to be carried forward to the next fiscal year are classified as assigned.

Unassigned - represents amounts that are available for any purpose and that are not classified as any other fund balance component.

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

Pensions and Other Post-Employment Benefits (OPEB)

The town's school department (the Department) employees are covered under pension and other post-employment benefits (OPEB) plans. For purposes of measuring the pension liability, deferred outflows and deferred inflows related to pensions, and pension expense, information about the fiduciary net position of the MainePERS State Employee and Teacher (SET) Plan (the Pension Plan) and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For purposes of measuring the Department's OPEB liability, deferred outflows and deferred inflows related to OPEB, and OPEB expense, information about the fiduciary net position of the MainePERS Group Life Insurance (GLI) Plan and the Maine Education Association Benefits Trust (MEABT) Plan (collectively, the OPEB Plans) and additions to/deductions from the OPEB Plans' fiduciary net positions have been determined on the same basis as they are reported by the OPEB Plans.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Due to timing differences between audited information about the plans becoming available from MainePERS and MEABT and the statutorily required deadlines for audited financial statements for the Department, the Department uses measurement dates from the plans' account balances and activities that are 12 months prior to the date of the Statement of Net Position. Appropriate adjustments are made to the Statement of Net Position and Statement of Activity to reflect these divergent measurement dates. The use of the different measurement date is allowed under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Estimates

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

Note 2 Cash**Custodial Credit Risk**

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits. Custodial credit risk of investments is the risk that the Town will not be able to recover the value of its investments with the counterparty. Town policy is that deposits can only be made in financial institutions insured by the FDIC. Deposits that exceed FDIC limits are invested in repurchase agreements with the financial institution.

As of June 30, 2021, all of the Town's municipal deposits held at the financial institution remain FDIC insured or collateralized.

As of June 30, 2021, all of the school department's deposits were insured by the FDIC.

Repurchase Agreements

The Town had repurchase agreements with its financial institution at year end totaling \$4,489,273. Under the repurchase agreement, securities are purchased at a minimum of 105% of the value of the investment. Purchased securities are all government securities that include U.S. Treasury securities, federal agencies, and those of U.S. government-related corporations. All securities are held by the financial institution's trust department in segregated accounts. The carrying value of the repurchase agreements approximates their fair value.

Note 3 Property Taxes

The Town's property taxes for the July 1, 2020, to June 30, 2021, fiscal year were committed on August 18, 2020. Taxes were due semi-annually on November 4, 2020 and May 5, 2021. Unpaid taxes are charged interest of 7.0% per annum. The tax commitment was based on the April 1, 2020 assessed real estate and personal property values totaling \$375,955,039.

The Town is permitted by the laws of the State of Maine to levy taxes to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$7,775.

Property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the governmental funds, the receivables collected during the year and during the first sixty (60) days after June 30, 2021 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues (see Note 1 *Deferred Outflows/Inflows of Resources*).

In addition to the original property tax levy, the Town assessed \$2,372 in supplemental taxes during the year and issued \$4,964 in abatements of FY21 tax levies. Additionally, changes in the balance of unavailable property taxes from the prior fiscal year to the current fiscal year resulted in the recognition of an addition of \$13,089 in property tax revenue on the General Fund's financial statements. All told, property tax revenue recognized in the governmental fund financial statements for fiscal year 2021 is \$5,284,540.

The tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

The following summarizes the fiscal year 2021 levy:

Taxable valuation of real estate	\$ 368,559,140
Taxable valuation of personal property	<u>7,395,899</u>
Total taxable valuation	375,955,039
Property tax rate (per thousand)	<u>14.05</u>
Total property tax levy	<u><u>\$ 5,282,168</u></u>

Collection of fiscal year 2021 taxes levied is as follows:

Original property tax levy	\$ 5,282,168
Supplemental taxes assessed	<u>2,372</u>
Total taxes levied	5,284,540
Current year taxes receivable outstanding	<u>(271,668)</u>
Total current year tax collections	<u><u>\$ 5,012,872</u></u>
Collection rate	94.9%

Note 4 Capital Assets

Capital asset activity during 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable assets				
Land	\$ 328,758	\$ -	\$ -	\$ 328,758
Depreciable assets				
Buildings	1,831,908	133,993	-	1,965,901
Equipment	3,655,713	203,829	(135,863)	3,723,679
Infrastructure	1,360,418	-	-	1,360,418
Total depreciable assets	6,848,039	337,822	(135,863)	7,049,998
Gross capital assets	7,176,797	337,822	(135,863)	7,378,756
Accumulated depreciation				
Buildings	720,150	48,567	-	768,717
Equipment	1,734,366	271,029	(135,863)	1,869,532
Infrastructure	617,347	112,788	-	730,135
Total accumulated depreciation	3,071,863	432,384	(135,863)	3,368,384
Net capital assets	\$ 4,104,934	\$ (94,562)	\$ -	\$ 4,010,372

Depreciation expense was charged to governmental activities functions in the Statement of Activities as follows:

General government	\$ 24,938
Public safety	119,829
Health and sanitation	2,102
Public works	233,148
Education	52,367
Total depreciation expense	\$ 432,384

Note 5 Long-term Debt

The Town's long-term debt activity during the year was as follows:

Beginning balance	\$ 1,305,871
New debt issues	5,167
Principal payments	<u>(232,038)</u>
Ending balance	1,079,000
Amounts due within one year	<u>(182,276)</u>
Amounts due beyond one year	<u>\$ 896,724</u>

As of June 30, 2021, the Town's school department owes MSAD 61 \$790,013 due to withdrawal agreement effectuated on July 1, 2018. This balance represents the remainder of the department's portion (14.33%) of outstanding debt that existed at the time of withdrawal. Effective interest rates on this debt varies from year to year, between -1.42% and 4.33%, resulting in an average effective interest rate of 2.27%. The debt is due to mature in fiscal year 2032.

