



Proven Expertise & Integrity

August 16, 2023

Selectboard
Town of Eliot
1333 State Road
Eliot, ME 03903

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eliot as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Eliot's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town of Eliot's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Town of Eliot. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Selectboard, management, and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2022, where we expressed an unmodified opinion on our independent auditors' report dated August 11, 2023.

Bank Reconciliations:

While performing the audit for the above-mentioned fiscal year, we noted that the Town does not reconcile its general fund operating bank statement to the general ledger. We recommend that all bank statements are reconciled to the general ledger to help ensure that all cash transactions are reconciled, to help ensure accuracy and completeness of transactions in the correct reporting period and to help avoid material misstatements in the financial statements.

While performing the audit for the above-mentioned fiscal year, we noted that the Town has outstanding checks remaining on bank reconciliations that were older than 6 months from the date of issuance. We recommend that management establish procedures that address all outstanding checks that are older than 6 months from the date of issuance to help ensure accuracy and completeness of transactions in the correct reporting period and to help avoid material misstatements in the financial statements. (Some examples of ways to address these checks are: voiding and reissuing a new check to the payee, contacting the payee directly, submitting the payment information through the State's Unclaimed Property Program for payees who cannot be contacted or who do not respond.)

While performing the audit for the above-mentioned fiscal year, we noted that bank reconciliations are not reviewed and signed off on by an employee other than the preparer. We recommend that all bank reconciliations be reviewed, dated, and signed off on by another employee with knowledge of the fiscal operations to provide complete oversight.

Cash Disbursements:

While performing the audit for the above-mentioned fiscal year, we noted an instance where the documentation for a disbursement did not match the disbursement issued. We recommend that management review and revise its procedures to require that documentation be on file to substantiate all disbursements made from its financial institution in compliance with generally accepted accounting principles (GAAP), to help ensure that all transactions are properly recorded, to help reduce the risk of loss and to help avoid material misstatements in the financial statements.

While performing the audit for the above-mentioned fiscal year, we noted some disbursement documentation included details that appeared to indicate tax was charged to the Town by the vendor. We recommend that management review and revise its procedures to ensure that all purchases are properly processed by vendors under the Town's tax-exempt ID, as issued by the State, to help reduce the risk of fraud and to help ensure that cash disbursements are not issued by the Town which include tax.

Budget:

While performing the audit for the above-mentioned fiscal year, we noted that the Town did not have an accurate budget posted in its financial accounting software. We recommend that management review and revise its procedures to ensure that the legally adopted appropriation budget is used in all applicable reports to provide accurate financial information to the Selectboard and the public.

General Accounting:

While performing the audit for the above-mentioned fiscal year, we noted that general ledger accounts were not being reconciled in a timely manner throughout the year. We recommend that all general ledger accounts be reconciled on a monthly basis within 30 days from the date of the month end and, when, necessary to subsidiary ledgers, to help ensure accuracy and completeness of transactions in the correct reporting period and to help avoid material misstatements in the financial statements.

Cash Handling Procedures:

While performing the audit for the above-mentioned fiscal year, we noted that the Town had no formal procedures for cash collection and security of funds at the various cash handling sites throughout the Town. We recommend that management review and revise its cash collection and security procedures for all Town sites to help ensure the accuracy and security of receipted funds from the time of collection through to the time the funds are deposited to its financial institution, to help reduce the risk of fraud and to help ensure accuracy and completeness of transactions in the correct reporting period.

Accounting Procedures:

While performing the audit for the above-mentioned fiscal year, we noted that financial transactions like transfers, actual reserve expenditures are not properly classified in the Town's financial accounting software. We recommend that management review and revise its procedures to help ensure that all transactions are properly recorded in its financial accounting software in compliance with generally accepted accounting principles (GAAP) and to help avoid material misstatements in the financial statements.

We would like to thank Kristen and all of the staff at the Town of Eliot for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in cursive script that reads "RHR Smith & Company".

RHR Smith & Company, CPAs



Proven Expertise & Integrity

August 16, 2023

Selectboard
Town of Eliot
1333 State Road
Eliot, Maine 03903

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Eliot for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 15, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Eliot are described in Note 1 of Notes to Financial Statements. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Town of Eliot changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 87, "*Leases*", GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates (paragraphs 13-14)*" and GASB Statement No. 97, "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue code Section 457 Deferred Compensation Plans*" in 2022. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Eliot's financial statements were:

- Fair value of investments
- Depreciation expense which is based on the estimated useful lives of capital assets
- Pension and OPEB related assets, liabilities and revenues/expenses which are based on actuarial valuations
- Accrued compensated absences
- Deferred property tax revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the deposits and investments, capital assets and other long-term obligations footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We identified and proposed adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 20, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town of Eliot’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Eliot’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to management of the Town of Eliot in a separate letter dated August 16, 2023.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Selectboard and management of the Town of Eliot and is not intended to be and should not be, used by anyone other than these specified parties.

Very Best,

RHR Smith & Company

RHR Smith & Company, CPAs

Audited Financial Statements
and Other Financial Information

Town of Eliot, Maine

June 30, 2022



Proven Expertise & Integrity

TOWN OF ELIOT, MAINE

CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
NOTES TO FINANCIAL STATEMENTS	24 - 63
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	64

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	65
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	66
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	67
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	68
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	69
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	70
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	71
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	72
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	73 - 74
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	75
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	76
SPECIAL REVENUE FUNDS DESCRIPTION	77
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	78 - 80
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	81 - 83
CAPITAL PROJECTS FUNDS DESCRIPTION	84
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	85 - 87

SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	88 - 90
PERMANENT FUNDS DESCRIPTION	91
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	92
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	93
GENERAL CAPITAL ASSETS DESCRIPTION	94
SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	95
SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	96

FEDERAL COMPLIANCE

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>	97 - 98
--	---------



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Eliot
Eliot, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Eliot, Maine as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town of Eliot, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Eliot, Maine as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Eliot, Maine 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 of Eliot, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 of Eliot, Maine'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 doubt about the Town of Eliot, Maine'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, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 65 through 71 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Eliot, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements 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 August 16, 2023, on our consideration of the Town of Eliot, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the Town of Eliot, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Eliot, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
August 16, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(UNAUDITED)

The following management's discussion and analysis of the Town of Eliot, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town of Eliot, Maine's financial statements.

Financial Statement Overview

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

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

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

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

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Eliot are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, recreation and culture, health and sanitation, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Eliot include the sewer fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Eliot, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Eliot can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These

reconciliations are presented on the page immediately following each governmental fund's financial statement.

The Town of Eliot presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the Route 236 TIF District. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Proprietary Funds: The Town of Eliot maintains one proprietary fund, the sewer fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total governmental net position increased by \$1,816,353 from \$15,951,239 to \$17,767,592. The Town's total business-type net position increased by \$556,350 from \$2,565,317 to \$3,121,667.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$6,580,639 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$1,067,588.

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

	Governmental Activities		Business-type Activities	
	2022	2021 (Restated)	2022	2021
Assets				
Current Assets	\$ 14,428,709	\$ 13,230,428	\$ 1,067,588	\$ 861,193
Noncurrent Assets - Capital	5,366,565	4,522,238	3,440,592	3,176,206
Total Assets	<u>19,795,274</u>	<u>17,752,666</u>	<u>4,508,180</u>	<u>4,037,399</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	576,037	353,862	-	-
Deferred Outflows Related to OPEB	60,019	51,480	-	-
Total Deferred Outflows of Resources	<u>636,056</u>	<u>405,342</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities	488,501	346,082	80,341	85,569
Noncurrent Liabilities	772,458	1,775,445	1,306,172	1,386,513
Total Liabilities	<u>1,260,959</u>	<u>2,121,527</u>	<u>1,386,513</u>	<u>1,472,082</u>
Deferred Inflows of Resources				
Prepaid Taxes	25,905	24,505	-	-
Deferred Inflows Related to Pensions	1,322,921	45,935	-	-
Deferred Inflows Related to OPEB	53,953	14,802	-	-
Total Deferred Inflows of Resources	<u>1,402,779</u>	<u>85,242</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	4,716,666	4,303,145	2,054,079	1,710,148
Restricted	6,470,287	6,096,255	-	-
Unrestricted	6,580,639	5,551,839	1,067,588	855,169
Total Net Position	<u>\$ 17,767,592</u>	<u>\$ 15,951,239</u>	<u>\$ 3,121,667</u>	<u>\$ 2,565,317</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.19%, while total expenses increased by 8.91%. The biggest increase in revenues was in operating grants and contributions and property taxes. The largest increase in expenses was in unclassified. Revenues for the Town's business-type activities decreased by 5.75% and expenses increased by 0.53%.

