

Audited Financial Statements and
Other Financial Information

Town of Poland, Maine

June 30, 2021



Proven Expertise and Integrity

TOWN OF POLAND, MAINE

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JUNE 30, 2021

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FEDERAL COMPLIANCE

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INDEPENDENT AUDITORS' REPORT

Board of Selectpersons
Town of Poland
Poland, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 17 and 69 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset

schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of Town of Poland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Town of Poland, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
December 20, 2021

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

(UNAUDITED)

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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Poland exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,224,799 (net position), increasing by \$2,249,457 or 15.02% from the previous fiscal year. All categories of net position increased, with the exception of net investment in capital assets, as bonded indebtedness rose due to a sewer expansion project that will be owned, operated and maintained by the Auburn Sewerage District. Restricted net position increased \$5,161,580 largely due to receipt of the bond funds late in the fiscal year. Unrestricted net position followed with a \$683,097 increase. Unrestricted net position represents the amount available to meet the Town's ongoing obligations to citizens and creditors.
- For governmental activities, the change in the Town's program and general revenues increased over the change in overall program expenditures for the fiscal year ended June 30, 2021, by \$930,317 or 70.52% when compared to the same period in 2020. An increase in taxes collected over the period as local economic recovery continues to pre-pandemic levels, increases in state revenue sharing, the homestead exemption and BETE exemption reimbursements, favorable market outcomes for the Town's permanent fund investments and the positive effects of grant funds received for pandemic-related costs, were the primary reasons for the results. Expenditures rose 2.12%, partially offsetting the increase in total revenues primarily due to additional capital spending on the sewer expansion project, increased retirement benefit costs associated with the inception of the firefighters collective bargaining agreement, along with rising costs in education, partially offset by a decline in TIF-related expense as credit enhancement agreements expired.
- Poland's financial performance and management of resources resulted in an increase to the general fund unassigned fund balance (the amount available for spending at the Town's discretion) rising to \$3,485,328 for the year ended June 30, 2021, from \$2,812,254 for the same period in 2020 or a 23.93% increase. Increases in tax collections, certain state revenues and charges for services along with lower than anticipated charges to appropriations across most government programs aided by COVID-19 relief funding were the primary reasons for the favorable outcome

- Total combined fund balances of other governmental funds likewise saw an overall increase of \$5,267,709 from the previous fiscal year, primarily due to receipt of bond proceeds late in the fiscal year, increased TIF program revenue retention along with net investment gains on permanent fund investments.
- Net resources available for appropriations in the general fund were higher than anticipated for the year ended June 30, 2021. An increase in taxes collected over the period and higher than anticipated motor vehicle excise tax and certain state revenues were the major drivers of the windfall. COVID-19 relief funding coupled with cost-savings measures, a mild winter season and program postponements due to the pandemic assisted in lower than anticipated charges to appropriations.
- Capital assets fell by \$95,166 for the year ended June 30, 2021, due to lower capital spending amid the pandemic.
- The Town's debt decreased by \$3,380,916 from the previous fiscal year due to a new bond issue for a sewer expansion project, partially offset by scheduled principal reductions.

Financial Statement Overview

The Town'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 one column for the type of Town activity. The type of activity presented for the Town is:

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

Fund Financial Statements

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

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental 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 financial statement.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$2,248,380 or 15.02% from \$14,975,342, as restated, to \$17,223,722. All net position categories increased, except net investment in capital assets. (Refer to Table 1 below.)

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 by \$682,020 to \$5,766,192. Net investment in capital assets decreased \$3,595,220 over the period, however restricted net position increased \$5,161,580. Greater than anticipated amounts available for appropriation as well as under-spent appropriations on Town operations, issuance of long-term debt outpacing capital asset spending and an increase in net investment gains for the year on restricted assets resulted in the favorable outcomes, respectively. The increase in restricted net position and decrease in net investment in capital assets directly correlate to debt issuance.

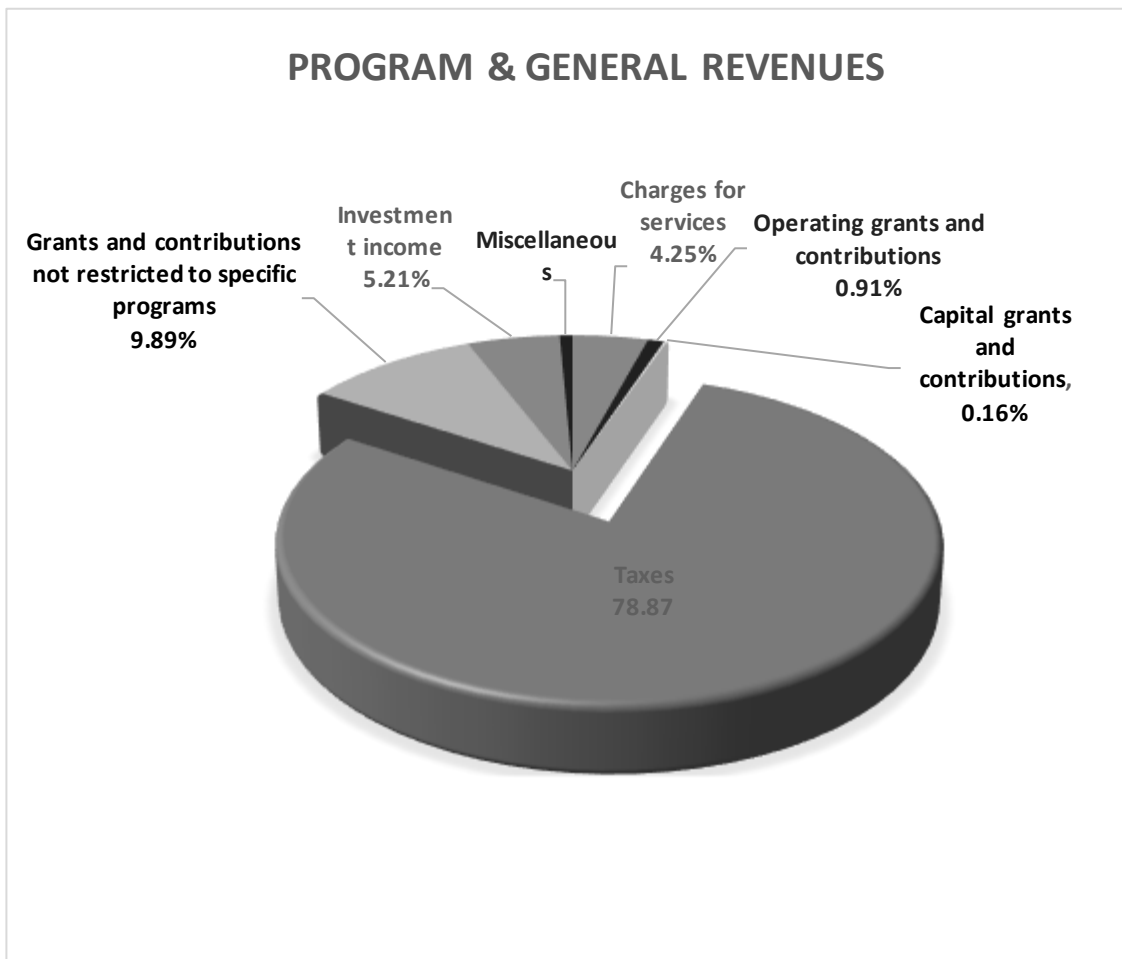
Table 1
Town of Poland, Maine
Net Position
June 30,

	2021	2020 (Restated)
Assets:		
Current Assets	\$ 15,349,586	\$ 9,445,967
Noncurrent Assets - Capital and Other Assets	12,216,790	12,431,094
Total Assets	<u>27,566,376</u>	<u>21,877,061</u>
 Deferred Outflows of Resources	 <u>270,458</u>	 <u>223,410</u>
 Liabilities:		
Current Liabilities	1,534,572	1,020,404
Noncurrent Liabilities	9,029,701	5,945,014
Total Liabilities	<u>10,564,273</u>	<u>6,965,418</u>
 Deferred Inflows of Resources	 <u>48,839</u>	 <u>159,711</u>
 Net Position:		
Net Investment in Capital Assets	2,750,936	6,346,156
Restricted	8,706,594	3,545,014
Unrestricted	5,766,192	5,084,172
Total Net Position	<u><u>\$ 17,223,722</u></u>	<u><u>\$ 14,975,342</u></u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.27%, while total expenses increased by 2.12%. Primary reasons for the increase in revenues were attributed to an increase in tax collections, unanticipated increases in several state revenues, favorable market outcomes for the Town's permanent fund investments and the positive effects of grant funds received for pandemic-related costs.

An increase in expenses was incurred across most programs, with the largest being education due to an increase in debt-related costs, followed by general government and county tax primarily due to additional capital spending on the sewer expansion project and increased cost of county services, respectively. These were partially offset by decreases in recreation and culture along with a reduction in TIF-related costs when compared to the prior fiscal year. Refer to Table 2 below for specific details.