As of June 30, 2021, the Town's general obligation bond for a solar array had an outstanding balance of \$89,394. The bond was issued in July 2019, carries an interest rate of 2.8%, and requires annual principal and interest payments of \$31,481. The bond matures in July 2024.

The Town's school department general obligation note with an original issue amount of \$240,000 is held by Androscoggin Bank. The purpose of the note was to finance the school's capital improvement plan. It carries an interest rate of 3.21% and requires annual principal and interest payments of \$52,721. The note matures in March 2025. The balance of this note at year end was \$194,983.

The maturities of the outstanding bonds are as follows:

Fiscal year 2022	\$ 182,276
Fiscal year 2023	184,611
Fiscal year 2024	187,012
Fiscal year 2025	156,077
Fiscal years 2026 - 2030	307,734
Fiscal years 2031 - 2032	<u>61,290</u>
Total long-term debt	<u>\$ 1,079,000</u>

Note 6 Contingent Liabilities**State and Federal Grants**

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

Litigation

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

Note 7 Statutory Debt Limit

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of its state valuation. Additionally, no municipality shall incur a debt in the aggregate in excess of 15% of its state valuation. The Town's valuation, per the Maine Revenue Service, as of January 21, 2021, was \$463,600,000, which means its total statutory debt ceiling is \$69,540,000.

Note 8 Risk Management

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

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

Note 9 Interfund Activity

Interfund balances at June 30, 2021, consisted of the following:

	Due From Other Funds	Due To Other Funds
General fund	\$ 127,206	\$ 33,271
Capital projects fund	3,499	-
Other governmental funds	<u>29,772</u>	<u>127,206</u>
Total interfund balances	<u>\$ 160,477</u>	<u>\$ 160,477</u>

The balances represent amounts one fund is owed from or owes to another fund, usually due to the use of a centralized checking account. When this occurs, revenue or expenditures in one fund are received in or expended from another fund's cash account and, therefore, represents an interfund asset or liability, as appropriate.

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

	Transfers In	Transfers Out
General fund	\$ -	\$ 623,242
Capital projects fund	578,242	-
Other governmental funds	<u>45,000</u>	<u>-</u>
Total interfund transfers	<u>\$ 623,242</u>	<u>\$ 623,242</u>

Transfers occur when one fund contributes resources to another fund with no expectation of being repaid. The transfers from the General Fund to the Capital Projects Fund represent the amounts approved at the annual town meeting for additions to new capital improvement projects, along with insurance proceeds earmarked for reinvestment in the Capital Projects Fund. The amounts transferred from the General Fund to other governmental funds were the amounts transferred to the school lunch fund.

Note 10 Fund Balance Components

The General Fund's ending fund balance of \$2,627,673 is composed of the following fund balance types:

	Restricted	Assigned
School Department	\$ 207,423	\$ -
FY22 budgeted use of fund balance	-	225,000
FY22 carryforward - hydrants	<u>-</u>	<u>3,890</u>
Totals	<u>\$ 207,423</u>	<u>\$ 228,890</u>

The remaining \$2,191,360 in the General Fund's fund balance is unassigned.

Note 11 Municipal Retirement Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 408(p) on November 14, 2000. The plan, available to eligible Town employees, permits them to defer a portion of their salary until future years. The Town matches up to 3% of each qualified employees' earnings. An employee who regularly works 20 hours per week and has completed a period of 30 days of consecutive employment may become a participant in this plan. Currently four employees participate in this plan.

Assets of the plan are placed in trusts for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred, including earnings on plan assets, are not included in the Town's financial statements. The Town contributed \$5,697 to the plan for fiscal year 2021.

Note 12 School Department Defined Benefit Pension Plan**General Information about the Pension Plan***Pension Plan Description*

The State Employee and Teacher (SET) Plan is a multiple-employer cost sharing plan with a special funding situation. As of June 30, 2020, there were 237 employers, including the State of Maine (the State), participating in the plan. The State is also a non-employer contributing entity in that the State pays the unfunded actuarial liability (UAL) on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. The Plan is administered by MainePERS.