Table 2
Town of Eliot, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 830,472	\$ 628,500	\$ 576,735	\$ 617,648
Operating grants and contributions	735,507	7,362	-	-
<i>General revenues:</i>				
Property taxes	15,160,105	14,468,844	-	-
Excise taxes	1,686,109	1,719,864	-	-
Grants and contributions not restricted to specific programs	1,457,749	1,101,095	-	-
Miscellaneous	(127,573)	322,726	9,802	4,693
Total revenues	19,742,369	18,248,391	586,537	622,341
Expenses				
General government	1,453,732	1,681,726	-	-
Public safety	1,787,536	1,615,469	-	-
Public works	1,343,522	1,461,722	-	-
Recreation and culture	378,254	357,649	-	-
Health and sanitation	269,856	254,508	-	-
Education	10,518,719	10,204,534	-	-
County tax	504,239	518,839	-	-
Unclassified	933,379	50,182	-	-
Capital outlay	392,184	-	-	-
Interest on long-term debt	2,740	526	18,953	19,745
Sewer	-	-	353,089	350,329
Total expenses	17,584,161	16,145,155	372,042	370,074
Excess (deficiency) before transfers	2,158,208	2,103,236	214,495	252,267
Transfers	(341,855)	(237,490)	341,855	237,490
Change in net position	1,816,353	1,865,746	556,350	489,757
Net position - July 1, Restated	15,951,239	14,085,493	2,565,317	2,075,560
Net position - June 30	\$ 17,767,592	\$ 15,951,239	\$ 3,121,667	\$ 2,565,317

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

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

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Restricted	\$ -	\$ 21,040	\$ (21,040)
Committed	348,091	-	348,091
Unassigned	5,388,225	4,911,553	476,672
Total General Fund	<u>\$ 5,736,316</u>	<u>\$ 4,932,593</u>	<u>\$ 803,723</u>
Route 236 TIF District:			
Restricted	\$ 5,654,123	\$ 5,941,231	\$ (287,108)
Total Route 236 TIF District	<u>\$ 5,654,123</u>	<u>\$ 5,941,231</u>	<u>\$ (287,108)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 667,026	\$ -	\$ 667,026
Committed	660,354	664,588	(4,234)
Unassigned	(5,003)	(5,003)	-
Capital Projects Funds:			
Restricted	109,282	89,433	19,849
Committed	1,100,154	1,120,109	(19,955)
Unassigned	(13,101)	(43,423)	30,322
Permanent Funds:			
Restricted	39,856	44,551	(4,695)
Assigned	2,571	2,571	-
Total Nonmajor Funds	<u>\$ 2,561,139</u>	<u>\$ 1,872,826</u>	<u>\$ 688,313</u>

The changes to total fund balances for the general fund, route 236 TIF district and aggregate remaining nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer fund had an increase in net position for the year of \$556,350.

Budgetary Highlights

The difference between the original and final budget for the general fund was the budgeted use of applied revenue and use of unassigned fund balance.

The general fund actual revenues were under budgeted amounts by \$122,842. This was the result of all revenues being receipted under budgeted amounts with the exception of taxes - property taxes, intergovernmental revenues - state revenue sharing, intergovernmental revenues - homestead reimbursement, intergovernmental revenues - BETE reimbursement, intergovernmental revenues - tree growth, intergovernmental revenues - veteran’s reimbursement, charges for services - code enforcement, charges for services - public safety, charges for services - health and sanitation, charges for services - recreation and culture, and miscellaneous revenues.

The general fund actual expenditures were under budgeted amounts by \$931,565. All expenditure categories were within or under budgeted amounts with the exception of public safety.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town increased by \$1,108,713. This increase was the result of capital asset additions of \$1,894,455, less current year net disposals of \$306,675 and depreciation expense of \$479,067.

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

	2022	2021
Land and other assets not being depreciated	\$ 2,556,315	\$ 2,498,353
Buildings, building improvements and land improvements	1,067,725	1,133,969
Furniture, fixtures, equipment and vehicles	1,736,527	808,822
Infrastructure	3,373,492	3,257,300
Total	\$ 8,734,059	\$ 7,698,444

Debt

At June 30, 2022, the Town had \$2,036,412 in bonds and notes from direct borrowings payable versus \$1,685,151 last year. Refer to Note 5 of Notes to Financial Statements for more detailed information on debt.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 as of the date this report was issued.

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

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager or Finance Director at 1333 State Road, Eliot, Maine 03903.

TOWN OF ELIOT, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,336,961	\$ -	\$ 9,336,961
Investments	5,577,981	-	5,577,981
Accounts receivable (net of allowance for uncollectibles):			
Taxes	301,384	-	301,384
Liens	79,850	-	79,850
Other	23,091	177,030	200,121
Internal balances	(890,558)	890,558	-
Total current assets	<u>14,428,709</u>	<u>1,067,588</u>	<u>15,496,297</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	200,291	2,356,024	2,556,315
Depreciable assets, net of accumulated depreciation	5,166,274	1,084,568	6,250,842
Total noncurrent assets	<u>5,366,565</u>	<u>3,440,592</u>	<u>8,807,157</u>
TOTAL ASSETS	<u>19,795,274</u>	<u>4,508,180</u>	<u>24,303,454</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	576,037	-	576,037
Deferred outflows related to OPEB	60,019	-	60,019
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>636,056</u>	<u>-</u>	<u>636,056</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,431,330</u>	<u>\$ 4,508,180</u>	<u>\$ 24,939,510</u>

TOWN OF ELIOT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 219,385	\$ -	\$ 219,385
Accrued expenses	31,745	-	31,745
Due to other governments	28,985	-	28,985
Current portion of long-term obligations	208,386	80,341	288,727
Total current liabilities	<u>488,501</u>	<u>80,341</u>	<u>568,842</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bond payable	108,597	1,306,172	1,414,769
Notes from direct borrowings payable	389,173	-	389,173
Net pension liability/(asset)	(95,300)	-	(95,300)
Net OPEB liability	201,218	-	201,218
Accrued compensated absences	168,770	-	168,770
Total noncurrent liabilities	<u>772,458</u>	<u>1,306,172</u>	<u>2,078,630</u>
TOTAL LIABILITIES	<u>1,260,959</u>	<u>1,386,513</u>	<u>2,647,472</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	25,905	-	25,905
Deferred inflows related to pensions	1,322,921	-	1,322,921
Deferred inflows related to OPEB	53,953	-	53,953
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,402,779</u>	<u>-</u>	<u>1,402,779</u>
NET POSITION			
Net investment in capital assets	4,716,666	2,054,079	6,770,745
Restricted	6,470,287	-	6,470,287
Unrestricted	6,580,639	1,067,588	7,648,227
TOTAL NET POSITION	<u>17,767,592</u>	<u>3,121,667</u>	<u>20,889,259</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 20,431,330</u>	<u>\$ 4,508,180</u>	<u>\$ 24,939,510</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,453,732	\$ 233,426	\$ 2,836	\$ -	\$ (1,217,470)	\$ -	\$ (1,217,470)
Public safety	1,787,536	62,299	-	-	(1,725,237)	-	(1,725,237)
Public works	1,343,522	-	-	-	(1,343,522)	-	(1,343,522)
Recreation and culture	378,254	294,033	-	-	(84,221)	-	(84,221)
Health and sanitation	269,856	240,714	-	-	(29,142)	-	(29,142)
Education	10,518,719	-	-	-	(10,518,719)	-	(10,518,719)
County tax	504,239	-	-	-	(504,239)	-	(504,239)
Unclassified	933,379	-	732,671	-	(200,708)	-	(200,708)
Interest on long-term debt	2,740	-	-	-	(2,740)	-	(2,740)
Capital outlay	392,184	-	-	-	(392,184)	-	(392,184)
Total governmental activities	<u>17,584,161</u>	<u>830,472</u>	<u>735,507</u>	<u>-</u>	<u>(16,018,182)</u>	<u>-</u>	<u>(16,018,182)</u>
Business-type activities:							
Sewer	<u>372,042</u>	<u>576,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,693</u>	<u>204,693</u>
Total business-type activities	<u>372,042</u>	<u>576,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,693</u>	<u>204,693</u>
Total government	<u>\$ 17,956,203</u>	<u>\$ 1,407,207</u>	<u>\$ 735,507</u>	<u>\$ -</u>	<u>(16,018,182)</u>	<u>204,693</u>	<u>(15,813,489)</u>

STATEMENT B (CONTINUED)

TOWN OF ELIOT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(16,018,182)</u>	<u>204,693</u>	<u>(15,813,489)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	15,160,105	-	15,160,105
Excise taxes	1,686,109	-	1,686,109
Grants and contributions not restricted to specific programs	1,457,749	-	1,457,749
Miscellaneous	<u>(127,573)</u>	<u>9,802</u>	<u>(117,771)</u>
Total general revenues	<u>18,176,390</u>	<u>9,802</u>	<u>18,186,192</u>
Transfers	<u>(341,855)</u>	<u>341,855</u>	<u>-</u>
Change in net position	1,816,353	556,350	2,372,703
NET POSITION - JULY 1, RESTATED	<u>15,951,239</u>	<u>2,565,317</u>	<u>18,516,556</u>
NET POSITION - JUNE 30	<u>\$ 17,767,592</u>	<u>\$ 3,121,667</u>	<u>\$ 20,889,259</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT C

TOWN OF ELIOT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Route 236 TIF District	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,018,907	\$ 165,555	\$ 152,499	\$ 9,336,961
Investments	-	4,004,597	1,573,384	5,577,981
Accounts receivable (net of allowance for uncollectibles):				
Taxes	301,384	-	-	301,384
Liens	79,850	-	-	79,850
Other	23,091	-	-	23,091
Due from other funds	491,020	1,483,971	1,399,374	3,374,365
TOTAL ASSETS	\$ 9,914,252	\$ 5,654,123	\$ 3,125,257	\$ 18,693,632
LIABILITIES				
Accounts payable	\$ 146,287	\$ -	\$ 73,098	\$ 219,385
Accrued expenses	31,745	-	-	31,745
Due to other governments	28,985	-	-	28,985
Due to other funds	3,773,903	-	491,020	4,264,923
TOTAL LIABILITIES	3,980,920	-	564,118	4,545,038
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	25,905	-	-	25,905
Deferred tax revenue	171,111	-	-	171,111
TOTAL DEFERRED INFLOWS OF RESOURCES	197,016	-	-	197,016
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	5,654,123	816,164	6,470,287
Committed	348,091	-	1,760,508	2,108,599
Assigned	-	-	2,571	2,571
Unassigned	5,388,225	-	(18,104)	5,370,121
TOTAL FUND BALANCES	5,736,316	5,654,123	2,561,139	13,951,578
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,914,252	\$ 5,654,123	\$ 3,125,257	\$ 18,693,632