PROGRAM EXPENSES

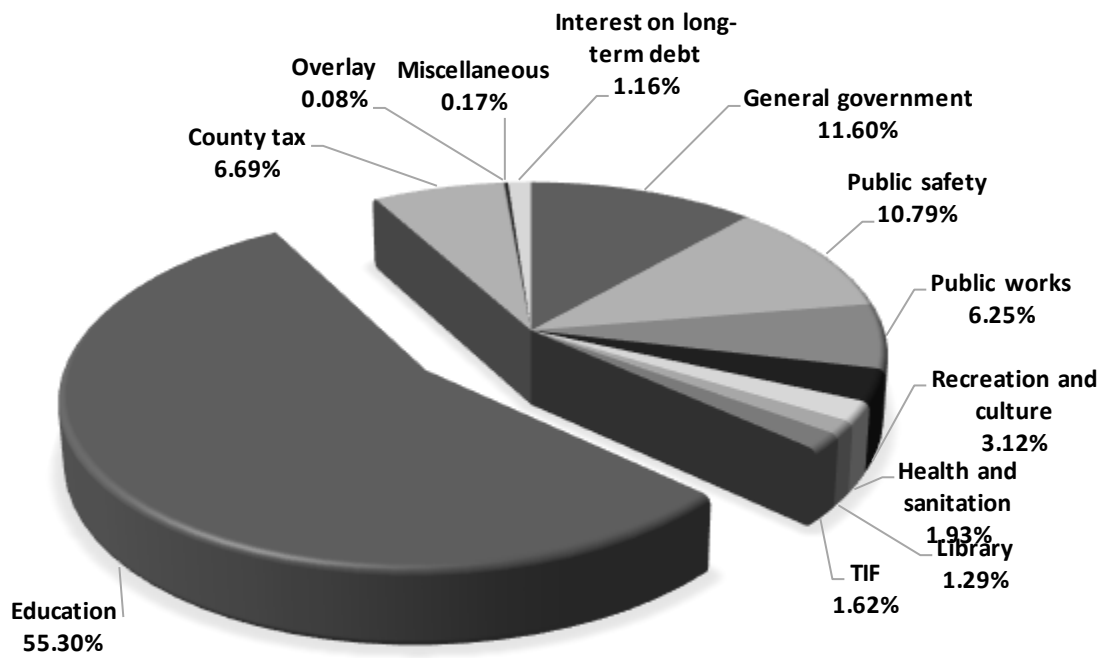


Table 2
Town of Poland, Maine
Change in Net Position
For the Years Ended June 30,

	2021	2020 (Restated)
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 675,610	\$ 645,687
Operating grants and contributions	143,847	105,495
Capital grants and contributions	25,853	-
<i>General revenues:</i>		
Taxes	12,531,024	12,383,157
Grants and contributions not restricted to specific programs	1,570,552	1,160,125
Investment income	828,035	222,217
Miscellaneous	113,057	157,195
Total Revenues	<u>15,887,978</u>	<u>14,673,876</u>
Expenses		
General government	1,582,558	1,378,173
Public safety	1,471,470	1,421,777
Public works	852,770	814,777
Recreation and culture	425,223	474,027
Health and sanitation	262,950	268,983
Library	175,478	163,024
TIF	221,569	671,043
Education	7,542,806	7,052,373
County tax	912,375	870,136
Overlay	10,447	53,272
Miscellaneous	22,930	23,233
Interest on long-term debt	159,022	163,918
Total Expenses	<u>13,639,598</u>	<u>13,354,736</u>
Change in Net Position	2,248,380	1,319,140
Net Position - July 1, Restated	<u>14,975,342</u>	<u>13,656,202</u>
Net Position - June 30	<u><u>\$ 17,223,722</u></u>	<u><u>\$ 14,975,342</u></u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 87,273	\$ 45,466	\$ 41,807
Committed	350,000	265,000	85,000
Assigned	157,261	137,003	20,258
Unassigned	3,485,328	2,812,254	673,074
Total Major Funds	<u>\$ 4,079,862</u>	<u>\$ 3,259,723</u>	<u>\$ 820,139</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,446,640	\$ 995,731	\$ 450,909
Committed	135,783	96,238	39,545
Assigned	6,858	11,189	(4,331)
Unassigned	-	(27,544)	27,544
Capital Projects Funds:			
Restricted	4,053,662	-	4,053,662
Assigned	1,785,142	1,780,056	5,086
Unassigned	-	(889)	889
Permanent Funds:			
Nonspendable	660,749	660,749	-
Restricted	2,545,543	1,888,534	657,009
Committed	161,165	123,788	37,377
Unassigned	-	(19)	19
Total Nonmajor Funds	<u>\$ 10,795,542</u>	<u>\$ 5,527,833</u>	<u>\$ 5,267,709</u>

For the Town's general fund, total fund balance increased by \$820,139 from the prior fiscal year. An increase in taxes collected over the period as local economic recovery continued to pre-pandemic levels and higher than anticipated motor vehicle excise tax and certain state revenues were the major contributors to the results.

COVID-19 relief funding coupled with cost-savings measures, a mild winter season and program postponements due to the pandemic also assisted in lower than anticipated charges to appropriations.

The increase in the nonmajor funds total fund balance of \$5,267,709 from the prior fiscal year can primarily be attributed to receipt of bond proceeds, expiration of TIF credit enhancement agreements, legislative grant funding, along with favorable market conditions that resulted in net investment income earned on permanent funds at a higher level than expenditures were incurred.

Budgetary Highlights

Original budget compared to final budget Differences between the original and final budgets for the general fund for the year ended June 30, 2021, are annual operating contributions made to the library.

Final budget compared to actual results Fiscal 2021 budget expectations continued to support operational and program needs within LD-1 tax limitations as local economic growth improved over the period. Property taxes were the largest source of revenue for the Town in fiscal 2021, comprising approximately 74.88% of budgeted revenues, up approximately \$344,000 from fiscal 2020 levels primarily due to an increase in tax and lien collections overall. Fiscal 2021 excise taxes, intergovernmental and other revenues have increased from fiscal 2020 levels by approximately 12.62% primarily due to higher than anticipated motor vehicle excise tax collections, legislative increases in State revenue sharing and an increase in the BETE reimbursement. Budget assessments and/or appropriations were nearly flat, increasing approximately 0.47% above fiscal 2020 levels. The largest increases were incurred in education, public safety and county tax, which were partially offset by a reduction in capital spending reflected as a reduction in transfers to other funds. This resulted in the Town's mill rate remaining flat at 14.98%.

General fund actual revenues, including transfers from other funds, were ahead of budgeted amounts by \$729,211. The major drivers of the windfall were higher than anticipated tax and lien collections, motor vehicle excise tax collections along with related fees, increases in state revenue sharing and increased ambulance, code enforcement and other charges for services.

General fund actual expenditures were under budget by \$355,928 in total. Of the program categories that came in below budget, most notable were general government, public works and overlay, primarily due an operating grant and other contributions received to offset COVID-19 and election-related costs, a mild winter season and few tax calculation adjustments, respectively. Federal and state coronavirus relief funding also provided some financial assistance totaling \$71,664 for the twelve months ended June 30, 2021.

Capital Asset and Long-Term Debt Activity

Capital Assets

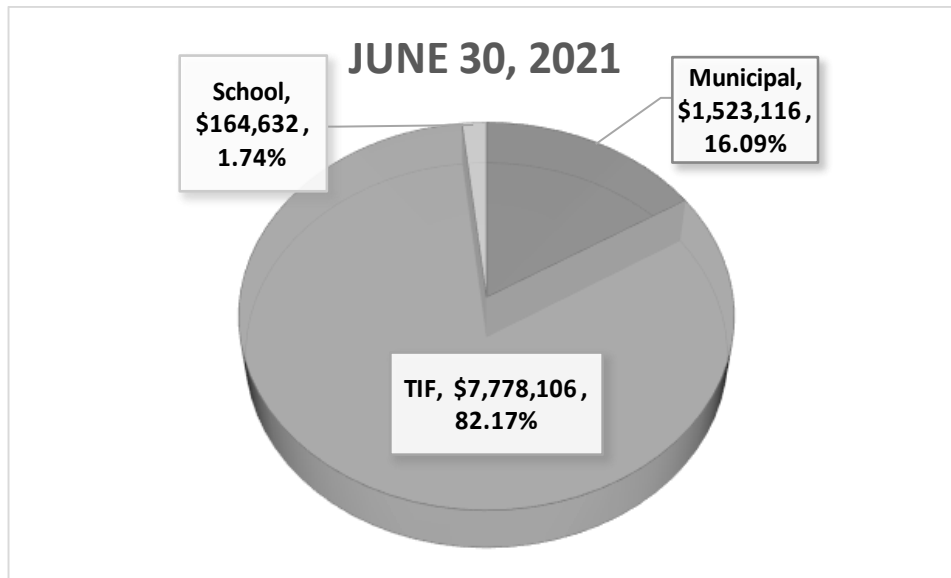
As of June 30, 2021, the Town's capital assets decreased by \$95,166. This decline was due to current year capital acquisitions of \$616,323 fully offset by dispositions and depreciation expense of \$64,621 and \$646,868, respectively. Capital asset investments for the year included a land purchase of \$32,422 increasing the Town's existing trail system, town road improvements totaling \$448,486 on Plains, North Raymond and Johnson Hill roads; minor land improvements for the future-planned municipal park totaling \$1,252; machinery and equipment purchases including laptops, keyboards with peripherals and computer server for the fire rescue, along with recreation's ice rink, 40 yard octagon receiver for the transfer station, all totaling \$32,970; an environmental study for the planned Tripp Lake boat ramp extension of \$3,850; and additional investment in the Waterhouse Brook bridge and trail system totaling \$32,722. These capital asset investments represent a decrease of \$208,751 from capital asset investments in 2020, primarily due to a planned, pandemic-related reduction in capital purchases. Purchases that were made were largely funded with annual appropriations and TIF funds, with a portion of the land purchase and machinery and equipment assets funded by grants and local donations totaling \$17,332. Refer to Note 4 of Notes to Financial Statements for detailed information.

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

	2021	2020 (Restated)
Land	\$ 753,290	\$ 720,868
Art works & historical treasures	26,000	26,000
Construction in progress	74,583	206,843
Buildings and improvements	3,340,411	3,482,585
Machinery and equipment	461,033	498,509
Furniture and fixtures	34,593	45,222
Vehicles	1,542,158	1,748,674
Infrastructure	5,820,090	5,418,623
Total	<u>\$ 12,052,158</u>	<u>\$ 12,147,324</u>

Long-term Debt

At June 30, 2021, the Town had \$9,465,854 in general obligation bonds and notes from direct borrowings outstanding versus \$6,084,938 last year, an increase of 55.56%, resulting from new bonding for the Town's sewer expansion project of \$4,220,000 located in the Town's Downtown Village TIF district. The increase was partially offset by scheduled principal reduction of \$839,084, paid using general fund, school and TIF funds.