Pension Benefits

Benefit terms are established in Maine statute. MainePERS' 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 State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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 statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

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

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

Note 12 School Department Defined Benefit Pension Plan (Continued)*Financial Reporting*

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

[http://www.maineopers.org/Publications/Publications.htm#Annual Reports](http://www.maineopers.org/Publications/Publications.htm#Annual%20Reports)

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

The net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured at June 30, 2020, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the Department's financial statements as of June 30, 2021. The Department's deferred outflows of resources related to pensions balance, as of the measurement date, was increased by contributions to pensions made between the measurement date and date of the Statement of Net Position. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

Measured on June 30, 2020, the Department reported a liability for its proportionate share of the plan's net pension liability totaling \$28,336. The Department's proportion of the plan's net pension liability was based on a projection of the Department's long-term share of contributions to the plans relative to the projected contributions of all employers, actuarially determined. Measured on June 30, 2020, the Department's proportion of the SET Plan was 0.001736% of the SET Plan's total net liability which was a decrease of 0.000638% from its proportion measured on June 30, 2019.

Department's proportionate share of the Pension Plan's net pension liability	\$ 28,336
State's proportionate share of the Pension Plan's net pension liability associated with the Department	<u>1,024,439</u>
Total	<u>\$ 1,052,775</u>

For the year ended June 30, 2021, the Department recognized total pension expense of \$171,666. Of this amount, \$125,151 was paid on-behalf of the school department by the State, resulting in a net pension expense of \$46,515 for the Department.

Note 12 School Department Defined Benefit Pension Plan (Continued)

Measured on June 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 906	\$ 600
Difference between projected and actual investment earnings on pension plan investments	1,175	-
Changes of assumptions	-	-
Changes in proportions	11,069	6,449
Department contributions subsequent to the measurement date	<u>59,058</u>	<u>-</u>
Total	<u>\$ 72,208</u>	<u>\$ 7,049</u>

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in the Plan.

Department contributions to the plans subsequent to the measurement date, totaling \$59,058 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year 2022	\$ 7,326
Fiscal year 2023	(3,300)
Fiscal year 2024	1,043
Fiscal year 2025	<u>1,032</u>
Total	<u>\$ 6,101</u>

Note 12 School Department Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

The net pension liability of the SET Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

Significant Actuarial Assumptions

Investment rate of return	6.75% per annum, compounded annually
Inflation rate	2.75%
Annual salary increases, including inflation	2.75%
Cost of living benefit increases	2.20%
Mortality rates	For active members and non-disabled retirees, 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.

Note 12 School Department Defined Benefit Pension Plan (Continued)

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

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

Discount Rate

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

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following table shows how the Department's proportionate share of the plan's net pension liabilities measured as of June 30, 2020, would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 49,143	\$ 28,336	\$ 10,994

Pension Plan Fiduciary Net Position

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

Note 13 School Department Other Post-Employment Benefits Plans

The Department participates in the MainePERS Group Life Insurance (GLI) Plan and the Maine Education Association Benefits Trust (MEABT) Plan. Both of these plans are other post-employment benefit plans.

General Information about the OPEB Plans*GLI OPEB Plan Description*

The Department participates in the Group Life Insurance (GLI) Plan for Retired State Employees and Teachers administered by MainePERS. It is a multiple-employer cost-sharing plan with a special funding situation. As of June 30, 2020, there were 233 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public-school teachers in the plan.

GLI OPEB Plan Benefits

The OPEB plan provides basic group life insurance benefits, during retirement, to school department retirees who participated in the group life insurance plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

GLI OPEB Plan Funding Policy

Premium rates are those determined by MainePERS' Board of Trustees to be actuarially sufficient to pay anticipated claims. The premiums for retiree basic life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State of Maine as the total dollar amount of each year's annual required contribution.

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

The net OPEB liability, deferred inflows of resources and deferred outflows of resources related to OPEB were measured at June 30, 2020, the latest measurement date available, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the Department's financial statements as of June 30, 2021.

The Department currently has no proportionate share of the collective net OPEB liability. Therefore, at June 30, 2021, the Department reported a liability of \$0 for its proportionate share of the net OPEB liability. The State's proportionate share of the net OPEB liability associated with the Department was \$22,137. Likewise, for the year ended June 30, 2021, the Department recognized no OPEB expense related to the MainePERS GLI OPEB Plan.

Note 13 School Department OPEB Plans (Continued)*GLI OPEB Plan Financial Reporting*

Normally, additional disclosures about actuarial methods and assumptions as well as required supplementary information relating to the Department's proportionate share of the collective net OPEB liability and a schedule of the Department's contributions to the OPEB Plan would be presented. However, due to the Department having no liability nor contributions to the plan, these disclosures and schedules would provide no useful information and, thus, have been omitted. On-behalf support from the MDOE for the Plan was \$2,486 and the related benefits expense was \$2,451.

Detailed information about the OPEB plan is available in the separately issued MainePERS financial report, which can be found online at:

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

MEABT OPEB Plan*MEABT OPEB Plan Description*

The Department sponsors a post-retirement benefit plan providing health insurance to retiring school department employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

MEABT OPEB Plan Benefits

MEABT provides healthcare insurance benefits for school department retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for post-retirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and/or spouse.

Member Data

As of June 30, 2020, the plan had 15 active members, 2 retiree, and 0 retiree spouses.

Note 13 School Department OPEB Plans (Continued)*OPEB-Related Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources*

The net OPEB liability, deferred inflows of resources and deferred outflows of resources related to OPEB were measured at June 30, 2020, the latest measurement date available, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Department's net OPEB liability for the MEABT OPEB Plan was \$70,774.