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 13,951,578
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	5,366,565
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	171,111
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	576,037
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	60,019
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(122,880)
Notes from direct borrowings payable	(527,019)
Accrued compensated absences	(225,027)
Net pension (liability)/asset	95,300
Net OPEB liability	(201,218)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(1,322,921)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(53,953)</u>
Net position of governmental activities	<u><u>\$ 17,767,592</u></u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT E

TOWN OF ELIOT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Route 236 TIF District	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 15,207,911	\$ -	\$ -	\$ 15,207,911
Excise taxes	1,686,109	-	-	1,686,109
Intergovernmental revenues	1,460,585	-	732,671	2,193,256
Charges for services	830,472	-	-	830,472
Investment income (net of unrealized gains/losses)	-	(246,646)	43,261	(203,385)
Miscellaneous revenues	49,928	-	25,884	75,812
TOTAL REVENUES	19,235,005	(246,646)	801,816	19,790,175
EXPENDITURES				
Current:				
General government	1,681,239	-	-	1,681,239
Public safety	1,721,365	-	-	1,721,365
Public works	1,111,911	-	-	1,111,911
Recreation and culture	354,184	-	-	354,184
Health and sanitation	269,856	-	-	269,856
Education	10,518,719	-	-	10,518,719
County tax	504,239	-	-	504,239
Unclassified	17,210	408,193	507,976	933,379
Debt service:				
Principal	14,018	-	-	14,018
Interest	2,740	-	-	2,740
Capital outlay	-	-	1,131,742	1,131,742
TOTAL EXPENDITURES	16,195,481	408,193	1,639,718	18,243,392
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,039,524	(654,839)	(837,902)	1,546,783
OTHER FINANCING SOURCES (USES)				
Transfers in	150,275	1,196,486	1,603,215	2,949,976
Transfers (out)	(2,386,076)	(828,755)	(77,000)	(3,291,831)
TOTAL OTHER FINANCING SOURCES (USES)	(2,235,801)	367,731	1,526,215	(341,855)
NET CHANGE IN FUND BALANCES	803,723	(287,108)	688,313	1,204,928
FUND BALANCES - JULY 1, RESTATED	4,932,593	5,941,231	1,872,826	12,746,650
FUND BALANCES - JUNE 30	\$ 5,736,316	\$ 5,654,123	\$ 2,561,139	\$ 13,951,578

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,204,928</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,252,838
Capital assets disposed	(6,913)
Depreciation expense	<u>(401,598)</u>
	<u>844,327</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	222,175
OPEB	8,539
	<u>230,714</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(47,806)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position	
	<u>(506,367)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>75,561</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(1,276,986)
OPEB	(39,151)
	<u>(1,316,137)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	37,088
Net pension liability/(asset)	1,275,212
Net OPEB liability	18,833
	<u>1,331,133</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,816,353</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Enterprise Fund</u> <u>Sewer</u>
ASSETS	
Current assets:	
Accounts receivable (net of allowance for uncollectibles)	\$ 177,030
Due from other funds	890,558
Total current assets	<u>1,067,588</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	2,356,024
Infrastructure	3,873,456
Total capital assets	6,229,480
Less: accumulated depreciation	<u>(2,788,888)</u>
Net capital assets	3,440,592
Total noncurrent assets	<u>3,440,592</u>
TOTAL ASSETS	<u><u>\$ 4,508,180</u></u>
LIABILITIES	
Current liabilities:	
Current portion of long-term obligations	\$ 80,341
Total current liabilities	<u>80,341</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	1,306,172
Total noncurrent liabilities	<u>1,306,172</u>
TOTAL LIABILITIES	<u>1,386,513</u>
NET POSITION	
Net investment in capital assets	2,054,079
Unrestricted	1,067,588
TOTAL NET POSITION	<u>3,121,667</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,508,180</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 576,735
Other	7,399
TOTAL OPERATING REVENUES	<u>584,134</u>
OPERATING EXPENSES	
Payroll, taxes and benefits	32,622
Supplies	1,617
Utilities	3,198
Contracted services	215,759
Repairs and maintenance	22,424
Depreciation	77,469
TOTAL OPERATING EXPENSES	<u>353,089</u>
OPERATING INCOME (LOSS)	<u>231,045</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,403
Interest expense	(18,953)
Transfers in	341,855
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>325,305</u>
CHANGE IN NET POSITION	556,350
NET POSITION - JULY 1	<u>2,565,317</u>
NET POSITION - JUNE 30	<u>\$ 3,121,667</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Fund <u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 592,164
Internal activity - receipts (payments) from/to other funds	(214,425)
Payments to employees	(38,646)
Payments to suppliers	(242,998)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>96,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>2,403</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,403</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(341,855)
Principal paid on capital debt	(79,545)
Interest paid on capital debt	(18,953)
Transfers (to)/from other funds	341,855
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(98,498)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 231,045
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	77,469
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	8,030
(Increase) decrease in due from other funds	(214,425)
Increase (decrease) in accrued liabilities	(6,024)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 96,095</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Eliot was incorporated under the laws of the State of Maine. The Town operates under the selectboard-manager form of government and provides the following services: general government, public safety, public works, recreation and culture, health and sanitation, education and unclassified.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial*

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund is categorized as business-type activities. All other activities of the Town are categorized as governmental.

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

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

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

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Route 236 TIF Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Nonmajor Funds:

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

Basis of Accounting

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

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

Deposits and Investments

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Allowances for uncollectible accounts netted with accounts receivable were \$200,121 for the year ended June 30, 2022.

Tax Acquired Property

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

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by voter approval annually at Town Meeting.

Interfund Receivables and Payables

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

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

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

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

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery, equipment, furniture and fixtures	5 - 30 years
Vehicles	5 - 30 years

Long-term Obligations

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

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pension

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

OPEB

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

Net Position

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

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

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied December 6, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due in one installment on May 17, 2022. Interest on unpaid taxes commenced on May 18, 2021 at 6.0% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$382,625 for the year ended June 30, 2022.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At June 30, 2022, the Town's cash and cash equivalent balances amounting to \$9,336,961 were comprised of deposits of \$9,312,892. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$281,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$9,031,892 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 8,340,643
Money market accounts	740,493
Cash equivalents	231,756
	<u>\$ 9,312,892</u>

Investments:

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

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2022, the Town's investments of \$4,242,582 were comprised of investments that are registered in the client's name with the issuer through the Direct Registration System and therefore are not exposed to custodial credit risk. Investments of \$656,429 were collateralized with securities held by the financial institution in the Town's name and The remaining balance of \$668,970 was uninsured and uncollateralized.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2022, the Town had the following investments and maturities:

Investment Type	Fair Value	Maturity		
		<1 Year	1 - 5 Years	N/A
Government agency bonds	\$1,335,399	\$1,335,399	\$ -	\$ -
Mutual funds and exchange-traded funds	4,242,582	-	-	4,242,582
	<u>\$5,577,981</u>	<u>\$1,335,399</u>	<u>\$ -</u>	<u>\$ 4,242,582</u>

Fair Value Hierarchy:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2022:

	Total June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Government agency bonds	\$ 1,335,399	\$ -	\$ 1,335,399	\$ -
Mutual funds and exchange-traded funds	4,242,582	-	4,242,582	-
Total investments by fair value level	<u>5,577,981</u>	<u>\$ -</u>	<u>\$ 5,577,981</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	231,756			
Total cash equivalents measured at the NAV	<u>231,756</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 5,809,737</u>			

Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level I or Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2022 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
	<u> </u>	<u> </u>
General fund	\$ 491,020	\$ 3,773,903
Route 236 TIF District	1,483,971	-
Enterprise fund	890,558	-
Nonmajor special revenue funds	883,442	126,935
Nonmajor capital projects funds	515,932	360,813
Nonmajor permanent funds	-	3,272
Totals	<u>\$ 4,264,923</u>	<u>\$ 4,264,923</u>

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 150,275	\$ 2,386,076
Route 236 TIF District	1,196,486	828,755
Enterprise fund	341,855	-
Nonmajor special revenue funds	382,075	77,000
Nonmajor capital projects funds	1,221,140	-
Totals	<u>\$ 3,291,831</u>	<u>\$ 3,291,831</u>

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

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2022 is as follows:

	Balance 7/1/21	Additions	Disposals/ Transfers	Balance 6/30/22
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 184,422	\$ -	\$ -	\$ 184,422
Construction in progress	299,762	15,869	(299,762)	15,869
	<u>484,184</u>	<u>15,869</u>	<u>(299,762)</u>	<u>200,291</u>
Depreciated assets:				
Land, buildings and improvements	4,284,587	-	(5,201)	4,279,386
Machinery and equipment	1,714,390	319,980	(555,713)	1,478,657
Furniture and fixtures	50,543	-	(22,644)	27,899
Vehicles	2,439,998	754,661	(630,089)	2,564,570
Infrastructure	2,958,070	462,090	-	3,420,160
	<u>11,447,588</u>	<u>1,536,731</u>	<u>(1,213,647)</u>	<u>11,770,672</u>
Less: accumulated depreciation	<u>(7,409,534)</u>	<u>(401,598)</u>	<u>1,206,734</u>	<u>(6,604,398)</u>
	<u>4,038,054</u>	<u>1,135,133</u>	<u>(6,913)</u>	<u>5,166,274</u>
Net capital assets	<u>4,522,238</u>	<u>1,151,002</u>	<u>(306,675)</u>	<u>5,366,565</u>