The State limits the amount of total debt outstanding the Town may incur at any one time, not to exceed 15.0% of its last full state valuation or any lower percentage or amount that the Town may set. The Town of Poland follows state guidelines, with its total indebtedness falling at approximately 1.3%, well below state requirements. Refer to Note 6 of the Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

Maine's economy continued to move toward recovery from the negative economic impact of the pandemic as evidenced by the favorable financial outcomes for the year ended June 30, 2021, when compared with the same period in 2020. Taxable valuation of real estate over the period, however, has declined modestly by approximately \$2,194,000. Housing starts have also continued to trend downward by nearly 30%, with only nine new single-family residences valued at approximately \$943,100, which generated approximately \$14,000 in new assessed value, versus twelve new residences valued at approximately \$1,355,000 in the previous fiscal year. Demolished single-family buildings has also declined to one, with a valuation loss of \$46,500 versus two demolished or converted residential buildings with a valuation loss of \$27,700 in fiscal 2020. There have not been financially significant industrial or commercial building starts in either fiscal 2021 or fiscal 2020. Taxable personal

property values have risen by approximately \$1,312,000, with homestead exempt property taxable values having the most marked increase, rising approximately \$6,987,000. BETE (Business Equipment Tax Exemption) qualified property also rose approximately \$2,911,000. Total growth in taxable valuation stands at approximately \$11,210,000 when compared to the 2020 period. The certified ratio for the Town lowered slightly to 98.00%.

On April 2, 2021, the voters in the Town of Poland approved a gross municipal budget for the period July 1, 2021 to June 30, 2022 that totaled \$5,354,699, reflecting an increase of approximately \$1,082,000 or 25.3%. Restoration of Town's capital improvement plan contribution to pre-COVID levels was of primary importance to voters as they approved an approximate \$589,000 increase in the budget for this purpose. Furthermore, the Town approved the addition of two full-time firefighters totaling approximately \$165,000 to alleviate the labor shortage experienced in our per diem fire rescue staff along with an approximate increase of \$157,000 for 24-hour dedicated law enforcement coverage provided through the Androscoggin County Sheriff's office. The balance of budgeted increases is primarily associated with employee wage and benefit increases. However, decreases were realized in the TIF Financing Plan Amount of approximately \$227,000 primarily due to the recently implemented TIF end-of-life plan by the Board of Selectpersons, coupled with a decline in the cost of local education totaling \$207,009, which brought the total 2022 school appropriation to \$7,335,797 from \$7,542,806 in fiscal 2021. The county tax assessment for fiscal 2022 also declined modestly by \$8,595. Further, growth in both the homestead and BETE valuation, the majority of the rise in total taxable valuation, lead to an increase in the corresponding state reimbursements of approximately \$265,000, along with an anticipated \$213,000 increase in state municipal revenue sharing. When considering these factors in their entirety, the Board of Selectpersons voted to stay the use of unassigned fund balance approved by the voters of \$350,000. As a result, the mill rate was held to an increase of 0.12 mills for fiscal 2022 at 15.10 mills and resulted in a net tax commitment of \$11,195,589, an increase of approximately \$197,000 or 1.8%.

As the outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States, at present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town. However, the Town has noted a subsequent event as a currently known fact. Refer to Notes 1 and 29 of Notes to Financial Statements, respectively, for more detailed information.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 1231 Maine Street, Poland, Maine 04274.

TOWN OF POLAND, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 11,503,510
Investments	3,093,902
Accounts receivable (net of allowance for uncollectibles):	
Taxes	437,828
Liens	72,821
Other	44,276
Due from other governments	109,976
Prepaid items	12,307
Tax acquired property	61,172
Inventory	13,794
Total current assets	<u>15,349,586</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 16	164,632
Capital assets:	
Land and other assets not being depreciated	853,873
Buildings and vehicles net of accumulated depreciation	11,198,285
Total noncurrent assets	<u>12,216,790</u>
TOTAL ASSETS	<u>27,566,376</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	236,461
Deferred outflows related to OPEB	33,997
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>270,458</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 27,836,834</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 52,260
Accrued payroll	30,944
Due to other governments	40,425
Unearned revenues	8,874
Escrow accounts	46,746
Current portion of long-term obligations	1,355,323
Total current liabilities	<u>1,534,572</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds and note from direct borrowings payable	8,125,920
Accrued compensated absences	133,742
Net pension liability	610,086
Net OPEB liability	159,953
Total noncurrent liabilities	<u>9,029,701</u>
TOTAL LIABILITIES	<u>10,564,273</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	6,708
Deferred inflows related to OPEB	42,131
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>48,839</u>
NET POSITION	
Net investment in capital assets	2,750,936
Restricted:	
Nonexpendable	660,749
Special revenue funds	1,446,640
Capital projects funds	4,053,662
Permanent funds	2,545,543
Unrestricted	5,766,192
TOTAL NET POSITION	<u>17,223,722</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 27,836,834</u></u>

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

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,582,558	\$ 47,756	\$ 80,664	\$ -	\$ (1,454,138)
Public safety	1,471,470	300,772	26,842	25,853	(1,118,003)
Public works	852,770	-	-	-	(852,770)
Recreation and culture	425,223	296,582	35,295	-	(93,346)
Health and sanitation	262,950	27,301	-	-	(235,649)
Library	175,478	3,199	1,046	-	(171,233)
TIF	221,569	-	-	-	(221,569)
Education	7,542,806	-	-	-	(7,542,806)
County tax	912,375	-	-	-	(912,375)
Overlay	10,447	-	-	-	(10,447)
Miscellaneous	22,930	-	-	-	(22,930)
Interest on long-term debt	159,022	-	-	-	(159,022)
Total government	<u>\$ 13,639,598</u>	<u>\$ 675,610</u>	<u>\$ 143,847</u>	<u>\$ 25,853</u>	<u>(12,794,288)</u>

STATEMENT B (CONTINUED)

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(12,794,288)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	11,004,572
Excise taxes	1,526,452
Grants and contributions not restricted to specific programs	1,570,552
Investment income, net of unrealized gains/(losses)	828,035
Miscellaneous	<u>113,057</u>
Total revenues	<u>15,042,668</u>
Change in net position	2,248,380
NET POSITION - JULY 1, RESTATED	<u>14,975,342</u>
NET POSITION - JUNE 30	<u><u>\$ 17,223,722</u></u>

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

STATEMENT C

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,857,997	\$ 1,645,513	\$ 11,503,510
Investments	-	3,093,902	3,093,902
Accounts receivable (net of allowance for uncollectibles):			
Taxes	437,828	-	437,828
Liens	72,821	-	72,821
Other	44,276	-	44,276
Due from other governments	109,976	-	109,976
Tax acquired property	61,172	-	61,172
Inventory	13,794	-	13,794
Prepaid items	12,307	-	12,307
Due from other funds	813	6,064,381	6,065,194
TOTAL ASSETS	\$ 10,610,984	\$ 10,803,796	\$ 21,414,780
LIABILITIES			
Accounts payable	\$ 44,819	\$ 7,441	\$ 52,260
Accrued payroll	30,944	-	30,944
Due to other governments	40,425	-	40,425
Unearned revenues	8,874	-	8,874
Escrow accounts	46,746	-	46,746
Due to other funds	6,064,381	813	6,065,194
TOTAL LIABILITIES	6,236,189	8,254	6,244,443
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	294,933	-	294,933
TOTAL DEFERRED INFLOWS OF RESOURCES	294,933	-	294,933
FUND BALANCES			
Nonspendable	87,273	660,749	748,022
Restricted	-	8,045,845	8,045,845
Committed	350,000	296,948	646,948
Assigned	157,261	1,792,000	1,949,261
Unassigned	3,485,328	-	3,485,328
TOTAL FUND BALANCES	4,079,862	10,795,542	14,875,404
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,610,984	\$ 10,803,796	\$ 21,414,780

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

TOWN OF POLAND, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 14,875,404
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	12,052,158
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 16	164,632
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	294,933
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	236,461
OPEB	33,997
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and note payable	(9,465,854)
Net pension liability	(610,086)
Net OPEB liability	(159,953)
Accrued compensated absences	(149,131)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	(6,708)
OPEB	(42,131)
Net position of governmental activities	<u>\$ 17,223,722</u>

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

TOWN OF POLAND, MAINE

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

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 12,712,577	\$ -	\$ 12,712,577
Intergovernmental revenue	1,550,056	129,772	1,679,828
Charges for services	461,174	214,436	675,610
Investment income, net of unrealized gains/(losses)	35,260	792,775	828,035
Other revenue	107,120	66,361	173,481
TOTAL REVENUES	<u>14,866,187</u>	<u>1,203,344</u>	<u>16,069,531</u>
EXPENDITURES			
Current:			
General government	1,253,004	276,968	1,529,972
Public safety	1,225,364	19,991	1,245,355
Public works	543,966	-	543,966
Recreation and culture	205,537	205,759	411,296
Health and sanitation	250,366	-	250,366
Library	169,802	-	169,802
TIF	-	151,543	151,543
Education	7,542,806	-	7,542,806
County tax	912,375	-	912,375
Overlay	10,447	-	10,447
Miscellaneous	-	22,930	22,930
Debt service:			
Principal	156,359	543,742	700,101
Interest	51,551	107,471	159,022
Capital outlay	17,151	534,551	551,702
TOTAL EXPENDITURES	<u>12,338,728</u>	<u>1,862,955</u>	<u>14,201,683</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>2,527,459</u>	<u>(659,611)</u>	<u>1,867,848</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt	-	4,220,000	4,220,000
Transfers in	70,701	1,778,021	1,848,722
Transfers (out)	(1,778,021)	(70,701)	(1,848,722)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,707,320)</u>	<u>5,927,320</u>	<u>4,220,000</u>
NET CHANGE IN FUND BALANCES	820,139	5,267,709	6,087,848
FUND BALANCES - JULY 1,	<u>3,259,723</u>	<u>5,527,833</u>	<u>8,787,556</u>
FUND BALANCES - JUNE 30	<u>\$ 4,079,862</u>	<u>\$ 10,795,542</u>	<u>\$ 14,875,404</u>

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

TOWN OF POLAND, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 6,087,848</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	616,323
Capital asset dispositions	(64,621)
Depreciation expense	<u>(646,868)</u>
	<u>(95,166)</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:	
Pensions	43,817
OPEB	<u>3,231</u>
	<u>47,048</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>(181,553)</u>
Proceeds of long-term debt shown on governmental funds as revenue shown as liabilities on the Statement of Net Position	<u>(4,220,000)</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>719,946</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:	
Pensions	102,354
OPEB	<u>8,518</u>
	<u>110,872</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	(174,665)
Net OPEB liability	(25,275)
Accrued compensated absences	<u>(20,675)</u>
	<u>(220,615)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,248,380</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Poland was incorporated under the laws of the State of Maine. The Town operates under the Selectperson-manager form of government and provides the following services: general government services, public safety, public works, recreation and culture, health and sanitation, library, education, overlay and miscellaneous.