Beginning balance	\$ 25,425
Changes for the year:	
Service cost	881
Interest	912
Changes of benefit terms	(12,608)
Differences between expected and actual experience	41,221
Changes in assumptions or other inputs	15,436
Benefit payments	<u>(493)</u>
Net changes	<u>45,349</u>
Ending balance	<u><u>\$ 70,774</u></u>

Changes in assumptions includes a change in the discount rate from 3.50% in the 2019 measurement year to 2.21% in the 2020 measurement year.

For the year ended June 30, 2021, the Department recognized OPEB expense for the MEABT OPEB Plan of negative \$2,637 (that is, the Department realized a net OPEB income from changes during the year).

As of June 30, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB for the MEABT OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,332	\$ -
Changes in assumptions and other inputs	15,145	1,172
Net difference between expected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>127</u>	<u>-</u>
	<u><u>\$ 50,604</u></u>	<u><u>\$ 1,172</u></u>

Note 13 School Department OPEB Plans (Continued)

Department contributions subsequent to the measurement date will be recognized as OPEB expense in the subsequent fiscal year. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal year ending June 30, 2022	\$ 8,178
Fiscal year ending June 30, 2023	8,178
Fiscal year ending June 30, 2024	8,178
Fiscal year ending June 30, 2025	8,178
Fiscal year ending June 30, 2026	8,181
Fiscal years thereafter	<u>8,412</u>
	<u>\$ 49,305</u>

Actuarial Methods and Assumptions

The Entry Age Normal Actuarial Cost Method was used to value the plan's actuarial liabilities and to set the normal cost. 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 the plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method.

The net OPEB liability was actuarially determined used the following methods and assumptions:

Measurement Date	June 30, 2020
Discount Rate	2.21% for 2020 3.50 % for 2019
Trend Assumptions	Pre-Medicare– Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum Medicare – Initial trend of 0.00% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% per annum.
Mortality Rates	Healthy Annuitants – Based on the 2010 Public Teacher Benefits Weighted Health Retiree Mortality Table adjusted as follows: 98.1% and 87.5%, respectively, of the rates for males before age 85 and females before age 80. Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, further grading down to 0.00% at age 115. Healthy Employees – Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Note 13 School Department OPEB Plans (Continued)

Mortality Rates (continued)	Disabled Annuitants - Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits Weighted Disabled Retiree Mortality Table, respectively, for males and females. The rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.
Salary Rate Increase	Level percentage of pay entry method – 2.75% per year
Family Enrollment Composition	80% are married with an eligible spouse
Spousal Age Differences	Husbands are three years older than their wives
Participation Rates	Retirement – 70% members, 10% spouses Disability – 100% members, 20% spouses
Administrative Expenses	Includes in the per-capita claims costs.

It is assumed that the current plan and cost-sharing structure remains in place for all future years. Retirement rates, rates of turnover, and disability rates are based on the Teacher assumptions for the MainePERS SET Plan.

Sensitivity

Changes in the discount rate and the healthcare trend rate affect the measurement of the Department's net OPEB liability. One percent increases or decreases in the rates used would affect the net OPEB liability as follows:

	Discount Rate Sensitivity		
	1% Decrease (1.21%)	Current Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 87,598	\$ 70,774	\$ 57,778

	Healthcare Trend Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
Net OPEB liability	\$ 56,313	\$ 70,774	\$ 89,991

Actuarial Reports

A more detailed actuarial report may be obtained by contacting the Sebago School Department's Superintendent's Office.

Note 14 Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued, which was the same as the report date.

Budgetary Comparison Schedule

Schedule 1

General Fund - Budgetary Basis
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 5,476,922	\$ 5,282,168	\$ 5,271,452	\$ (10,716)
Excise taxes	300,000	300,000	486,477	186,477
Intergovernmental	82,100	280,144	327,324	47,180
Licenses, permits, and fees	55,388	55,388	106,153	50,765
Charges for services	21,400	21,400	32,529	11,129
Other revenues	28,300	28,300	28,746	446
Total revenues	5,964,110	5,967,400	6,252,681	285,281
Expenditures				
General government	589,177	589,177	553,074	36,103
Public safety	432,232	432,232	412,304	19,928
Health and sanitation	200,850	200,850	197,008	3,842
Public works	769,316	769,316	821,210	(51,894)
Town properties	56,250	56,250	56,257	(7)
Recreation and community organizations	90,530	80,530	61,448	19,082
Education	3,295,625	3,295,625	3,295,625	-
County tax	280,693	280,693	280,693	-
Debt service	28,186	31,476	31,476	-
Abatements / overlay	7,775	7,775	4,964	2,811
Total Expenditures	5,750,634	5,743,924	5,714,059	29,865
Revenue Surplus	213,476	223,476	538,622	315,146
Other Financing Sources (Uses)				
Proceeds from insurance	-	-	526	526
Proceeds from sale of assets	-	-	12,000	12,000
Transfers out	(556,442)	(566,442)	(578,242)	(11,800)
Net other financing sources (uses)	(556,442)	(566,442)	(565,716)	726
Change in Fund Balance	\$ (342,966)	\$ (342,966)	\$ (27,094)	\$ 315,872
Addition to (Use of) Fund Balance				
Assigned	\$ (342,966)	\$ (342,966)	\$ (125,745)	
Unassigned	-	-	98,651	
	\$ (342,966)	\$ (342,966)	\$ (27,094)	