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance 7/1/21	Additions	Disposals/ Transfers	Balance 6/30/22
<u>Business-type activities:</u>				
Non-depreciated assets:				
Construction in progress	2,014,169	341,855	-	2,356,024
	<u>2,014,169</u>	<u>341,855</u>	<u>-</u>	<u>2,356,024</u>
Depreciated assets:				
Infrastructure	3,873,456	-	-	3,873,456
	<u>3,873,456</u>	<u>-</u>	<u>-</u>	<u>3,873,456</u>
Less: accumulated depreciation	(2,711,419)	(77,469)	-	(2,788,888)
	<u>1,162,037</u>	<u>(77,469)</u>	<u>-</u>	<u>1,084,568</u>
Net capital assets	<u>3,176,206</u>	<u>264,386</u>	<u>-</u>	<u>3,440,592</u>
Total government	<u>\$ 7,698,444</u>	<u>\$ 1,415,388</u>	<u>\$ (306,675)</u>	<u>\$ 8,807,157</u>
<u>Current year depreciation:</u>				
General government				\$ 18,203
Public safety				66,171
Public works				293,154
Recreation and culture				24,070
Subtotal governmental				<u>401,598</u>
Sewer				<u>77,469</u>
Subtotal business-type				<u>77,469</u>
Total depreciation expense				<u>\$ 479,067</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
<i>Governmental Activities:</i>					
Bond payable	\$ 136,898	\$ -	\$ (14,018)	\$ 122,880	\$ 14,283
Notes from direct borrowings payable	82,195	506,367	(61,543)	527,019	137,846
	<u>\$ 219,093</u>	<u>\$ 506,367</u>	<u>\$ (75,561)</u>	<u>\$ 649,899</u>	<u>\$ 152,129</u>
<i>Business-type Activities:</i>					
Bond payable	<u>\$ 1,466,058</u>	<u>\$ -</u>	<u>\$ (79,545)</u>	<u>\$ 1,386,513</u>	<u>\$ 80,341</u>

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

Governmental activities:

Bond payable:

2019-\$150,661 General Obligation Bond. Semi-annual principal and interest installments in the amount of \$16,758 at a fixed interest rate ranging from 1.82% to 2.39%. The bond matures in November of 2029. \$ 122,880

Notes from direct borrowings payable:

2017-Capital lease for a public works truck. Annual principal and interest payments of \$20,048. Interest is charged at a fixed rate of 3.03% per annum. The capital lease matures in February of 2023. 19,015

2021-Capital lease for a backhoe. Annual principal and interest payments of \$22,702. Interest is charged at a fixed rate of 3.85% per annum. The capital lease matures in February of 2024. 42,910

2022-Capital lease for an loader. Annual principal and interest payments of \$27,957. Interest is charged at a fixed rate of 2.99% per annum. The capital lease matures in December of 2025. 108,483

2022-Capital lease for an fire truck. Annual principal and interest payments of \$65,504. Interest is charged at a fixed rate of 2.99% per annum. The capital lease matures in February of 2027. 300,000

2022-Capital lease for an excavator. Annual principal and interest payments of \$15,083. Interest is charged at a fixed rate of 2.99% per annum. The capital lease matures in August of 2025. 56,611

Total notes from direct borrowings payable 527,019

Total governmental activities bond and notes from direct borrowings payable \$ 649,899

Business-type activities:

2017-\$1,700,000 General Obligation Bond due in annual principal and interest installments of \$77,206. Interest is charged at a fixed rate of 4.5% per annum and maturing in February 2037. \$ 1,386,513

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Governmental Activities				Business-type Activities				TOTAL	
	Bond Payable		Notes from Direct Borrowings Payable		Bond Payable				Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2023	\$ 14,283	\$ 2,475	\$ 137,846	\$ 12,415	\$ 80,341	\$ 18,154	\$ 232,470	\$ 33,044		
2024	14,560	2,198	121,336	9,910	81,145	17,346	217,041	29,454		
2025	14,852	1,906	101,221	7,323	81,955	16,530	198,028	25,759		
2026	15,157	1,601	103,017	5,527	82,776	15,706	200,950	22,834		
2027	15,477	1,281	63,599	1,907	83,603	14,874	162,679	18,062		
2028-2032	48,551	1,722	-	-	430,724	61,596	479,275	63,318		
2033-2037	-	-	-	-	452,696	39,510	452,696	39,510		
2038-2042	-	-	-	-	93,273	5,153	93,273	5,153		
	<u>\$ 122,880</u>	<u>\$ 11,183</u>	<u>\$ 527,019</u>	<u>\$ 37,082</u>	<u>\$ 1,386,513</u>	<u>\$ 188,869</u>	<u>\$ 2,036,412</u>	<u>\$ 237,134</u>		

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2022 was \$18,953.

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

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2022 is as follows:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
<i>Governmental Activities:</i>					
Accrued compensated absences	\$ 262,115	\$ -	\$ (37,088)	\$ 225,027	\$ 56,257
Net pension liability/(asset)	1,179,912	234,614	(1,509,826)	(95,300)	-
Net OPEB liability	220,051	34,697	(53,530)	201,218	-
	<u>\$ 1,662,078</u>	<u>\$ 269,311</u>	<u>\$ (1,600,444)</u>	<u>\$ 330,945</u>	<u>\$ 56,257</u>

Please see Notes 8, 17 and 18 for detailed information on each of the other long-term obligations.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. Generally, the liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Town's liability for compensated absences is \$225,027.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

	Governmental Activities	Business-type Activities
	<u> </u>	<u> </u>
Invested in capital assets	\$ 11,970,963	6,229,480
Accumulated depreciation	(6,604,398)	(2,788,888)
Outstanding capital related debt	<u>(649,899)</u>	<u>(1,386,513)</u>
	<u>\$ 4,716,666</u>	<u>\$ 2,054,079</u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2022, the Town had the following restricted net position and fund balances:

Route 236 TIF District	\$ 5,654,123
Nonmajor capital projects funds (Schedule F)	109,282
Nonmajor permanent funds (Schedule H)	<u>39,856</u>
	<u>\$ 6,470,287</u>

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

General Fund:	
School resource officer	\$ 106,572
Senior taxpayer assistance	16,519
Comprehensive plan	35,000
Public works	190,000
Nonmajor special revenue funds (Schedule D)	660,354
Nonmajor capital projects funds (Schedule F)	1,100,154
	<u>\$ 2,108,599</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

Nonmajor permanent funds (Schedule H)	<u>\$ 2,571</u>
---------------------------------------	-----------------

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2022, the Town had the following deficit fund balances:

Street light reserve	\$ 4,333
Boat basin reserve	670
Road paving	7,348
Energy efficiency capital	5,753
	<u>\$ 18,104</u>

NOTE 14 - OVERSPENT APPROPRIATIONS

At June 30, 2022, the Town had the following overspent appropriations:

Administration (Article 5)	\$ 15,079
Fire department (Article 7)	13,208
Police department (Article 9)	2,206
Public safety (Article 11)	11,587
Snow removal (Article 13)	3,574
	<u>\$ 45,654</u>

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of the County of York and MSAD No. 60's debt. As of June 30, 2022, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU 35	832,917	41.43%	<u>\$ 345,078</u>

NOTE 16 - 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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2022.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - RISK MANAGEMENT (CONTINUED)

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2021, there were 305 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 0.93%.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's employees are members of the PLD's plans "AC" and "1C" and are required to contribute 7.8%/7.05% and 9.2% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 10.3% for the AC plan and 15.2% for the 1C plan of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2022 was \$194,381.

Pension Liabilities/(Assets), Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported a liability/(asset) of (\$95,300) for its proportionate share of the net pension liabilities for the plan. The net pension liabilities/(assets) were measured as of June 30, 2021 and the total pension liabilities/(assets) used to calculate the net pension liabilities/(assets) was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities/(assets) were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2021, the Town's proportion was 0.296549%, which was a decrease of 0.1793% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized total pension revenue of \$220,401. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,648	\$ 6,477
Changes of assumptions	320,008	-
Net difference between projected and actual earnings on pension plan investments	-	1,298,968
Changes in proportion and differences between contributions and proportionate share of contributions	-	17,476
Contributions subsequent to the measurement date	194,381	-
Total	<u>\$ 576,037</u>	<u>\$ 1,322,921</u>

\$194,381 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2022	\$ (161,437)
2023	(123,181)
2024	(295,692)
2025	(360,958)
2026	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability/(asset) for the Plan was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each member is the product of the member's pay and 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., decreases or increases in liabilities and/or in assets when actual experience differs 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/(asset) of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2021; 6.75% per annum for the year ended June 30, 2020, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table.