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

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

COVID-19 Outbreak

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020, Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in the state primary and in municipal and school district elections by following all CDC-recommended COVID-19 protocols at polling locations and conducting Town Meeting by referendum.

Extended Deadlines

Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) allowed municipal officers to extend both tax due dates and interest dates for the fiscal year 2020 property taxes due as well as the option to delay property tax lien filing dates until after the state of emergency has expired. The Town extended interest due dates on unpaid property taxes from May 1, 2020 to July 1, 2020. Consequently, tax lien dates were also extended by one month, from September 15, 2020 to October 25, 2020.

Impact on Finances

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

Expected Federal/State Support

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conclusion

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

Implementation of New Accounting Standards

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

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

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

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental or business-type. All activities of the Town are categorized as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding any fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, charges for services,

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & 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 Fund

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

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

The emphasis in fund financial statements is on the major funds in the governmental activity category. 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.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Town's investment policy requires full collateralization of accounts and deposits.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences 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 and for ambulance services. 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. Accounts receivable netted with allowances for uncollectible accounts were \$154,252 for the year ended June 30, 2021. The allowance for uncollectible accounts is estimated to be \$47,117 as of June 30, 2021.

Inventories

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 or the provisions of the Tax Acquired Property Ordinance.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town of Poland as assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost.

Donated assets are reported at acquisition value as of the date received. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Certain paintings have been capitalized as artwork and historical treasures. These items are categorized as non-depreciable assets as they are considered inexhaustible. Depreciation on all assets is provided on the straight-line basis over their estimated useful lives.

Estimated useful lives follow:

Buildings and improvements	7 - 40 years
Infrastructure	10 - 50 years
Machinery and equipment	3 - 30 years
Vehicles	3 - 25 years

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are reported as liabilities in government-wide statements. Long-term obligations consist of general obligation bonds and notes from direct borrowings, net pension and OPEB liabilities and accrued compensated absences.

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 the proprietary funds is the same in the fund statements as it is in the government-wide statements.

Pensions

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

OPEB

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance

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

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

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Board of Selectpersons 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 by the Town's charter as expressed through the Board of Selectpersons.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Nonmajor 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 Board of Selectpersons meeting vote has provided otherwise in its commitment or assignment actions.

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 deferred outflows related to pensions and 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. Deferred inflows related to pensions and 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 September 1, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2020 and April 1, 2021. Interest on unpaid taxes commenced on November 1, 2020 and May 1, 2021, at 8.0% per annum.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$138,668 for the year ended June 30, 2021.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Certain long-term permanent funds are invested through a non-depository, state-chartered trust company and SEC registered investment advisor that acts in such capacity pursuant to an investment advisory agreement providing for investment management and periodic review of portfolio investments that comply with state and federal regulations to provide long-term growth and income.

The Town maintains a cash pool which is available for use by all funds. In addition, cash and investments may be held by other funds within the government.

Deposits:

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

At June 30, 2021, the Town's cash balances amounting to \$11,503,510 were comprised of bank deposits of \$11,501,687. Of these bank deposits, \$11,311,055 were covered by federal depository insurance. Consequently, all bank deposits were not exposed to custodial credit risk. Of the cash equivalents totaling \$190,632, \$3,574 was covered by the Securities Investor Protection Corporation (SIPC) and the remaining \$187,058 of cash equivalents were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,725,776
Savings accounts	204,025
Money market accounts	9,381,254
Cash equivalents	190,632
	<u>\$ 11,501,687</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

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

At June 30, 2021, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Debt securities:					
Corporate bonds	\$ 308,065	\$ -	\$ 20,204	\$ 287,861	\$ -
Equity securities:					
Mutual Funds:					
Fixed income	121,681	121,681	-	-	-
Equity	582,122	582,122	-	-	-
Exchange-traded funds	201,645	201,645	-	-	-
Common stock	1,880,389	1,880,389	-	-	-
	<u>\$ 3,093,902</u>	<u>\$ 2,785,837</u>	<u>\$ 20,204</u>	<u>\$ 287,861</u>	<u>\$ -</u>

Of the Town's investments totaling \$3,093,902, \$131,278 was covered by the SIPC and therefore was not exposed to custodial credit risk. The remaining \$2,962,624 was uncollateralized and uninsured and consequently exposed to custodial credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

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 June 30, 2021:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
	Total	Quoted Prices in	Significant	Significant
	June 30, 2021	Active Markets	Other	Unobservable
		for Identical	Observable	Inputs
		Assets	Inputs	Inputs
		(Level I)	(Level II)	(Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 308,065	\$ -	\$ 308,065	\$ -
Equity securities:				
Mutual funds:				
Fixed income	121,681	121,681	-	-
Equity	582,122	582,122	-	-
Exchange-traded funds	201,645	201,645	-	-
Common stock	1,880,389	1,880,389	-	-
Total investments by fair value level	3,093,902	\$ 2,785,837	\$ 308,065	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	190,632			
Total cash equivalents measured at the NAV	190,632			
Total investments and cash equivalents measured at fair value	\$ 3,284,534			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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 III investments. The fair value of money market funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2021 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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. As of June 30, 2021, the credit ratings for the Town's investments in corporate bonds were rated A+ (\$10,163), A (\$32,379), A- (\$96,470), BBB+ (\$31,766), BBB (\$84,703) and BBB- (\$32,260) by S & P Rating Service. Credit ratings were not available for certain other corporate bond holdings totaling \$20,324.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General fund	\$ 813	\$ 6,064,381
Nonmajor special revenue funds	142,654	813
Nonmajor capital projects funds	5,838,804	-
Nonmajor permanent funds	82,923	-
	<u>\$ 6,065,194</u>	<u>\$ 6,065,194</u>

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

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers From	Transfers To
General fund	\$ 1,778,021	\$ 70,701
Nonmajor special revenue funds	-	1,522,990
Nonmajor capital projects funds	-	255,012
Nonmajor permanent funds	70,701	19
	<u>\$ 1,848,722</u>	<u>\$ 1,848,722</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/20 (Restated)	Additions	Disposals	Balance, 6/30/21
Non-depreciated assets:				
Land	\$ 720,868	\$ 32,422	\$ -	\$ 753,290
Art works & historical treasures	26,000	-	-	26,000
Construction in progress	131,672	7,532	(64,621)	74,583
	<u>878,540</u>	<u>39,954</u>	<u>(64,621)</u>	<u>853,873</u>
Depreciated assets:				
Buildings and improvements	7,828,817	-	-	7,828,817
Machinery and equipment	974,890	32,970	-	1,007,860
Furniture and fixtures	123,451	-	-	123,451
Vehicles	3,668,971	-	(79,320)	3,589,651
Infrastructure	7,040,945	543,399	-	7,584,344
	<u>19,637,074</u>	<u>576,369</u>	<u>(79,320)</u>	<u>20,134,123</u>
Less: accumulated depreciation	<u>(8,368,290)</u>	<u>(646,868)</u>	<u>79,320</u>	<u>(8,935,838)</u>
	<u>11,268,784</u>	<u>(70,499)</u>	<u>-</u>	<u>11,198,285</u>
Net capital assets	<u>\$ 12,147,324</u>	<u>\$ (30,545)</u>	<u>\$ (64,621)</u>	<u>\$ 12,052,158</u>
<u>Current year depreciation</u>				
Fire	\$ 204,655			
Public safety	14,007			
Public works	304,885			
Library	4,459			
Recreation	9,695			
Transfer station	12,584			
TIF	70,026			
Town-wide	26,557			
Total depreciation expense	<u>\$ 646,868</u>			

NOTE 6 - LONG-TERM RECEIVABLE

As of July 1, 2009, the Poland School Department became a member of Regional School Unit (RSU) No. 16. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2021, a long-term receivable has been recorded for \$164,632, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 30.9% of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2021 follows:

	Balance, 7/1/20	Increases	Decreases	Balance, 6/30/21	Due Within One Year
General obligation bonds	\$ 5,686,887	\$ 4,220,000	\$ (804,671)	\$ 9,102,216	\$ 1,305,177
Note from direct borrowings	398,051	-	(34,413)	363,638	34,757
Total long-term debt	<u>\$ 6,084,938</u>	<u>\$ 4,220,000</u>	<u>\$ (839,084)</u>	<u>\$ 9,465,854</u>	<u>\$ 1,339,934</u>

The following is a summary of the outstanding general obligation bonds:

\$1,600,000, 2006C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2021. Interest is charged at a variable-rate from 1.80% to 6.25% per annum.	\$ 106,667
\$2,600,000, 2000FRSR General Obligation Bond due in annual principal installments and semi-annual interest installments through October 2022. Interest is charged at a fixed-rate of 1.80% per annum.	313,615
\$894,741, 2003C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a variable-rate from 2.078% to 5.078% per annum.	164,632
\$2,090,000, 2003E General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2023. Interest is charged at a variable-rate from 2.085% to 5.085% per annum.	313,500
\$4,498,200, 2010F Recovery Zone Economic Development Water and Sewer Bond due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a variable-rate from 0.831% to 5.094% per annum.	2,471,902
\$2,300,000, 2012E General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2032. Interest is charged at a variable-rate from 1.480% to 3.706% per annum.	1,511,900
\$4,220,000, 2021A General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2029. Interest is charged at a variable-rate from 0.410% to 1.230% per annum.	<u>4,220,000</u>
Total general obligation bonds	<u>\$ 9,102,216</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding note from direct borrowings:

\$692,835, 2010 Note due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a fixed-rate of 1% per annum.	\$ 363,638
Total note from direct borrowings	<u>\$ 363,638</u>

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

	General Obligation Bonds		Note from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	Debt Service
2022	\$ 1,305,177	\$ 161,927	\$ 34,757	\$ 5,374	\$ 1,507,235
2023	1,209,144	142,774	35,105	5,024	1,392,047
2024	975,931	125,588	35,456	4,671	1,141,646
2025	879,885	110,752	35,810	4,315	1,030,762
2026	888,947	98,111	36,169	3,955	1,027,182
2027-2031	3,549,894	252,473	186,341	14,247	4,002,955
2032-2036	293,238	64,820	-	-	358,058
	<u>\$ 9,102,216</u>	<u>\$ 956,445</u>	<u>\$ 363,638</u>	<u>\$ 37,586</u>	<u>\$ 10,459,885</u>

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

In 2010, the Town issued a Series 2010F Recovery Zone Economic Development Bond totaling \$4,498,200. This bond is eligible for federal interest subsidy payments equal to 43.7% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act. Due to mandatory federal spending cuts that went into effect March 10, 2014 with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 5.7% and is subject to change at any time. The total financial impact to the Town is unknown.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/20	Increases	Decreases	Balance, 6/30/21	Due Within One Year
Net pension liability	\$ 435,421	\$ 273,852	\$ (99,187)	\$ 610,086	\$ -
Net OPEB liability	134,678	27,488	(2,213)	159,953	-
Accrued compensated absences	128,456	24,993	(4,318)	149,131	15,389
Total other long-term obligations	<u>\$ 698,555</u>	<u>\$ 326,333</u>	<u>\$ (105,718)</u>	<u>\$ 919,170</u>	<u>\$ 15,389</u>

Refer to Notes 17, 19 and 9, respectively, for detailed information on each of the other long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies permit employees to accumulate earned but unused vacation, sick leave and compensatory time. which are eligible for payment upon separation from service. 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. As of June 30, 2021, the Town's liability for compensated absences is \$149,131.