Schedule of Proportionate Share of the Net Pension Liability

Schedule 2

MainePERS State Employees and Teachers Plan

Employer ID: TCSEB

As of the Last Measurement Date*

	2021	2020	20XX	20XX	20XX
A Dept's portion	0.001736%	0.002374%			
B Dept's share	\$ 28,336	\$ 34,800			
C State's share	1,024,439	746,398			
D Total	<u>\$ 1,052,775</u>	<u>\$ 781,198</u>			
E Covered payroll	\$ 835,937	\$ 680,514			
F Payroll %	3.4%	5.1%			
G Net position %	81.0%	82.7%			
	2020	20XX	20XX	20XX	20XX
A Dept's portion					
B Dept's share					
C State's share					
D Total					
E Covered payroll					
F Payroll %					
G Net position %					

- A** The Department's proportion of the Plan's total net pension liability.
B The Department's proportionate share of the Plan's total net pension liability.
C The State's proportionate share of the Plan's total net pension liability associated with the Department.
D The total proportionate share of the Plan's net pension liability that is associated with the Department.
E The Department's covered-employee payroll for the fiscal year.
F The Department's proportionate share (B) as a percentage of its covered-employee payroll (E).
G The Plan's fiduciary net position as a percentage of the Plan's total pension liability.

**Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior.
This schedule is intended to show information for ten years. However, ten years
has not yet passed since implementation of GASB 68.*

Schedule of Employer Contributions

Schedule 3

MainePERS State Employees and Teachers Plan

Employer ID: TCSEB

As of the Last Measurement Date*

	2021	2020	20XX	20XX	20XX
A Required	\$ 58,225	\$ 38,070			
B Actual	<u>58,225</u>	<u>38,070</u>			
C Deficiency	<u>\$ -</u>	<u>\$ -</u>			
D Covered payroll	\$ 987,856	\$ 835,937			
E Payroll %	5.9%	4.6%			

	2020	20XX	20XX	20XX	20XX
A Required					
B Actual					
C Deficiency					
D Covered payroll					
E Payroll %					

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

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

Schedule of Changes to the OPEB Liability

Schedule 4

MEABT Health Insurance OPEB Plan

As of the Last Measurement Date*

	2021	2020	20XX	20XX	20XX
Service cost	\$ 881	\$ 729			
Interest	912	861			
Change of benefits	(12,608)	-			
Experience differences	41,221	-			
Assumption changes	15,436	2,552			
Benefit payments	(493)	(471)			
Net change	45,349	3,671			
Beginning liability	25,425	21,754			
Ending liability	<u>\$ 70,774</u>	<u>\$ 25,425</u>			
Covered payroll	\$ 480,070	\$ 413,095			
Payroll %	3.9%	6.2%			
	2020	20XX	20XX	20XX	20XX
Service cost					
Interest					
Change of benefits					
Experience differences					
Assumption changes					
Benefit payments					
Net change					
Beginning liability					
Ending liability					
Covered payroll					
Payroll %					

*Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior.

This schedule is intended to show information for ten years. However, ten years has not yet passed since implementation of GASB 68.

Note 1 Budgetary Accounting

Each year a budget is adopted for the general fund. The budget is presented on the budgetary basis, which differs slightly from the modified accrual basis of accounting, upon which the General Fund's financial statements are presented. Formal budgetary integration is employed as a management control device during the year for the general fund.

Note 2 Budgetary Basis to GAAP Basis Reconciliation

The Town's budgetary basis contains a perspective difference from the GAAP basis financial statements with regard to education revenues and expenditures. On a GAAP basis, all revenues and expenditures related to the school department are presented as part of the General Fund's total revenues and expenditures. On a budgetary basis, none of the school department's General Fund revenues are included (other than property taxes levied for education) and only the amounts transferred from the municipal accounts to the school department's accounts are presented as General Fund expenditures.

The reconciliation between the budgetary basis and GAAP basis is as follows:

Total revenues on the budgetary basis (Schedule 1)	\$ 6,252,681
Plus: School department non-tax revenues	<u>427,290</u>
Total revenues on the GAAP basis (Statement 5)	<u>\$ 6,679,971</u>
 Total expenditures on the budgetary basis (Schedule 1)	 \$ 5,714,059
Less: Budgetary basis education expenditures (Schedule 1)	(3,295,625)
Less: GAAP basis education expenditures (Statement 5)	<u>3,607,408</u>
Total expenditures on the GAAP basis (Statement 5)	<u>\$ 6,025,843</u>
 Net other financing on the budgetary basis (Schedule 1)	 \$ (565,716)
Less: School department transfers out	<u>(45,000)</u>
Total expenditures on the GAAP basis (Statement 5)	<u>\$ (610,716)</u>

Note 3 Original and Final Budget Differences

The original budget is the appropriated budget in place before the start of the fiscal year. The final budget includes any changes made to the original budget during the fiscal year. The differences between the original and final budgets are as follows:

- Homestead reimbursement, BETE reimbursement, and the property tax levy estimates were updated at the commitment date as a result of revised calculations. The net increase in budgeted revenues was \$3,290, all of which was off-set with a budgeted overlay expenditure, resulting in no net effect to the budgeted deficit.
- The Town had approved to transfer \$10,000 from the original recreation and community organizations budget and transfer the amount into the CIP fund for future beach restoration work.