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

Discount Rate

The discount rate used to measure the collective total pension liability/(asset) was 6.50% for 2021 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability/(asset) as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability	\$ 1,356,168	\$ (95,300)	\$ (1,295,855)

Changes in Net Pension Liability/(Asset)

Each employer's share of the collective net pension liability/(asset) is equal to the collective net pension liability/(asset) multiplied by the employer's proportionate share as of June 30, 2021 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2021 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2020 and 2021, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2021 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2022, the following employees were covered by the benefit terms:

Active members	14
Retirees and spouses	<u>3</u>
Total	<u><u>17</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Retiree Premium Amounts:

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

	<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C		\$1,141	\$2,559
	<u>Medicare</u>		
Medicare-eligible Retirees		\$601	\$1,201

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

At June 30, 2022, the Town reported a liability of \$201,218 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$11,779. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,157	\$ 45,651
Changes of assumptions	50,837	8,302
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	8,025	-
Total	<u>\$ 60,019</u>	<u>\$ 53,953</u>

\$8,025 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>	
Plan year ended December 31:		
2023	\$	1,505
2024		1,505
2025		1,505
2026		1,498
2027		421
Thereafter		(8,393)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2022. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.06% per annum for June 30, 2022 was based upon a measurement date of December 31, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 230,174	\$ 201,218	\$ 177,380
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 230,174</u>	<u>\$ 201,218</u>	<u>\$ 177,380</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 175,321	\$ 201,218	\$ 234,075
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 175,321</u>	<u>\$ 201,218</u>	<u>\$ 234,075</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Assumptions

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for 2021 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2022_fa was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality:

Healthy Annuitant - Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed 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 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General 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. As prescribed by the Trust, mortality rates were taken from

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2022 was \$44,494.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 1333 State Road, Eliot, Maine 03903.

NOTE 19 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS

The Town has established two tax increment financing (TIF) districts in accordance with Maine statutes to finance development programs located in the Town of Eliot. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured asset value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness to fund the expenditures of the development program (including administrative costs) and for water/sewer treatment.

Route 236 Municipal Development TIF District

The Town has created a development program approved for activities such as an engineering study, debt service on water/sewer improvements and extensions and administrative/professional costs. The TIF District will remain in place for a period of 30 years from adoption. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the Eliot voters.

Eliot Commons Business Development Tax Increment Financing District

The Town has created a development program which will return 95% of all TIF District revenues to Sea Dog Realty, LLC as part of a Credit Enhancement Agreement, for the primary purposes of supporting businesses at Eliot Commons and to promote its further development. In conjunction with the TIF District and the Credit Enhancement Agreement, Eliot Commons granted the Town an easement to provide safer access to some areas and help alleviate traffic congestion on Route 236.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has one tax abatement agreement, the Sea Dog Realty, LLC Credit Enhancement Agreement which is summarized below.

Sea Dog Realty, LLC Credit Enhancement Agreement

On January 28, 2010, the Town of Eliot entered into a credit enhancement agreement with Sea Dog Realty, LLC for future development at Eliot Commons. The original valuation of the property was \$1,953,700. No more than 95% of the property taxes to be generated on the improvements within the District will be returned to Sea Dog Realty, LLC for 30 years. Applicable funds will be deposited into the Sea Dog Realty, LLC TIF account to reimburse Sea Dog Realty, LLC for project costs incurred. The remaining amount will be retained by the Town and used to fund the development plan of the District.

For the fiscal year ended June 30, 2022, the Town abated property taxes for the following program:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Sea Dog Realty, LLC Credit Enhancement Agreement	0.07%	\$ 95,741

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 - CONTINGENCIES

The Town participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 21 - RESTATEMENT

In 2022, the Town determined that certain transactions were omitted in the previous year, therefore a restatement was required. A restatement was made to the governmental activities and the general fund total fund balance for \$142,671 to record additional revenue. The beginning net position for the governmental activities increased from \$15,808,568 to \$15,951,239 and the general fund total fund balance increased from \$4,789,922 to \$4,932,593.

Required Supplementary Information

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

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

TOWN OF ELIOT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 4,932,593	\$ 4,932,593	\$ 4,932,593	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	15,145,459	15,145,459	15,207,911	62,452
Excise Taxes	1,752,800	1,752,800	1,686,109	(66,691)
Intergovernmental Revenues:				
State Revenue Sharing	678,906	678,906	867,205	188,299
Homestead Reimbursement	431,272	431,272	462,299	31,027
BETE Reimbursement	80,404	80,404	80,472	68
Tree Growth	-	-	3,241	3,241
Veteran's Reimbursement	-	-	7,848	7,848
General Assistance	7,300	7,300	2,836	(4,464)
Other	73,000	73,000	36,684	(36,316)
Charges for Services				
Administration/Town Committees	89,400	89,400	50,213	(39,187)
Code Enforcement	159,500	159,500	183,213	23,713
Public Safety	46,170	46,170	62,299	16,129
Health and Sanitation	147,000	147,000	240,714	93,714
Recreation and Culture	292,000	292,000	294,033	2,033
Interest on Taxes/Lien Costs	62,000	62,000	29,624	(32,376)
Miscellaneous Revenues	5,000	5,000	20,304	15,304
Transfers from Other Funds	460,911	537,911	150,275	(387,636)
Amounts Available for Appropriation	<u>24,363,715</u>	<u>24,440,715</u>	<u>24,317,873</u>	<u>(122,842)</u>
Charges to Appropriations (Outflows):				
General Government	1,596,801	1,728,801	1,681,239	47,562
Public Safety	1,694,364	1,694,364	1,721,365	(27,001)
Public Works	1,334,932	1,334,932	1,111,911	223,021
Recreation and Culture	417,206	417,206	354,184	63,022
Health and Sanitation	309,328	309,328	269,856	39,472
Education	10,518,719	10,518,719	10,518,719	-
County Tax	504,239	504,239	504,239	-
Unclassified	504,197	504,197	17,210	486,987
Debt service:				
Principal	112,516	112,516	14,018	98,498
Interest	2,744	2,744	2,740	4
Transfers to Other Funds	2,386,076	2,386,076	2,386,076	-
Total Charges to Appropriations	<u>19,381,122</u>	<u>19,513,122</u>	<u>18,581,557</u>	<u>931,565</u>
Budgetary Fund Balance, June 30	<u>\$ 4,982,593</u>	<u>\$ 4,927,593</u>	<u>\$ 5,736,316</u>	<u>\$ 808,723</u>
Utilization of Unassigned Fund Balance	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ (55,000)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

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

	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>								
Proportion of the net pension liability/(asset)	0.30%	0.48%	0.30%	0.32%	0.31%	0.34%	0.31%	0.34%
Proportionate share of the net pension liability/(asset)	\$ (95,300)	\$ 1,179,912	\$ 921,533	\$ 867,344	\$ 1,283,630	\$ 1,794,437	\$ 983,611	\$ 519,281
Covered payroll	\$ 1,699,261	\$ 1,548,873	\$ 1,488,509	\$ 1,488,759	\$ 1,420,682	\$ 1,345,080	\$ 1,199,669	\$ 1,166,380
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-5.61%	76.18%	61.91%	58.26%	90.35%	133.41%	81.99%	44.52%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	100.86%	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>								
Contractually required contribution	\$ 194,381	\$ 206,280	\$ 191,556	\$ 184,337	\$ 174,177	\$ 159,473	\$ 149,611	\$ 123,872
Contributions in relation to the contractually required contribution	<u>(194,381)</u>	<u>(206,280)</u>	<u>(191,556)</u>	<u>(184,337)</u>	<u>(174,177)</u>	<u>(159,473)</u>	<u>(149,611)</u>	<u>(123,872)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered payroll	\$ 1,639,938	\$ 1,699,261	\$ 1,548,873	\$ 1,488,509	\$ 1,488,759	\$ 1,420,682	\$ 1,345,080	\$ 1,199,669
Contributions as a percentage of covered payroll	11.85%	12.14%	12.37%	12.38%	11.70%	11.23%	11.12%	10.33%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 220,051	\$ -	\$ 220,051
Changes for the year:			
Service cost	12,776	-	12,776
Interest	4,865	-	4,865
Changes of benefits	-	-	-
Differences between expected and actual experience	(46,821)	-	(46,821)
Changes of assumptions	17,056	-	17,056
Contributions - employer	-	6,709	(6,709)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(6,709)	(6,709)	-
Administrative expense	-	-	-
Net changes	<u>(18,833)</u>	<u>-</u>	<u>(18,833)</u>
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 201,218</u>	<u>\$ -</u>	<u>\$ 201,218</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 12,776	\$ 11,117	\$ 6,694	\$ 7,555	\$ 6,061
Interest (includes interest on service cost)	4,865	5,628	6,852	6,045	5,958
Changes of benefit terms	-	-	(4,005)	-	-
Differences between expected and actual experience	(46,821)	-	(6,453)	-	2,607
Changes of assumptions	17,056	12,254	37,292	(14,946)	7,160
Benefit payments, including refunds of member contributions	(6,709)	(6,451)	(6,525)	(6,274)	(4,104)
Net change in total OPEB liability	\$ (18,833)	\$ 22,548	\$ 33,855	\$ (7,620)	\$ 17,682
Total OPEB liability - beginning	\$ 220,051	\$ 197,503	\$ 163,648	\$ 171,268	\$ 153,586
Total OPEB liability - ending	\$ 201,218	\$ 220,051	\$ 197,503	\$ 163,648	\$ 171,268
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 6,709	\$ 6,451	\$ 6,525	\$ 6,274	4,104
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(6,709)	(6,451)	(6,525)	(6,274)	(4,104)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 201,218	\$ 220,051	\$ 197,503	\$ 163,648	\$ 171,268
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 888,534	\$ 1,154,213	\$ 1,154,213	\$ 1,243,918	\$ 1,243,918
Net OPEB liability as a percentage of covered payroll	22.6%	19.1%	17.1%	13.2%	13.8%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2022</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>				
Employer contributions	\$ 6,709	\$ 6,525	\$ 6,274	\$ 4,104
Benefit payments	<u>(6,709)</u>	<u>(6,525)</u>	<u>(6,274)</u>	<u>(4,104)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 888,534	\$ 1,154,213	\$ 1,243,918	\$ 1,243,918
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of Assumptions

MEPERS PLD Plan:

The discount rate was reduced from 6.75% to 6.50%.