NOTE 10 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2021, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of Androscoggin	\$ 6,803,191	8.47%	\$ 576,230
Regional School Unit #16	8,233,033	65.11%	5,360,528
	<u>\$ 15,036,224</u>		<u>\$ 5,936,758</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	\$ 1,446,640
Nonmajor capital projects funds (Schedule G)	4,053,662
Nonmajor permanent funds (Schedule I)	<u>2,545,543</u>
	<u><u>\$ 8,045,845</u></u>

NOTE 12 - NONSPENDABLE FUND BALANCES

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

General fund:	
Tax acquired property	\$ 61,172
Inventory	13,794
Prepaid items	12,307
Nonmajor permanent funds (Schedule I)	<u>660,749</u>
	<u><u>\$ 748,022</u></u>

NOTE 13 - COMMITTED FUND BALANCES

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

General fund:	
FY 2022 tax relief	\$ 350,000
Nonmajor special revenue funds (Schedule E)	135,783
Nonmajor permanent funds (Schedule I)	<u>161,165</u>
Total	<u><u>\$ 646,948</u></u>

NOTE 14 - ASSIGNED FUND BALANCES

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

General fund:	
Accrued compensated absences	\$ 149,131
Library dedicated donations	8,130
Nonmajor capital projects funds (Schedule G)	1,785,142
Nonmajor special revenue funds (Schedule E)	<u>6,858</u>
Total	<u><u>\$ 1,949,261</u></u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2021, the Town had the following expenditures over appropriations:

Library	\$ 5,312
Capital outlay	17,151
Transfers to other funds	8,538
	<u>\$ 31,001</u>

NOTE 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainebers.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, 2020, there were 301 employers in the plan.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's fire/rescue department employees are part of the PLD's special plan "1N" and are required to contribute 8.3% of their annual covered salary, while all other employees are part of the PLD's plan "AN" and are required to contribute 7.8% of their annual covered salary for employees that joined the Plan prior to July 1, 2014 and 7.35% for employees that joined the plan thereafter. The Town is required to contribute at an actuarially determined rate. The current rates for special plan "1N" and plan "AN" are 11.4% and 7.6%, respectively of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement System's advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2021 was \$128,849.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2021, the Town reported a liability of \$610,086 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Town's proportion was 0.153552%, which was an increase of 0.01355% from its proportion measured as of June 30, 2019.

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

For the year ended June 30, 2021, the Town recognized total pension expense of \$28,494. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,610	\$ 6,708
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	39,700	-
Changes in proportion and differences between contributions and proportionate share of contributions	31,302	-
Contributions subsequent to the measurement date	128,849	-
Total	<u>\$ 236,461</u>	<u>\$ 6,708</u>

\$128,849 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2021	\$ (4,708)
2022	38,097
2023	33,720
2024	33,795
2025	-
Thereafter	-

Actuarial Methods and Assumptions

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - 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 employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., 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 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, 2020 are as follows:

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%

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

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2019 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 1,282,155	\$ 610,086	\$ 59,949

Changes in Net Pension Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. 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, 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 were 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 POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

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

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

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

Pension Plan Fiduciary Net Position

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

NOTE 17 - DEFERRED COMPENSATION PLAN

International Town Management Association Retirement Corporation

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International Town Management Association Retirement Corporation (ICMA-RC). The plan, available to all full time Town employees not subject to a collective bargaining agreement (should one

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

arise), permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectpersons. The Town will contribute a maximum of 4.00% of annualized income on behalf of employees that participate in the Town's deferred compensation plan and 10.00% on behalf of the Town Manager. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the ICMA-RC plan is 10.00%.

Employee overtime is exempt from employer matching funds. The Town's contributions to the plan for 2021, 2020 and 2019 were \$8,751, \$8,751 and \$8,746, respectively.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

Nationwide Retirement Solutions

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the Nationwide Retirement Solutions. The plan, available to all full time Town employees not subject to a collective bargaining agreement (should one arise), permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectperson. The Town will contribute a maximum of 4.00% of annualized income on behalf of employees that participate in the Town's deferred compensation plan and 10.00% on behalf of the Town Manager. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the Nationwide plan is 10.00%.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

Employee overtime is exempt from employer matching funds. The Town made no contributions to the plan for 2021, 2020 and 2019, respectively.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

It is the opinion of the Town's management that the Town has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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, 2020, the following employees were covered by the benefit terms:

Active members	21
Retirees and spouses	<u>1</u>
Total	<u><u>22</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.

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	\$1,118.55	\$2,509.07
PPO 2500	\$840.80	\$1,886.05
Medicare-Eligible Retirees	\$589.25	\$1,178.50

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

At June 30, 2021, the Town reported a liability of \$159,953 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$13,526. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 32,888
Changes of assumptions	31,784	9,243
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	2,213	-
Total	<u>\$ 33,997</u>	<u>\$ 42,131</u>

\$2,213 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Discount Rate

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 186,306	\$ 159,953	\$ 138,503
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 186,306</u>	<u>\$ 159,953</u>	<u>\$ 138,503</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 136,140	\$ 159,953	\$ 190,284
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 136,140</u>	<u>\$ 159,953</u>	<u>\$ 190,284</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2020. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

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

Assumptions

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

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

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

Trend Assumptions:

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

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

Administrative and claims expense - 3% per annum.

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2021 was \$32,888.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 1231 Maine Street, Poland, ME 04274 or by phone at (207) 998-4601.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 19 - 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, 2021.

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 \$1,000 per occurrence deductible is met. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

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 Re-

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - RISK MANAGEMENT (CONTINUED)

imbursement 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, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 20 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Poland's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 21 - INTERLOCAL AGREEMENT/REORGANIZATION PLAN

As of August 21, 2008, the Town entered into an agreement with the Town of Mechanic Falls and Minot for transfer of ownership and operations of the Central Office building and the land on which it sits, to RSU 16. If the Central Office is ever transferred off this property, the land would revert back to the Town of Poland and the building would be turned back to the three towns and disbursed as an asset under the Interlocal Agreement.

NOTE 22 - CONTINGENCIES AND COMMITMENTS

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 22 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

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

On August 30, 2011, the Town of Poland and Blue Triton Brands (formerly Nestle Waters North America, Inc.) entered into agreements with the Auburn Sewer District and the Auburn Water District for the construction of certain infrastructure. The nature of the agreements allows the construction of sewer and water mains within the Town at the Town's cost. The infrastructure will not be owned by the Town but will be owned by the respective Districts. As of June 30, 2011, the Town was obligated for \$4,498,200 worth of recovery zone economic development bonds for this project. The project was completed in December 2011. The debt service on these bonds will ultimately be paid from the Tax Increment Financing District with the Blue Triton Brands. The current principal balance on the bond is \$2,471,902.

On April 22, 2021, the Town of Poland and entered into an agreement with the Auburn Sewerage District for the construction of certain infrastructure. The nature of the agreement allows the construction of a pump station and sewer extension within the Town at the Town's cost. The infrastructure will not be owned by the Town but will be owned by the respective District. As of June 30, 2021, the Town was obligated for \$4,220,000 worth of general obligation bonds for this project. The project's anticipated completion date is the summer of 2022. The debt service on these bonds will ultimately be paid from the Tax Increment Financing Districts with Blue Triton Brands (d/b/a Poland Spring Bottling) and STJ Real Estate LLC. The current principal balance on the bond is \$4,220,000.

NOTE 23 - TAX INCREMENT FINANCING DISTRICTS

In accordance with M.R.S.A. Title 30-A, §5221-§5235, the Town of Poland has established three tax increment financing districts (TIFs) to stimulate new investment in the community by assisting businesses with public infrastructure or unusually high development costs. The TIF districts were formed locally, as the Town defined the districts and chose how much of the new taxes would go to what public and private projects over what period of time, subject to the approval of the Board of Selectpersons,

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 23 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

local taxpayers and ultimately by the Commissioner of the Maine Department of Economic and Community Development.

Taxes generated from TIF districts can be "captured" and utilized to pay for the Town's bonded indebtedness associated with the new public infrastructure investment or returned to the developer in the form of a credit enhancement agreement for defined periods of up to 30 years. The Town of Poland accounts for all the activity of the TIF districts including captured taxes and expenditures for approved purposes in separate TIF funds. The Town has chosen to disclose information about its tax abatement (credit enhancement) agreements by District and negotiates property tax abatement agreements on an individual basis. The following is a brief description of and the total amount of taxes abated for each tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value	TIF CAP	New Taxes	Taxes Abated
Poland Spring Bottling Company District 1	\$ 45,275,400	\$ 86,575,000	Varies	\$ 618,668	\$ -
Poland Spring Bottling Company District 2	5,954,920	57,903,750	Varies	778,193	-
Poland Downtown Village	6,353,650	16,160,500	Varies	146,907	15,477

The Town has not made any commitments as part of the agreements other than to reduce or reimburse taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

NOTE 24 - JOINT VENTURES

Maine Waste to Energy (formerly Mid-Maine Waste Action Corporation)

The Town is a member of an interlocal solid waste agreement with eleven other participating municipalities. Maine Waste to Energy is a quasi-governmental organization, created as a not-for-profit corporation by twelve area municipalities in 1986. The Town of Poland's proportionate interest in the net position of Maine Waste to Energy on June 30, 2020, the date of Maine Waste to Energy's most recent, available

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 24 - JOINT VENTURES (CONTINUED)

audited financial statements, was approximately 9.29% which amounted to \$838,304. As this interest does not constitute an explicit measurable equity interest, it is therefore not recorded as an asset by the Town. Complete financial statements may be obtained from Maine Waste to Energy at 110 Goldthwaite Road, Auburn, ME 04211-1750 or by calling (207) 783-8805.