The net effect of the change above left the budgeted deficit (budgeted use of fund balance) unchanged at \$342,966. Actual results of operations was a surplus of \$315,872.

Note 4 Over-expended Budget Lines

The following expenditure line items were over budget in fiscal year 2021, by the amounts below.

Public works	\$ (51,894)
Town properties	<u>(7)</u>
Total over-expenditures	<u>\$ (51,901)</u>

Note 5 Changes in Assumptions and Methods for Pensions and OPEB

There were no significant changes in the assumptions and methods used for actuarial calculations for the MainePERS Pension Plan.

The only significant change in the assumptions and methods used for actuarial calculations for the MEABT OPEB Plan was a change in the discount rate from 3.50% to 2.21%.

Schedule of Departmental Operations

Schedule 5

For the Year Ended June 30, 2021

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Amounts Carried Forward
General Government				
Administration	\$ 330,722	\$ 303,395	\$ 27,327	\$ -
Selectmen	16,670	16,320	350	-
Town manager	67,030	66,198	832	-
Clerk / tax collector	93,000	90,715	2,285	-
Code enforcement	57,600	58,948	(1,348)	-
Health officer	2,830	2,534	296	-
General assistance	11,075	4,870	6,205	-
Elections	3,200	3,494	(294)	-
Appeals board	225	-	225	-
Planning board	225	-	225	-
Service providers	6,600	6,600	-	-
Special committees	-	-	-	-
Total general government	589,177	553,074	36,103	-
Public Safety				
Alarms	5,700	5,611	89	-
Animal control	8,719	8,219	500	-
Rescue	61,150	58,395	2,755	-
Daytime rescue	236,300	235,456	844	-
Fire	105,700	90,155	15,545	-
Dispatch	14,663	14,468	195	-
Total public safety	432,232	412,304	19,928	-
Health and Sanitation				
Solid waste	191,850	185,843	6,007	-
Hazardous waste	9,000	11,165	(2,165)	-
Total health and sanitation	200,850	197,008	3,842	-
Public Works				
Roads	421,366	451,244	(29,878)	-
Snow removal	347,950	369,966	(22,016)	-
Total public works	769,316	821,210	(51,894)	-

Schedule of Departmental Operations

Schedule 5 (Continued)

For the Year Ended June 30, 2021

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Appropriations Carried Forward
Town Properties				
Street lights	\$ 7,000	\$ 6,613	\$ 387	\$ -
Town hall	15,300	12,120	3,180	-
Town office	11,500	8,975	2,525	-
Town garage	14,000	19,970	(5,970)	-
Sebago veterans' memorial park	950	895	55	-
Sebago cemetery	150	150	-	-
Associated cemeteries	500	500	-	-
Small cemeteries	3,500	3,732	(232)	-
Historical society	3,350	3,302	48	-
Total town properties	56,250	56,257	(7)	-
Recreation				
Sebago days	5,400	5,400	-	-
Memorial day	300	300	-	-
Recreation administration	21,750	10,970	10,780	-
Douglas mountain	1,330	683	647	-
Town beach	9,250	10,021	(771)	-
Softball	4,700	1,814	2,886	-
SYAA	4,500	4,500	-	-
Soccer	4,000	1,955	2,045	-
Basketball	3,500	5	3,495	-
Library	22,000	22,000	-	-
Food pantry	3,800	3,800	-	-
Total recreation	80,530	61,448	19,082	-
Other Expenditures				
Education*	3,295,625	3,295,625	-	-
County tax	280,693	280,693	-	-
Debt service	31,476	31,476	-	-
Overlay / Abatements	7,775	4,964	2,811	-
Total fixed charges	3,615,569	3,612,758	2,811	-
Total All Departments	<u>\$ 5,743,924</u>	<u>\$ 5,714,059</u>	<u>\$ 29,865</u>	<u>\$ -</u>

*For this schedule, Education figures are presented on a budgetary basis instead of a GAAP basis.

Combining Balance Sheet

Schedule 6

Nonmajor Municipal Special Revenue Funds*

As of June 30, 2021

	Assets			
	Cash	Accounts Receivable	Due From Other Funds	Total Assets
EMS daytime rescue	\$ 179,253	\$ 11,289	\$ -	\$ 190,542
Fuel assistance fund	-	-	9,785	9,785
FEMA Covid-19	-	-	-	-
Adelphia cable TV equipment	-	-	555	555
Teddy bear fund	165	-	-	165
Total	<u>\$ 179,418</u>	<u>\$ 11,289</u>	<u>\$ 10,340</u>	<u>\$ 201,047</u>