The investment rate of return changed from 6.75% to 6.50%.

In addition, the salary increases for the plan, increased from 2.75% to 2.75% - 11.48% per year.

MMEHT OPEB Plan:

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

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

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

SCHEDULE A

TOWN OF ELIOT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
Administration	\$ 1,298,722	\$ 77,000	\$ 1,375,722	\$ 1,390,801	\$ (15,079)
Town committees	272,454	-	272,454	269,672	2,782
Comprehensive plan	-	35,000	35,000	-	35,000
Hearings and elections	25,625	-	25,625	17,285	8,340
Senior taxpayer assistance	-	20,000	20,000	3,481	16,519
	<u>1,596,801</u>	<u>132,000</u>	<u>1,728,801</u>	<u>1,681,239</u>	<u>47,562</u>
Public Safety -					
Police department	1,206,965	-	1,206,965	1,209,171	(2,206)
Fire department	222,301	-	222,301	235,509	(13,208)
Animal control	11,652	-	11,652	10,813	839
Harbormaster	11,763	-	11,763	11,522	241
Hydrant rental	81,493	-	81,493	81,493	-
24 hour answering service	123,360	-	123,360	138,360	(15,000)
PSAP	22,330	-	22,330	22,330	-
Street lights	14,500	-	14,500	12,167	2,333
	<u>1,694,364</u>	<u>-</u>	<u>1,694,364</u>	<u>1,721,365</u>	<u>(27,001)</u>
Public Works -					
Highway department	918,643	-	918,643	825,488	93,155
Snow/winter maintenance	220,293	-	220,293	223,867	(3,574)
Summer maintenance	61,496	-	61,496	34,332	27,164
Roads and bridges	2,000	-	2,000	1,245	755
Stormwater	132,500	-	132,500	26,979	105,521
	<u>1,334,932</u>	<u>-</u>	<u>1,334,932</u>	<u>1,111,911</u>	<u>223,021</u>
Recreation and Culture -					
Community services department	417,206	-	417,206	251,981	165,225
CSD programs	-	-	-	102,203	(102,203)
	<u>417,206</u>	<u>-</u>	<u>417,206</u>	<u>354,184</u>	<u>63,022</u>

SCHEDULE A (CONTINUED)

TOWN OF ELIOT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and Sanitation -					
Transfer station	278,108	-	278,108	253,898	24,210
Social services	11,220	-	11,220	6,839	4,381
General assistance	20,000	-	20,000	9,119	10,881
	<u>309,328</u>	<u>-</u>	<u>309,328</u>	<u>269,856</u>	<u>39,472</u>
Education	<u>10,518,719</u>	<u>-</u>	<u>10,518,719</u>	<u>10,518,719</u>	<u>-</u>
County Tax	<u>504,239</u>	<u>-</u>	<u>504,239</u>	<u>504,239</u>	<u>-</u>
Debt Service -					
Principal	112,516	-	112,516	14,018	98,498
Interest	2,744	-	2,744	2,740	4
	<u>115,260</u>	<u>-</u>	<u>115,260</u>	<u>16,758</u>	<u>98,502</u>
Unclassified -					
School resource officer	106,572	-	106,572	-	106,572
Town office expansion	15,000	-	15,000	15,000	-
Grants	-	-	-	2,210	(2,210)
Overlay	382,625	-	382,625	-	382,625
	<u>504,197</u>	<u>-</u>	<u>504,197</u>	<u>17,210</u>	<u>486,987</u>
Transfers to Other Funds -					
Special revenue funds	2,386,076	-	2,386,076	2,386,076	-
	<u>2,386,076</u>	<u>-</u>	<u>2,386,076</u>	<u>2,386,076</u>	<u>-</u>
Total Departmental Operations	<u>\$ 19,381,122</u>	<u>\$ 132,000</u>	<u>\$ 19,513,122</u>	<u>\$ 18,581,557</u>	<u>\$ 931,565</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 105,176	\$ 43,122	\$ 4,201	\$ 152,499
Investments	460,694	1,071,192	41,498	1,573,384
Due from other funds	883,442	515,932	-	1,399,374
TOTAL ASSETS	<u>\$ 1,449,312</u>	<u>\$ 1,630,246</u>	<u>\$ 45,699</u>	<u>\$ 3,125,257</u>
LIABILITIES				
Accounts payable	\$ -	\$ 73,098	\$ -	\$ 73,098
Due to other funds	126,935	360,813	3,272	491,020
TOTAL LIABILITIES	<u>126,935</u>	<u>433,911</u>	<u>3,272</u>	<u>564,118</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	667,026	109,282	39,856	816,164
Committed	660,354	1,100,154	-	1,760,508
Assigned	-	-	2,571	2,571
Unassigned	(5,003)	(13,101)	-	(18,104)
TOTAL FUND BALANCES	<u>1,322,377</u>	<u>1,196,335</u>	<u>42,427</u>	<u>2,561,139</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,449,312</u>	<u>\$ 1,630,246</u>	<u>\$ 45,699</u>	<u>\$ 3,125,257</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 732,671	\$ -	\$ -	\$ 732,671
Investment income (net of unrealized gains/losses)	7,128	35,441	692	43,261
Other	5,025	20,859	-	25,884
TOTAL REVENUES	<u>744,824</u>	<u>56,300</u>	<u>692</u>	<u>801,816</u>
EXPENDITURES				
Capital outlay	-	1,131,742	-	1,131,742
Other	387,107	115,482	5,387	507,976
TOTAL EXPENDITURES	<u>387,107</u>	<u>1,247,224</u>	<u>5,387</u>	<u>1,639,718</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>357,717</u>	<u>(1,190,924)</u>	<u>(4,695)</u>	<u>(837,902)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	382,075	1,221,140	-	1,603,215
Transfers (out)	(77,000)	-	-	(77,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>305,075</u>	<u>1,221,140</u>	<u>-</u>	<u>1,526,215</u>
NET CHANGE IN FUND BALANCES	662,792	30,216	(4,695)	688,313
FUND BALANCES - JULY 1	<u>659,585</u>	<u>1,166,119</u>	<u>47,122</u>	<u>1,872,826</u>
FUND BALANCES - JUNE 30	<u>\$ 1,322,377</u>	<u>\$ 1,196,335</u>	<u>\$ 42,427</u>	<u>\$ 2,561,139</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

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

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Sick Leave Reserve	Sewer Betterment Reserve	Legal Fees Reserve	Contingency Reserve	Community Service Center Reserve	Energy Efficiency Reserve	Petroleum Products Reserve
ASSETS							
Cash and cash equivalents	\$ 3,577	\$ 3,801	\$ 2,803	\$ 2,488	\$ 644	\$ 1,813	\$ 813
Investments	86,523	92,674	67,790	60,178	15,575	43,853	19,658
Due from other funds	24,736	39,053	12,105	-	32,727	-	1,010
TOTAL ASSETS	\$ 114,836	\$ 135,528	\$ 82,698	\$ 62,666	\$ 48,946	\$ 45,666	\$ 21,481
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ 28,459	\$ -	\$ 12,376	\$ -
TOTAL LIABILITIES	-	-	-	28,459	-	12,376	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	114,836	135,528	82,698	34,207	48,946	33,290	21,481
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	114,836	135,528	82,698	34,207	48,946	33,290	21,481
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 114,836	\$ 135,528	\$ 82,698	\$ 62,666	\$ 48,946	\$ 45,666	\$ 21,481

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Health Insurance Reserve	Revaluation Reserve	Transfer Station Vehicle Reserve	Town Insurance Reserve	Compensation Study Reserve	Consultant Reserve	ARPA
ASSETS							
Cash and cash equivalents	\$ 712	\$ 412	\$ 404	\$ 340	\$ 221	\$ -	\$ -
Investments	17,210	9,967	9,773	8,220	5,344	-	-
Due from other funds	43,223	1,166	11,273	25,467	151	2,678	647,214
TOTAL ASSETS	<u>\$ 61,145</u>	<u>\$ 11,545</u>	<u>\$ 21,450</u>	<u>\$ 34,027</u>	<u>\$ 5,716</u>	<u>\$ 2,678</u>	<u>\$ 647,214</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	647,214
Committed	61,145	11,545	21,450	34,027	5,716	2,678	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>61,145</u>	<u>11,545</u>	<u>21,450</u>	<u>34,027</u>	<u>5,716</u>	<u>2,678</u>	<u>647,214</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 61,145</u>	<u>\$ 11,545</u>	<u>\$ 21,450</u>	<u>\$ 34,027</u>	<u>\$ 5,716</u>	<u>\$ 2,678</u>	<u>\$ 647,214</u>