NOTE 25 - RELATED PARTIES

During the year ended June 30, 2021, the Town of Poland had the following related party transactions and/or relationships to disclose:

The Town's recreation coordinator provides the Town with various custom signs. The amount paid to the recreation coordinator for the fiscal year 2021 was \$545.

NOTE 26 - RESTATEMENT

In 2021, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, restatements to the 2020 government-wide financial statements for governmental activities were required. The result was a reduction of \$58,684, representing a decrease to 2020 noncurrent assets and net position for governmental activities from \$15,034,026 to \$14,975,342.

NOTE 27 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

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

TOWN OF POLAND, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 3,259,723	\$ 3,259,723	\$ 3,259,723	\$ -
Resources (Inflows):				
General tax revenue	12,260,695	12,260,695	12,712,577	451,882
Intergovernmental revenue	1,403,081	1,403,081	1,550,056	146,975
Charges for services	365,950	365,950	461,174	95,224
Investment income	20,000	20,000	35,260	15,260
Other revenue	87,250	87,250	107,120	19,870
Transfers from other funds	-	70,701	70,701	-
Amounts Available for Appropriation	<u>17,396,699</u>	<u>17,467,400</u>	<u>18,196,611</u>	<u>729,211</u>
Charges to Appropriations (Outflows):				
General government	1,368,438	1,368,438	1,253,004	115,434
Public safety	1,269,816	1,269,816	1,225,364	44,452
Public works	598,362	598,362	543,966	54,396
Recreation and culture	227,310	227,310	205,537	21,773
Health and sanitation	273,018	273,018	250,366	22,652
Library	93,789	164,490	169,802	(5,312)
Education	7,542,806	7,542,806	7,542,806	-
County tax	912,375	912,375	912,375	-
Overlay	138,668	138,668	10,447	128,221
Debt service:				
Principal	156,360	156,360	156,359	1
Interest	51,551	51,551	51,551	-
Capital outlay	-	-	17,151	(17,151)
Transfers to other funds	1,769,483	1,769,483	1,778,021	(8,538)
Total Charges to Appropriations	<u>14,401,976</u>	<u>14,472,677</u>	<u>14,116,749</u>	<u>355,928</u>
Budgetary Fund Balance, June 30	<u>\$ 2,994,723</u>	<u>\$ 2,994,723</u>	<u>\$ 4,079,862</u>	<u>\$ 1,085,139</u>
Utilization of assigned fund balance	<u>265,000</u>	<u>265,000</u>	<u>-</u>	<u>(265,000)</u>
	<u>\$ 265,000</u>	<u>\$ 265,000</u>	<u>\$ -</u>	<u>\$ (265,000)</u>

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

TOWN OF POLAND, MAINE

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

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Proportion of the net pension liability	0.15%	0.14%	0.14%	0.13%	0.12%	0.10%	0.11%
Proportionate share of the net pension liability	\$ 610,086	\$ 435,241	\$ 377,305	\$ 535,417	\$ 650,896	\$ 334,484	\$ 170,747
Covered payroll	\$ 1,181,544	\$ 1,093,531	\$ 1,024,455	\$ 916,178	\$ 892,301	\$ 859,883	\$ 908,208
Proportionate share of the net pension liability as a percentage of its covered payroll	51.63%	39.80%	36.83%	58.44%	72.95%	38.90%	18.80%
Plan fiduciary net position as a percentage of the total pension liability	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 auditors' report and notes to financial statements.

TOWN OF POLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 TEN FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Contractually required contribution	\$ 128,849	\$ 99,187	\$ 87,140	\$ 76,532	\$ 67,025	\$ 57,484	\$ 42,726
Contributions in relation to the contractually required contribution	(128,849)	(99,187)	(87,140)	(76,532)	(67,025)	(57,484)	(42,726)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,288,169	\$ 1,181,544	\$ 1,093,531	\$ 1,024,455	\$ 916,178	\$ 892,301	\$ 859,883
Contributions as a percentage of covered payroll	10.00%	8.39%	7.97%	7.47%	7.32%	6.44%	4.97%

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

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

TOWN OF POLAND, MAINE

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 134,678	\$ -	\$ 134,678
Changes for the year:			
Service cost	13,824	-	13,824
Interest	4,039	-	4,039
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	9,625	-	9,625
Contributions - employer	-	2,213	(2,213)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,213)	(2,213)	-
Administrative expense	-	-	-
Net changes	25,275	-	25,275
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 159,953	\$ -	\$ 159,953

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

TOWN OF POLAND, MAINE

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

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	13,824	8,056	9,076	6,329
Interest (includes interest on service cost)	4,039	6,261	5,386	5,086
Changes of benefit terms	-	(2,785)	-	-
Differences between expected and actual experience	-	(43,478)	-	(3,664)
Changes of assumptions	9,625	23,278	(14,790)	13,810
Benefit payments, including refunds of member contributions	(2,213)	(2,580)	(2,481)	(2,085)
Net change in total OPEB liability	\$ 25,275	\$ (11,248)	\$ (2,809)	\$ 19,476
Total OPEB liability - beginning	\$ 134,678	\$ 145,926	\$ 148,735	\$ 129,259
Total OPEB liability - ending	\$ 159,953	\$ 134,678	\$ 145,926	\$ 148,735
<u>Plan fiduciary net position</u>				
Contributions - employer	2,213	2,580	2,481	2,085
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(2,213)	(2,580)	(2,481)	(2,085)
Administrative expense	-	-	-	-
Net change in fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 159,953	\$ 134,678	\$ 145,926	\$ 148,735
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 907,591	\$ 907,591	\$ 895,696	\$ 895,696
Net OPEB liability as a percentage of covered payroll	17.6%	14.8%	16.3%	16.6%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2018</u>
<u>MMEHT:</u>				
Employer contributions	\$ 2,213	\$ 2,580	\$ 2,481	\$ 2,085
Benefit payments	<u>(2,213)</u>	<u>(2,580)</u>	<u>(2,481)</u>	<u>(2,085)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 907,591	\$ 907,591	\$ 895,696	\$ 895,696
Contributions as a percentage of covered payroll	0.24%	0.28%	0.28%	0.23%

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

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

TOWN OF POLAND, MAINE

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

Changes of Assumptions

MMEHT OPEB Plan

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

See accompanying independent auditors' 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.

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

SCHEDULE A

TOWN OF POLAND, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 10,998,195	\$ 10,998,195	\$ 11,186,125	\$ 187,930
Vehicle excise taxes	1,250,000	1,250,000	1,510,579	260,579
Boat excise taxes	12,500	12,500	15,873	3,373
Intergovernmental revenues:				
State revenue sharing	350,000	350,000	494,376	144,376
BETE reimbursement	543,476	543,476	543,521	45
Homestead exemption	404,849	404,849	404,849	-
Local road assistance	64,800	64,800	69,792	4,992
Tree growth	11,700	11,700	11,137	(563)
General assistance	5,000	5,000	-	(5,000)
Veteran's exemption	3,750	3,750	3,856	106
Other intergovernmental	19,506	19,506	22,525	3,019
Charges for services:				
Ambulance fees	250,000	250,000	298,739	48,739
Code enforcement fees	45,000	45,000	62,760	17,760
Motor vehicle fees	18,900	18,900	32,028	13,128
Solid waste revenues/fees	23,500	23,500	27,301	3,801
Marijuana licensing fees	5,000	5,000	5,500	500
Plumbing permits	9,500	9,500	10,975	1,475
Inland fisheries agent fees	2,000	2,000	2,087	87
Animal control fees	2,750	2,750	2,033	(717)
Electrical permit fees	2,500	2,500	8,411	5,911
Customer service fees	800	800	879	79
Library	-	-	3,199	3,199
Other	6,000	6,000	7,262	1,262
Investment income	20,000	20,000	35,260	15,260
Other revenue:				
Rentals	500	500	125	(375)
Interest/fees on liens	27,250	27,250	37,387	10,137
Cable franchise fees	59,500	59,500	66,323	6,823
Other miscellaneous income	-	-	2,239	2,239
Donations and other contributions	-	-	1,046	1,046
Transfers in from other funds	-	70,701	70,701	-
Use of fund balance	265,000	265,000	-	(265,000)
Total revenues	<u>\$ 14,401,976</u>	<u>\$ 14,472,677</u>	<u>\$ 14,936,888</u>	<u>\$ 464,211</u>

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

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration	\$ 472,582	\$ -	\$ 472,582	\$ 410,906	\$ 61,676
Benefits	722,757	-	722,757	687,642	35,115
Contracted services	101,918	-	101,918	89,793	12,125
Buildings and grounds	58,021	-	58,021	51,627	6,394
Cable TV	13,160	-	13,160	13,036	124
	<u>1,368,438</u>	<u>-</u>	<u>1,368,438</u>	<u>1,253,004</u>	<u>115,434</u>
Public safety					
Fire/Rescue	842,706	-	842,706	808,785	33,921
Police	283,495	-	283,495	276,959	6,536
Insurance	51,000	-	51,000	49,911	1,089
Dispatch contract	45,315	-	45,315	45,221	94
Street lights	15,400	-	15,400	12,285	3,115
Emergency management	5,000	-	5,000	5,000	-
Animal control	10,000	-	10,000	10,271	(271)
Hydrants	16,900	-	16,900	16,932	(32)
	<u>1,269,816</u>	<u>-</u>	<u>1,269,816</u>	<u>1,225,364</u>	<u>44,452</u>
Public works					
Highways	598,362	-	598,362	543,966	54,396
	<u>598,362</u>	<u>-</u>	<u>598,362</u>	<u>543,966</u>	<u>54,396</u>