	Liabilities and Fund Balance		
	Due To Other Funds	Fund Balance	Total L & FB
EMS daytime rescue	\$ 13,460	\$ 177,083	\$ 190,542
Fuel assistance fund	3,150	6,635	9,785
FEMA Covid-19	-	-	-
Adelphia cable TV equipment	265	290	555
Teddy bear fund	-	165	165
Total	<u>\$ 16,875</u>	<u>\$ 184,173</u>	<u>\$ 201,047</u>

**This schedule excludes the School Department's non-major special revenue funds.
For details of the School Department's special revenue funds,
see the Department's separately issued financial statements.*

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

Schedule 7

Nonmajor Municipal Special Revenue Funds*

For the Year Ended June 30, 2021

	Beginning Balance	Revenue	Transfers In / (Out)	Expenditures	Ending Balance
EMS daytime rescue	\$ 158,882	\$ 48,487	\$ -	\$ (30,286)	\$ 177,083
Fuel assistance fund	6,185	1,134	-	(684)	6,635
Adelphia cable TV equipment	290	-	-	-	290
Teddy bear fund	164	1	-	-	165
Total	<u>\$ 165,521</u>	<u>\$ 49,622</u>	<u>\$ -</u>	<u>\$ (30,970)</u>	<u>\$ 184,173</u>

**This schedule excludes the School Department's non-major special revenue funds.
For details of the School Department's special revenue funds,
see the Department's separately issued financial statements.*

Schedule of Ending Account Balance Details

Schedule 8

Capital Projects Fund

As of June 30, 2021

	Assets			Liabilities & Fund Balance	
	Cash	Due From Other Funds	Total Assets	Liabilities	Fund Balance
Plow truck #1	\$ 95,607	\$ -	\$ 95,607	\$ -	\$ 95,607
Plow truck #2	57,224	-	57,224	-	57,224
4x4 backhoe	66,362	-	66,362	-	66,362
Plow truck #3	22,849	-	22,849	-	22,849
Rescue ambulance	133,225	-	133,225	-	133,225
Folly bridge reserve	1,951	-	1,951	-	1,951
Fire engine #1	113,718	-	113,718	-	113,718
Fire engine #3	200,830	-	200,830	-	200,830
Fire engine #4	431,215	-	431,215	-	431,215
Boat	26,647	-	26,647	-	26,647
Revaluation	13,560	-	13,560	-	13,560
Municipal building	9,257	3,499	12,756	-	12,756
Fire truck tank #1	230,327	-	230,327	-	230,327
Fire truck tank #2	35,609	-	35,609	-	35,609
SCBA	10,476	-	10,476	-	10,476
Town hall parking lot	52,225	-	52,225	-	52,225
Trash compactor	1,250	-	1,250	-	1,250
Transfer station enhancements	7	-	7	-	7
1-ton dump truck	10,410	-	10,410	-	10,410
Public safety building	26,914	-	26,914	-	26,914
Radio repeater	5,000	-	5,000	-	5,000
Land acquisition	74,207	-	74,207	-	74,207
Roll-off truck	24,200	-	24,200	-	24,200
Forestry truck #1	18,051	-	18,051	-	18,051
Public works storage	5	-	5	-	5
Drainage	2,002	-	2,002	-	2,002
Server	9,282	-	9,282	-	9,282
Stretcher	4,604	-	4,604	-	4,604
Public works truck	4,682	-	4,682	-	4,682
50 yard	1,289	-	1,289	-	1,289
Cardiac monitor	29,228	-	29,228	-	29,228
Grader	5,552	-	5,552	-	5,552
Jaws	12,667	-	12,667	-	12,667
Roads and equipment	33,121	-	33,121	-	33,121
Excavator	102,257	-	102,257	-	102,257
Fit Testing	-	-	-	-	-
Emergency generators	16,893	-	16,893	-	16,893
Cascade system	1,001	-	1,001	-	1,001
Public safety building investment	331,096	-	331,096	-	331,096
Beach restoration	10,001	-	10,001	-	10,001
Total	<u>\$ 2,224,801</u>	<u>\$ 3,499</u>	<u>\$ 2,228,300</u>	<u>\$ -</u>	<u>\$ 2,228,300</u>