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	General Assistance Reserve	Ash Reserve	200th Celebration Reserve	Street Light Reserve	Boat Basin Reserve	Contract Settlement Wage Reserve	Sewer Bond Project	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 526	\$ 60	\$ 404	\$ 86,158	\$ 105,176
Investments	-	-	-	12,717	1,448	9,764	-	460,694
Due from other funds	1,223	76	25	-	-	41,315	-	883,442
TOTAL ASSETS	\$ 1,223	\$ 76	\$ 25	\$ 13,243	\$ 1,508	\$ 51,483	\$ 86,158	\$ 1,449,312
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ 17,576	\$ 2,178	\$ -	\$ 66,346	\$ 126,935
TOTAL LIABILITIES	-	-	-	17,576	2,178	-	66,346	126,935
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	19,812	667,026
Committed	1,223	76	25	-	-	51,483	-	660,354
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(4,333)	(670)	-	-	(5,003)
TOTAL FUND BALANCES (DEFICITS)	1,223	76	25	(4,333)	(670)	51,483	19,812	1,322,377
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,223	\$ 76	\$ 25	\$ 13,243	\$ 1,508	\$ 51,483	\$ 86,158	\$ 1,449,312

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Sick Leave Reserve	Sewer Betterment Reserve	Legal Fees Reserve	Contingency Reserve	Community Service Center Reserve	Energy Efficiency Reserve	Petroleum Products Reserve
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income (net of unrealized gains/losses)	1,109	1,261	799	1,074	473	322	207
Other	-	5,025	-	-	-	-	-
TOTAL REVENUES	<u>1,109</u>	<u>6,286</u>	<u>799</u>	<u>1,074</u>	<u>473</u>	<u>322</u>	<u>207</u>
EXPENDITURES							
Other	<u>5,273</u>	<u>5,994</u>	<u>3,798</u>	<u>5,107</u>	<u>2,248</u>	<u>1,529</u>	<u>986</u>
TOTAL EXPENDITURES	<u>5,273</u>	<u>5,994</u>	<u>3,798</u>	<u>5,107</u>	<u>2,248</u>	<u>1,529</u>	<u>986</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,164)</u>	<u>292</u>	<u>(2,999)</u>	<u>(4,033)</u>	<u>(1,775)</u>	<u>(1,207)</u>	<u>(779)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	10,000	-	-	8,000	-	-	-
Transfers (out)	-	-	-	(77,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(69,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	5,836	292	(2,999)	(73,033)	(1,775)	(1,207)	(779)
FUND BALANCES (DEFICITS) - JULY 1	<u>109,000</u>	<u>135,236</u>	<u>85,697</u>	<u>107,240</u>	<u>50,721</u>	<u>34,497</u>	<u>22,260</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 114,836</u>	<u>\$ 135,528</u>	<u>\$ 82,698</u>	<u>\$ 34,207</u>	<u>\$ 48,946</u>	<u>\$ 33,290</u>	<u>\$ 21,481</u>

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Health Insurance Reserve	Revaluation Reserve	Transfer Station Vehicle Reserve	Town Insurance Reserve	Compensation Study Reserve	Consultant Reserve	ARPA
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 732,671
Investment income (net of unrealized gains/losses)	591	111	261	329	55	26	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>591</u>	<u>111</u>	<u>261</u>	<u>329</u>	<u>55</u>	<u>26</u>	<u>732,671</u>
EXPENDITURES							
Other	2,808	530	7,191	1,563	262	123	85,457
TOTAL EXPENDITURES	<u>2,808</u>	<u>530</u>	<u>7,191</u>	<u>1,563</u>	<u>262</u>	<u>123</u>	<u>85,457</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,217)</u>	<u>(419)</u>	<u>(6,930)</u>	<u>(1,234)</u>	<u>(207)</u>	<u>(97)</u>	<u>647,214</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	27,000	-	17,500	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>27,000</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	24,783	(419)	10,570	(1,234)	(207)	(97)	647,214
FUND BALANCES (DEFICITS) - JULY 1	<u>36,362</u>	<u>11,964</u>	<u>10,880</u>	<u>35,261</u>	<u>5,923</u>	<u>2,775</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 61,145</u>	<u>\$ 11,545</u>	<u>\$ 21,450</u>	<u>\$ 34,027</u>	<u>\$ 5,716</u>	<u>\$ 2,678</u>	<u>\$ 647,214</u>

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Assistance Reserve	Ash Reserve	200th Celebration Reserve	Street Light Reserve	Boat Basin Reserve	Contract Settlement Wage Reserve	Sewer Bond Project	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 732,671
Investment income (net of unrealized gains/losses)	12	1	-	-	-	497	-	7,128
Other	-	-	-	-	-	-	-	5,025
TOTAL REVENUES	<u>12</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>-</u>	<u>744,824</u>
EXPENDITURES								
Other	56	4	1	-	-	2,364	261,813	387,107
TOTAL EXPENDITURES	<u>56</u>	<u>4</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>2,364</u>	<u>261,813</u>	<u>387,107</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44)</u>	<u>(3)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1,867)</u>	<u>(261,813)</u>	<u>357,717</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	37,950	281,625	382,075
Transfers (out)	-	-	-	-	-	-	-	(77,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,950</u>	<u>281,625</u>	<u>305,075</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(44)	(3)	(1)	-	-	36,083	19,812	662,792
FUND BALANCES (DEFICITS) - JULY 1	1,267	79	26	(4,333)	(670)	15,400	-	659,585
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,223</u>	<u>\$ 76</u>	<u>\$ 25</u>	<u>\$ (4,333)</u>	<u>\$ (670)</u>	<u>\$ 51,483</u>	<u>\$ 19,812</u>	<u>\$ 1,322,377</u>

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	Eliot Commons TIF	Town Facilities Reserve	Fire Truck Reserve	Police Cruiser Reserve	Land Bank Reserve	Road Equipment Reserve	Public Works Garage Capital	Sewer Capital Improvement
ASSETS								
Cash and cash equivalents	\$ -	\$ 261	\$ 13,101	\$ 599	\$ 1,289	\$ 9,093	\$ -	\$ -
Investments	-	6,315	316,908	14,492	31,175	219,962	-	-
Due from other funds	46,742	15,615	-	-	-	178,649	379	114
TOTAL ASSETS	\$ 46,742	\$ 22,191	\$ 330,009	\$ 15,091	\$ 32,464	\$ 407,704	\$ 379	\$ 114
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	115,303	11,878	1,761	-	-	-
TOTAL LIABILITIES	-	-	115,303	11,878	1,761	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	46,742	-	-	-	-	-	-	-
Committed	-	22,191	214,706	3,213	30,703	407,704	379	114
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	46,742	22,191	214,706	3,213	30,703	407,704	379	114
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 46,742	\$ 22,191	\$ 330,009	\$ 15,091	\$ 32,464	\$ 407,704	\$ 379	\$ 114

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

	Roadway Paving	PW Vehicles Reserve	TS Vehicle Reserve	Police Station Capital	Parks/ Facilities Capital	C/S/D Capital Improvement	PS Impact Fees	Fire Station Capital
ASSETS								
Cash and cash equivalents	\$ -	\$ 3,870	\$ -	\$ -	\$ 764	\$ -	\$ -	\$ -
Investments	-	94,359	-	-	18,627	-	-	-
Due from other funds	65,750	28,435	50	3,474	30,896	34,416	62,540	10,057
TOTAL ASSETS	<u>\$ 65,750</u>	<u>\$ 126,664</u>	<u>\$ 50</u>	<u>\$ 3,474</u>	<u>\$ 50,287</u>	<u>\$ 34,416</u>	<u>\$ 62,540</u>	<u>\$ 10,057</u>
LIABILITIES								
Accounts payable	\$ 73,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>73,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	62,540	-
Committed	-	126,664	50	3,474	50,287	34,416	-	10,057
Assigned	-	-	-	-	-	-	-	-
Unassigned	(7,348)	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(7,348)</u>	<u>126,664</u>	<u>50</u>	<u>3,474</u>	<u>50,287</u>	<u>34,416</u>	<u>62,540</u>	<u>10,057</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 65,750</u>	<u>\$ 126,664</u>	<u>\$ 50</u>	<u>\$ 3,474</u>	<u>\$ 50,287</u>	<u>\$ 34,416</u>	<u>\$ 62,540</u>	<u>\$ 10,057</u>

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	C/S/D Capital Improvement	Eliot Police Capital Improvements	Eliot Stormwater Reserve	Fire Dept. Capital Improvements	Town Office Capital Improvements	Transfer Station Facility Capital	Energy Efficiency Capital	VIPS Capital Reserve	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ 659	\$ 8,013	\$ 2,356	\$ 2,350	\$ 665	\$ -	\$ 102	\$ 43,122
Investments	-	16,075	195,132	57,431	82,006	16,235	-	2,475	1,071,192
Due from other funds	10,224	23,621	-	-	-	4,970	-	-	515,932
TOTAL ASSETS	\$ 10,224	\$ 40,355	\$ 203,145	\$ 59,787	\$ 84,356	\$ 21,870	\$ -	\$ 2,577	\$ 1,630,246
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,098
Due to other funds	-	-	170,954	46,978	7,601	-	5,753	585	360,813
TOTAL LIABILITIES	-	-	170,954	46,978	7,601	-	5,753	585	433,911
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	109,282
Committed	10,224	40,355	32,191	12,809	76,755	21,870	-	1,992	1,100,154
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(5,753)	-	(13,101)
TOTAL FUND BALANCES (DEFICITS)	10,224	40,355	32,191	12,809	76,755	21,870	(5,753)	1,992	1,196,335
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 10,224	\$ 40,355	\$ 203,145	\$ 59,787	\$ 84,356	\$ 21,870	\$ -	\$ 2,577	\$ 1,630,246