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and sanitation					
Solid waste	273,018	-	273,018	250,366	22,652
	<u>273,018</u>	<u>-</u>	<u>273,018</u>	<u>250,366</u>	<u>22,652</u>
Library	<u>93,789</u>	<u>70,701</u>	<u>164,490</u>	<u>169,802</u>	<u>(5,312)</u>
Community services					
Planning & Community Development	108,830	-	108,830	99,017	9,813
Recreation	79,817	-	79,817	80,203	(386)
General assistance	10,000	-	10,000	1,075	8,925
Social service agencies	4,000	-	4,000	4,000	-
Other	24,663	-	24,663	21,242	3,421
	<u>227,310</u>	<u>-</u>	<u>227,310</u>	<u>205,537</u>	<u>21,773</u>
Education	<u>7,542,806</u>	<u>-</u>	<u>7,542,806</u>	<u>7,542,806</u>	<u>-</u>
County tax	<u>912,375</u>	<u>-</u>	<u>912,375</u>	<u>912,375</u>	<u>-</u>
Overlay/Emergency Article	<u>138,668</u>	<u>-</u>	<u>138,668</u>	<u>10,447</u>	<u>128,221</u>

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service					
Principal	156,360	-	156,360	156,359	1
Interest	51,551	-	51,551	51,551	-
	<u>207,911</u>	<u>-</u>	<u>207,911</u>	<u>207,910</u>	<u>1</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,151</u>	<u>(17,151)</u>
Transfers					
Special revenue funds	1,520,658	-	1,520,658	1,522,990	(2,332)
Permanent funds	-	-	-	19	(19)
Capital projects funds	248,825	-	248,825	255,012	(6,187)
	<u>1,769,483</u>	<u>-</u>	<u>1,769,483</u>	<u>1,778,021</u>	<u>(8,538)</u>
Total Departmental Operations	<u>\$ 14,401,976</u>	<u>\$ 70,701</u>	<u>\$ 14,472,677</u>	<u>\$ 14,116,749</u>	<u>\$ 355,928</u>

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,454,881	\$ -	\$ 190,632	\$ 1,645,513
Investments	-	-	3,093,902	3,093,902
Due from other funds	142,654	5,838,804	82,923	6,064,381
TOTAL ASSETS	<u>\$ 1,597,535</u>	<u>\$ 5,838,804</u>	<u>\$ 3,367,457</u>	<u>\$ 10,803,796</u>
LIABILITIES				
Accounts payable	\$ 7,441	\$ -	\$ -	\$ 7,441
Due to other funds	813	-	-	813
TOTAL LIABILITIES	<u>8,254</u>	<u>-</u>	<u>-</u>	<u>8,254</u>
FUND BALANCES				
Nonspendable	-	-	660,749	660,749
Restricted	1,446,640	4,053,662	2,545,543	8,045,845
Committed	135,783	-	161,165	296,948
Assigned	6,858	1,785,142	-	1,792,000
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>1,589,281</u>	<u>5,838,804</u>	<u>3,367,457</u>	<u>10,795,542</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,597,535</u>	<u>\$ 5,838,804</u>	<u>\$ 3,367,457</u>	<u>\$ 10,803,796</u>

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

SCHEDULE D

TOWN OF POLAND, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 129,772	\$ -	\$ -	\$ 129,772
Charges for services	214,436	-	-	214,436
Investment income, net of unrealized gains/(losses)	3,579	3,551	785,645	792,775
Other income	40,295	19,762	6,304	66,361
Total revenues	<u>388,082</u>	<u>23,313</u>	<u>791,949</u>	<u>1,203,344</u>
EXPENDITURES				
Current:				
General government	80,995	191,261	-	272,256
Public Safety	19,991	-	-	19,991
Recreation	205,759	-	-	205,759
TIF	151,543	-	-	151,543
Cemetery	-	-	4,712	4,712
Other	-	780	22,150	22,930
Debt service	651,213	-	-	651,213
Capital outlay	287,904	246,647	-	534,551
Total expenditures	<u>1,397,405</u>	<u>438,688</u>	<u>26,862</u>	<u>1,862,955</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,009,323)</u>	<u>(415,375)</u>	<u>765,087</u>	<u>(659,611)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,522,990	255,012	19	1,778,021
Transfers (out)	-	-	(70,701)	(70,701)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,522,990</u>	<u>4,475,012</u>	<u>(70,682)</u>	<u>5,927,320</u>
NET CHANGE IN FUND BALANCES	513,667	4,059,637	694,405	5,267,709
FUND BALANCES - JULY 1	<u>1,075,614</u>	<u>1,779,167</u>	<u>2,673,052</u>	<u>5,527,833</u>
FUND BALANCES - JUNE 30	<u>\$ 1,589,281</u>	<u>\$ 5,838,804</u>	<u>\$ 3,367,457</u>	<u>\$ 10,795,542</u>

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

Special Revenue Funds

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

SCHEDULE E

TOWN OF POLAND, MAINE

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

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Real Estate Tax Assistance
ASSETS						
Cash and cash equivalents	\$ 800	\$ -	\$ 522,107	\$ 501,078	\$ 430,896	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	113,255	21,728	-	813	-	6,858
TOTAL ASSETS	<u>\$ 114,055</u>	<u>\$ 21,728</u>	<u>\$ 522,107</u>	<u>\$ 501,891</u>	<u>\$ 430,896</u>	<u>\$ 6,858</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 5,988	\$ 1,453	\$ -	\$ -
Due to other funds	-	-	813	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>6,801</u>	<u>1,453</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	515,306	500,438	430,896	-
Committed	114,055	21,728	-	-	-	-
Assigned	-	-	-	-	-	6,858
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>114,055</u>	<u>21,728</u>	<u>515,306</u>	<u>500,438</u>	<u>430,896</u>	<u>6,858</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 114,055</u>	<u>\$ 21,728</u>	<u>\$ 522,107</u>	<u>\$ 501,891</u>	<u>\$ 430,896</u>	<u>\$ 6,858</u>

SCHEDULE E (CONTINUED)

TOWN OF POLAND, MAINE

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

	Project Canopy	FEMA Grant	CTCL COVID-19 Response Grant	County EMA Grant	Keep ME Healthy Grant	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,454,881
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	142,654
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,597,535</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,441
Due to other funds	-	-	-	-	-	813
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,254</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	1,446,640
Committed	-	-	-	-	-	135,783
Assigned	-	-	-	-	-	6,858
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,589,281</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,597,535</u>

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

TOWN OF POLAND, MAINE

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

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Real Estate Tax Assistance
REVENUES						
Intergovernmental	\$ 1,413	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	214,436	-	-	-	-	-
Investment income, net of unrealized gains/(losses)	-	-	992	1,131	1,456	-
Donations and other contributions	35,295	-	-	-	-	-
Total revenues	251,144	-	992	1,131	1,456	-
EXPENDITURES						
General government	-	-	-	-	-	4,331
Recreation	205,759	-	-	-	-	-
Public safety	-	-	-	-	-	-
TIF	-	-	84,351	48,031	19,161	-
Debt service	-	-	324,629	274,993	51,591	-
Capital outlay	5,840	-	-	270,572	-	-
Total expenditures	211,599	-	408,980	593,596	70,752	4,331
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	39,545	-	(407,988)	(592,465)	(69,296)	(4,331)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	721,282	678,034	121,342	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	721,282	678,034	121,342	-
NET CHANGE IN FUND BALANCES	39,545	-	313,294	85,569	52,046	(4,331)
FUND BALANCES (DEFICITS) - JULY 1	74,510	21,728	202,012	414,869	378,850	11,189
FUND BALANCES - JUNE 30	\$ 114,055	\$ 21,728	\$ 515,306	\$ 500,438	\$ 430,896	\$ 6,858

SCHEDULE F (CONTINUED)

TOWN OF POLAND, MAINE

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

	Project Canopy	FEMA Grant	CTCL COVID-19 Response Grant	County EMA Grant	Keep ME Healthy Grant	Total
REVENUES						
Intergovernmental	\$ 4,000	\$ 19,991	\$ -	\$ 32,704	\$ 71,664	\$ 129,772
Charges for services	-	-	-	-	-	214,436
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	3,579
Donations and other contributions	-	-	5,000	-	-	40,295
Total revenues	<u>4,000</u>	<u>19,991</u>	<u>5,000</u>	<u>32,704</u>	<u>71,664</u>	<u>388,082</u>
EXPENDITURES						
General government	-	-	5,000	-	71,664	80,995
Recreation	-	-	-	-	-	205,759
Public safety	-	19,991	-	-	-	19,991
TIF	-	-	-	-	-	151,543
Debt service	-	-	-	-	-	651,213
Capital outlay	-	-	-	11,492	-	287,904
Total expenditures	<u>-</u>	<u>19,991</u>	<u>5,000</u>	<u>11,492</u>	<u>71,664</u>	<u>1,397,405</u>
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>21,212</u>	<u>-</u>	<u>(1,009,323)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,532	-	-	800	-	1,522,990
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,532</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>1,522,990</u>
NET CHANGE IN FUND BALANCES	5,532	-	-	22,012	-	513,667
FUND BALANCES (DEFICITS) - JULY 1	<u>(5,532)</u>	<u>-</u>	<u>-</u>	<u>(22,012)</u>	<u>-</u>	<u>1,075,614</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,589,281</u>

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

Capital Projects Funds

The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF POLAND, MAINE

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

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve	Library Renovation/ Expansion
ASSETS							
Due from other funds	\$ 916,108	\$ 615,341	\$ 63,490	\$ 3,119	\$ -	\$ 8,299	\$ 400
TOTAL ASSETS	<u>\$ 916,108</u>	<u>\$ 615,341</u>	<u>\$ 63,490</u>	<u>\$ 3,119</u>	<u>\$ -</u>	<u>\$ 8,299</u>	<u>\$ 400</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	916,108	615,341	63,490	3,119	-	8,299	400
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>916,108</u>	<u>615,341</u>	<u>63,490</u>	<u>3,119</u>	<u>-</u>	<u>8,299</u>	<u>400</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 916,108</u>	<u>\$ 615,341</u>	<u>\$ 63,490</u>	<u>\$ 3,119</u>	<u>\$ -</u>	<u>\$ 8,299</u>	<u>\$ 400</u>