Schedule of Changes in Account Balance Details

Schedule 9

Capital Projects Fund

For the Year Ended June 30, 2021

	Beginning Balance	Revenue	Transfers In / (Out)	Expenditures	Ending Balance
Plow truck #1	\$ 75,791	\$ 107	\$ 19,709	\$ -	\$ 95,607
Plow truck #2	32,469	59	24,696	-	57,224
4x4 backhoe	57,442	76	8,844	-	66,362
Plow truck #3	113	19	22,717	-	22,849
Rescue ambulance	102,534	148	30,543	-	133,225
Folly bridge reserve	1,949	2	-	-	1,951
Fire engine #2	65,798	101	47,819	-	113,718
Fire engine #3	191,934	236	8,660	-	200,830
Fire engine #4	393,868	501	36,846	-	431,215
Boat	22,538	30	4,079	-	26,647
Revaluation	98,863	113	42,124	(127,540)	13,560
Municipal building	17,255	38	3,486	(8,023)	12,756
Fire truck tank #1	206,824	266	23,237	-	230,327
Fire truck tank #2	1,828	28	33,753	-	35,609
SCBA	234	9	10,233	-	10,476
Town hall parking lot	40,196	59	11,970	-	52,225
Trash compactor	4	1	1,245	-	1,250
Transfer station enhancements	7	-	-	-	7
1-ton dump truck	4,262	11	6,137	-	10,410
Public safety building	26,882	32	-	-	26,914
Radio repeater	3,694	5	1,301	-	5,000
Land acquisition	74,118	89	-	-	74,207
Roll-off truck	30,023	27	7,580	(13,430)	24,200
Forestry truck #1	8,073	18	9,960	-	18,051
Public works storage	5	-	-	-	5
Drainage	-	2	2,000	-	2,002
Server	7,588	10	1,684	-	9,282
Stretcher	-	4	4,600	-	4,604
Public works truck	458	4	4,220	-	4,682
50 yard	2	2	1,285	-	1,289
Cardiac monitor	26,028	33	3,167	-	29,228
Grader	15,290	8	49,254	(59,000)	5,552
Jaws	-	11	12,656	-	12,667
Roads and equipment	47,690	56	-	(14,625)	33,121
Excavator	78,152	113	23,992	-	102,257
Fit testing	-	-	2,800	(2,800)	-
Emergency generators	13,684	19	3,190	-	16,893
Cascade system	24,129	4	2,602	(25,734)	1,001
Public safety building investment	229,836	359	101,853	(952)	331,096
Beach restoration	-	1	10,000	-	10,001
Total	<u>\$ 1,899,561</u>	<u>\$ 2,601</u>	<u>\$ 578,242</u>	<u>\$ (252,104)</u>	<u>\$ 2,228,300</u>

Schedule of Changes in Account Balance Details

Schedule 10

Pooled Cemetery Fund

For the Year Ended June 30, 2021

	Beginning Balance	Additions	Deductions	Ending Balance
Pooled Cemetery Funds				
W. Fitch - Route 107	\$ 1,032	\$ 1	\$ (560)	\$ 473
E. Martin	1,369	1	-	1,370
N. & J. Chadbourne	506	-	(5)	501
F. Fitch - Fitch's Store	889	1	(204)	686
L.P. Fitch	1,501	1	-	1,502
L. Meserve - Poor Cemetery	1,044	1	-	1,045
Haley Cemetery Trust Fund	9,185	14	-	9,199
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 15,526</u>	<u>\$ 19</u>	<u>\$ (769)</u>	<u>\$ 14,776</u>

Schedule of Expenditures of Federal Awards

Schedule 11

For the Year Ended June 30, 2021

Federal Grantor Program Title	Federal CFDA Number	State Passthrough Number	Expenditures
Federal Communications Commission			
E-Rate Program (USF - Schools & Libraries)	32.004	N/A	\$ 17,469
U.S. Department of Education			
Title V, Part B - Rural Education Achievement Program	84.358A		15,380
Passed through Maine Department of Education:			
Title I, Part A - Education for the Disadvantaged	84.010	013-05A-3107-13	38,700
Title I, Part A - Program Improvement	84.010	013-05A-3106-13	
Title II, Part A - Improving Teacher Quality	84.367	013-05A-3042-11	
Title IV, Part A - Student Support & Academic Enrichment	84.424	013-05A-3345-66	
ESSER1 Grant	84.425D	013-05A-7006-90	19,008
ESSER2 Grant	84.425D	013-05A-7041-90	78,595
<i>Special Education (IDEA) Cluster</i>			
Special Education (Local Entitlement)	84.027	013-05A-3046-12	60,382
Special Education (Preschool Handicapped)	84.173	013-05A-6247-23	526
<i>Total U.S. Department of Education Award Expenditures</i>			212,591
U.S. Department of the Treasury			
Passed through Maine Department of Education:			
Coronavirus Relief Fund 1	21.019	022-05A-7010-60	120,473
Coronavirus Relief Fund 2	21.019	022-05A-7015-60	150,342
Coronavirus Relief Fund 2 Re-allocated	21.019	022-05A-7017-60	83,000
<i>Total U.S. Department of Treasury Award Expenditures</i>			353,815
U.S. Department of Agriculture			
Passed through Maine Department of Education:			
<i>Child Nutrition Cluster</i>			
National School Lunch Program - Cash Assistance	10.555	013-05A-3022-05	708
National School Lunch Program - Commodities	10.555	013-05A-3012-05	3,522
National School Lunch Program - Summer Food Service	10.559	013-05A-3016-05	54,713
National School Lunch Program - Summer Food Service Admin	10.559	013-05A-3018-05	5,640
Nutrition Equipment Assistance	10.555	013-05A-3075-05	5,025
<i>Total U.S. Department of Agriculture Award Expenditures</i>			69,608
Total Expenditures of Federal Awards			<u><u>\$ 653,483</u></u>

Note 1

The significant accounting policies used in preparing this schedule are the same as those for the primary government. See Note 1 of the Notes to the Basic Financial Statements.

Note 2

There were no indirect costs related to the presented expenditures of federal awards.



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

Board of Selectmen
Town of Sebago, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Sebago, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Sebago's basic financial statements, and have issued our report thereon dated May 26, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Sebago's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
May 26, 2022