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Eliot Commons TIF	Town Facilities Reserve	Fire Truck Reserve	Police Cruiser Reserve	Land Bank Reserve	Road Equipment Reserve	Public Works Garage Capital	Sewer Capital Improvement
REVENUES								
Investment income (net of unrealized gains/losses)	\$ 1,308	\$ 214	\$ 20,362	\$ 344	\$ 297	\$ 4,589	\$ 4	\$ 1
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>1,308</u>	<u>214</u>	<u>20,362</u>	<u>344</u>	<u>297</u>	<u>4,589</u>	<u>4</u>	<u>1</u>
EXPENDITURES								
Capital outlay	-	-	175,336	36,461	-	94,275	-	-
Other	101,586	1,019	-	-	1,410	-	18	5
TOTAL EXPENDITURES	<u>101,586</u>	<u>1,019</u>	<u>175,336</u>	<u>36,461</u>	<u>1,410</u>	<u>94,275</u>	<u>18</u>	<u>5</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100,278)</u>	<u>(805)</u>	<u>(154,974)</u>	<u>(36,117)</u>	<u>(1,113)</u>	<u>(89,686)</u>	<u>(14)</u>	<u>(4)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	100,780	-	232,000	77,000	5,000	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,780</u>	<u>-</u>	<u>232,000</u>	<u>77,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>502</u>	<u>(805)</u>	<u>77,026</u>	<u>40,883</u>	<u>3,887</u>	<u>(89,686)</u>	<u>(14)</u>	<u>(4)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>46,240</u>	<u>22,996</u>	<u>137,680</u>	<u>(37,670)</u>	<u>26,816</u>	<u>497,390</u>	<u>393</u>	<u>118</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 46,742</u>	<u>\$ 22,191</u>	<u>\$ 214,706</u>	<u>\$ 3,213</u>	<u>\$ 30,703</u>	<u>\$ 407,704</u>	<u>\$ 379</u>	<u>\$ 114</u>

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Roadway Paving	PW Vehicles Reserve	TS Vehicle Reserve	Police Station Capital	Parks/ Facilities Capital	C/S/D Capital Improvement	PS Impact Fees	Fire Station Capital
REVENUES								
Investment income (net of unrealized gains/losses)	\$ 4,216	\$ 3,410	\$ -	\$ 34	\$ 486	\$ 332	\$ 403	\$ 97
Other	-	-	-	-	-	-	20,859	-
TOTAL REVENUES	<u>4,216</u>	<u>3,410</u>	<u>-</u>	<u>34</u>	<u>486</u>	<u>332</u>	<u>21,262</u>	<u>97</u>
EXPENDITURES								
Capital outlay	491,814	259,623	-	-	-	-	-	-
Other	-	-	2	160	2,310	1,580	1,915	462
TOTAL EXPENDITURES	<u>491,814</u>	<u>259,623</u>	<u>2</u>	<u>160</u>	<u>2,310</u>	<u>1,580</u>	<u>1,915</u>	<u>462</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(487,598)</u>	<u>(256,213)</u>	<u>(2)</u>	<u>(126)</u>	<u>(1,824)</u>	<u>(1,248)</u>	<u>19,347</u>	<u>(365)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	480,250	214,610	-	-	43,000	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>480,250</u>	<u>214,610</u>	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(7,348)</u>	<u>(41,603)</u>	<u>(2)</u>	<u>(126)</u>	<u>41,176</u>	<u>(1,248)</u>	<u>19,347</u>	<u>(365)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>168,267</u>	<u>52</u>	<u>3,600</u>	<u>9,111</u>	<u>35,664</u>	<u>43,193</u>	<u>10,422</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (7,348)</u>	<u>\$ 126,664</u>	<u>\$ 50</u>	<u>\$ 3,474</u>	<u>\$ 50,287</u>	<u>\$ 34,416</u>	<u>\$ 62,540</u>	<u>\$ 10,057</u>

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fire Dept Equipment	Eliot Police Capital Improvements	Eliot Stormwater Reserve	Fire Dept Capital Improvements	Town Office Capital Improvements	Transfer Station Facility Capital	Energy Efficiency Capital	VIPS Capital Reserve	Total
REVENUES									
Investment income (net of unrealized gains/losses)	\$ 202	\$ 390	\$ 311	\$ 123	\$ (1,912)	\$ 211	\$ -	\$ 19	\$ 35,441
Other	-	-	-	-	-	-	-	-	20,859
TOTAL REVENUES	202	390	311	123	(1,912)	211	-	19	56,300
EXPENDITURES									
Capital outlay	30,478	-	-	-	43,755	-	-	-	1,131,742
Other	-	1,854	1,478	588	-	1,004	-	91	115,482
TOTAL EXPENDITURES	30,478	1,854	1,478	588	43,755	1,004	-	91	1,247,224
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,276)	(1,464)	(1,167)	(465)	(45,667)	(793)	-	(72)	(1,190,924)
OTHER FINANCING SOURCES (USES)									
Transfers in	40,500	10,000	-	-	18,000	-	-	-	1,221,140
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	40,500	10,000	-	-	18,000	-	-	-	1,221,140
NET CHANGE IN FUND BALANCES (DEFICITS)	10,224	8,536	(1,167)	(465)	(27,667)	(793)	-	(72)	30,216
FUND BALANCES (DEFICITS) - JULY 1	-	31,819	33,358	13,274	104,422	22,663	(5,753)	2,064	1,166,119
FUND BALANCES (DEFICITS) - JUNE 30	\$ 10,224	\$ 40,355	\$ 32,191	\$ 12,809	\$ 76,755	\$ 21,870	\$ (5,753)	\$ 1,992	\$ 1,196,335

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

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

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS

JUNE 30, 2022

	Mt Pleasant Cemetery	Frost-Tufts Park	Marie Lizzie Spinney Fund	Lena Grover Fund	Total
ASSETS					
Cash and cash equivalents	\$ 260	\$ 1,122	\$ 2,733	\$ 86	\$ 4,201
Investments	2,567	11,090	26,992	849	41,498
TOTAL ASSETS	<u>\$ 2,827</u>	<u>\$ 12,212</u>	<u>\$ 29,725</u>	<u>\$ 935</u>	<u>\$ 45,699</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 3,272	\$ -	\$ 3,272
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,272</u>	<u>-</u>	<u>3,272</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,246	11,453	25,415	742	39,856
Committed	-	-	-	-	-
Assigned	581	759	1,038	193	2,571
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,827</u>	<u>12,212</u>	<u>26,453</u>	<u>935</u>	<u>42,427</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,827</u>	<u>\$ 12,212</u>	<u>\$ 29,725</u>	<u>\$ 935</u>	<u>\$ 45,699</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Mt Pleasant Cemetery	Frost-Tufts Park	Marie Lizzie Spinney Fund	Lena Grover Fund	Total
REVENUES					
Investment income (net of unrealized gains/losses)	\$ 46	\$ 199	\$ 432	\$ 15	\$ 692
TOTAL REVENUES	<u>46</u>	<u>199</u>	<u>432</u>	<u>15</u>	<u>692</u>
EXPENDITURES					
Other	358	1,551	3,359	119	5,387
TOTAL EXPENDITURES	<u>358</u>	<u>1,551</u>	<u>3,359</u>	<u>119</u>	<u>5,387</u>
NET CHANGE IN FUND BALANCES	(312)	(1,352)	(2,927)	(104)	(4,695)
FUND BALANCES - JULY 1	<u>3,139</u>	<u>13,564</u>	<u>29,380</u>	<u>1,039</u>	<u>47,122</u>
FUND BALANCES - JUNE 30	<u>\$ 2,827</u>	<u>\$ 12,212</u>	<u>\$ 26,453</u>	<u>\$ 935</u>	<u>\$ 42,427</u>

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

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

TOWN OF ELIOT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 68,001	\$ 571,124	\$ 27,712	\$ 4,288	\$ 671,125
Public Safety	15,871	2,531,424	2,264,618	-	4,811,913
Public Works	1	401,009	1,676,426	3,329,274	5,406,710
Recreation and Culture	116,418	775,829	102,370	13,500	1,008,117
Sewer	2,356,024	-	-	3,873,456	6,229,480
Total General Capital Assets	2,556,315	4,279,386	4,071,126	7,220,518	18,127,345
Less: Accumulated Depreciation	-	(3,211,661)	(2,334,599)	(3,847,026)	(9,393,286)
Net General Capital Assets	<u>\$ 2,556,315</u>	<u>\$ 1,067,725</u>	<u>\$ 1,736,527</u>	<u>\$ 3,373,492</u>	<u>\$ 8,734,059</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ELIOT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2022

	General Capital Assets 7/1/21	Additions	Disposals/ Transfers	General Capital Assets 6/30/22
General Government	\$ 817,385	\$ -	\$ (146,260)	\$ 671,125
Public Safety	4,928,323	650,634	(767,044)	4,811,913
Public Works	5,094,218	828,868	(516,376)	5,406,710
Recreation and Culture	1,091,846	-	(83,729)	1,008,117
Sewer	5,887,625	341,855	-	6,229,480
Total General Capital Assets	<u>17,819,397</u>	<u>1,821,357</u>	<u>(1,513,409)</u>	<u>18,127,345</u>
Less: Accumulated Depreciation	<u>(10,120,953)</u>	<u>(479,067)</u>	<u>1,206,734</u>	<u>(9,393,286)</u>
Net General Capital Assets	<u>\$ 7,698,444</u>	<u>\$ 1,342,290</u>	<u>\$ (306,675)</u>	<u>\$ 8,734,059</u>

See accompanying independent auditor's report and notes to financial statements.



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

Selectboard
Town of Eliot
Eliot, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Eliot, Maine as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town of Eliot, Maine's basic financial statements and have issued our report thereon dated August 16, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Eliot, Maine in a separate letter dated August 16, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
August 16, 2023