SCHEDULE G (CONTINUED)

TOWN OF POLAND, MAINE

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

	Building Improvements	Technology Reserve	Contingency Reserve	Police Vehicle	Revaluation Reserve	Rt 26 Sewer Extention	CEO Reserve	Total
ASSETS								
Due from other funds	\$ 46,732	\$ 1,230	\$ 3,000	\$ 28,038	\$ 90,000	\$ 4,053,662	\$ 9,385	\$ 5,838,804
TOTAL ASSETS	<u>\$ 46,732</u>	<u>\$ 1,230</u>	<u>\$ 3,000</u>	<u>\$ 28,038</u>	<u>\$ 90,000</u>	<u>\$ 4,053,662</u>	<u>\$ 9,385</u>	<u>\$ 5,838,804</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	4,053,662	-	4,053,662
Committed	-	-	-	-	-	-	-	-
Assigned	46,732	1,230	3,000	28,038	90,000	-	9,385	1,785,142
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>46,732</u>	<u>1,230</u>	<u>3,000</u>	<u>28,038</u>	<u>90,000</u>	<u>4,053,662</u>	<u>9,385</u>	<u>5,838,804</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,732</u>	<u>\$ 1,230</u>	<u>\$ 3,000</u>	<u>\$ 28,038</u>	<u>\$ 90,000</u>	<u>\$ 4,053,662</u>	<u>\$ 9,385</u>	<u>\$ 5,838,804</u>

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

TOWN OF POLAND, MAINE

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

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve	Library Renovation/ Expansion
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-	-
Other income	9,700	5,386	-	-	-	-	400
Total revenues	<u>9,700</u>	<u>5,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Other	-	-	780	-	-	-	-
Capital outlay	-	-	212,056	7,368	-	18,953	-
Total expenditures	<u>-</u>	<u>-</u>	<u>212,836</u>	<u>7,368</u>	<u>-</u>	<u>18,953</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,700</u>	<u>5,386</u>	<u>(212,836)</u>	<u>(7,368)</u>	<u>-</u>	<u>(18,953)</u>	<u>400</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from bond issuance	-	-	-	-	-	-	-
Transfers in	-	-	243,825	-	889	5,298	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>243,825</u>	<u>-</u>	<u>889</u>	<u>5,298</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,700	5,386	30,989	(7,368)	889	(13,655)	400
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>906,408</u>	<u>609,955</u>	<u>32,501</u>	<u>10,487</u>	<u>(889)</u>	<u>21,954</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ 916,108</u>	<u>\$ 615,341</u>	<u>\$ 63,490</u>	<u>\$ 3,119</u>	<u>\$ -</u>	<u>\$ 8,299</u>	<u>\$ 400</u>

SCHEDULE H (CONTINUED)

TOWN OF POLAND, MAINE

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

	Building Improvements	Technology Reserve	Contingency Reserve	Police Vehicle	Revaluation Reserve	Rt 26 Sewer Extention	CEO Reserve	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	3,551	-	3,551
Other income	4,276	-	-	-	-	-	-	19,762
Total revenues	<u>4,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,551</u>	<u>-</u>	<u>23,313</u>
EXPENDITURES								
General government	15,354	-	-	-	-	169,889	6,018	191,261
Other	-	-	-	-	-	-	-	780
Capital outlay	-	8,270	-	-	-	-	-	246,647
Total expenditures	<u>15,354</u>	<u>8,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,889</u>	<u>6,018</u>	<u>438,688</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,078)</u>	<u>(8,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,338)</u>	<u>(6,018)</u>	<u>(415,375)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from bond issuance	-	-	-	-	-	4,220,000	-	4,220,000
Transfers in	5,000	-	-	-	-	-	-	255,012
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,220,000</u>	<u>-</u>	<u>4,475,012</u>
NET CHANGE IN FUND BALANCES	(6,078)	(8,270)	-	-	-	4,053,662	(6,018)	4,059,637
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>52,810</u>	<u>9,500</u>	<u>3,000</u>	<u>28,038</u>	<u>90,000</u>	<u>-</u>	<u>15,403</u>	<u>1,779,167</u>
FUND BALANCES - JUNE 30	<u>\$ 46,732</u>	<u>\$ 1,230</u>	<u>\$ 3,000</u>	<u>\$ 28,038</u>	<u>\$ 90,000</u>	<u>\$ 4,053,662</u>	<u>\$ 9,385</u>	<u>\$ 5,838,804</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Poland, 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, the library and the historical society.

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	A. B. Ricker Trust
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,574	\$ -
Investments	-	-	-	-	127,704	-
Due from other funds	11,720	10,281	6,926	2,497	-	12,285
TOTAL ASSETS	<u>\$ 11,720</u>	<u>\$ 10,281</u>	<u>\$ 6,926</u>	<u>\$ 2,497</u>	<u>\$ 131,278</u>	<u>\$ 12,285</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	5,000	-	-	-	-	7,000
Restricted	6,720	10,281	6,926	2,497	131,278	5,285
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>11,720</u>	<u>10,281</u>	<u>6,926</u>	<u>2,497</u>	<u>131,278</u>	<u>12,285</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,720</u>	<u>\$ 10,281</u>	<u>\$ 6,926</u>	<u>\$ 2,497</u>	<u>\$ 131,278</u>	<u>\$ 12,285</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial	Historical Society
ASSETS					
Cash and cash equivalents	\$ -	\$ 8,139	\$ 141,070	\$ -	\$ -
Investments	-	366,159	1,813,174	-	-
Due from other funds	6,638	-	-	30,451	-
TOTAL ASSETS	\$ 6,638	\$ 374,298	\$ 1,954,244	\$ 30,451	\$ -
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	609	33,000	375,000	-	-
Restricted	6,029	341,298	1,579,244	30,451	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	6,638	374,298	1,954,244	30,451	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,638	\$ 374,298	\$ 1,954,244	\$ 30,451	\$ -

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 30,452	\$ 7,397	\$ 190,632
Investments	-	633,097	153,768	3,093,902
Due from other funds	2,125	-	-	82,923
TOTAL ASSETS	<u>\$ 2,125</u>	<u>\$ 663,549</u>	<u>\$ 161,165</u>	<u>\$ 3,367,457</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	2,000	238,140	-	660,749
Restricted	125	425,409	-	2,545,543
Committed	-	-	161,165	161,165
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>2,125</u>	<u>663,549</u>	<u>161,165</u>	<u>3,367,457</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,125</u>	<u>\$ 663,549</u>	<u>\$ 161,165</u>	<u>\$ 3,367,457</u>

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

TOWN OF POLAND, MAINE

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

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	A. B. Ricker Trust
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 210	\$ -	\$ 124	\$ 47	\$ 36,047	\$ 219
Donations and other contributions	-	1,300	-	-	-	-
Total revenues	<u>210</u>	<u>1,300</u>	<u>124</u>	<u>47</u>	<u>36,047</u>	<u>219</u>
EXPENDITURES						
Cemetery	-	-	-	125	4,587	-
Scholarships	-	-	-	-	-	-
Other	-	5,000	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>125</u>	<u>4,587</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>210</u>	<u>(3,700)</u>	<u>124</u>	<u>(78)</u>	<u>31,460</u>	<u>219</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	210	(3,700)	124	(78)	31,460	219
FUND BALANCES (DEFICITS) - JULY 1	<u>11,510</u>	<u>13,981</u>	<u>6,802</u>	<u>2,575</u>	<u>99,818</u>	<u>12,066</u>
FUND BALANCES - JUNE 30	<u>\$ 11,720</u>	<u>\$ 10,281</u>	<u>\$ 6,926</u>	<u>\$ 2,497</u>	<u>\$ 131,278</u>	<u>\$ 12,285</u>

SCHEDULE J (CONTINUED)

TOWN OF POLAND, MAINE

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

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial	Historical Society
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 119	\$ 92,887	\$ 458,612	\$ 544	\$ -
Donations and other contributions	-	5,004	-	-	-
Total revenues	<u>119</u>	<u>97,891</u>	<u>458,612</u>	<u>544</u>	<u>-</u>
EXPENDITURES					
Cemetery	-	-	-	-	-
Scholarships	-	2,500	-	-	-
Other	-	520	10,001	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>3,020</u>	<u>10,001</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>119</u>	<u>94,871</u>	<u>448,611</u>	<u>544</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	19
Transfers (out)	-	-	(55,097)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(55,097)</u>	<u>-</u>	<u>19</u>
NET CHANGE IN FUND BALANCES	119	94,871	393,514	544	19
FUND BALANCES (DEFICITS) - JULY 1,	<u>6,519</u>	<u>279,427</u>	<u>1,560,730</u>	<u>29,907</u>	<u>(19)</u>
FUND BALANCES - JUNE 30	<u>\$ 6,638</u>	<u>\$ 374,298</u>	<u>\$ 1,954,244</u>	<u>\$ 30,451</u>	<u>\$ -</u>

TOWN OF POLAND, MAINE

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

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 38	\$ 158,621	\$ 38,177	\$ 785,645
Donations and other contributions	-	-	-	6,304
Total revenues	<u>38</u>	<u>158,621</u>	<u>38,177</u>	<u>791,949</u>
EXPENDITURES				
Cemetery	-	-	-	4,712
Scholarships	-	-	-	2,500
Other	-	3,329	800	19,650
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>3,329</u>	<u>800</u>	<u>26,862</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>38</u>	<u>155,292</u>	<u>37,377</u>	<u>765,087</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	19
Transfers (out)	-	(15,604)	-	(70,701)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(15,604)</u>	<u>-</u>	<u>(70,682)</u>
NET CHANGE IN FUND BALANCES	38	139,688	37,377	694,405
FUND BALANCES (DEFICITS) - JULY 1,	<u>2,087</u>	<u>523,861</u>	<u>123,788</u>	<u>2,673,052</u>
FUND BALANCES - JUNE 30	<u>\$ 2,125</u>	<u>\$ 663,549</u>	<u>\$ 161,165</u>	<u>\$ 3,367,457</u>

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

General Capital Assets

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

TOWN OF POLAND, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Fire department	\$ 6,300	\$ 2,329,707	\$ 2,780,709	\$ -	\$ 5,116,716
Public safety	-	-	72,674	-	72,674
Public works department	219,358	1,844,011	1,387,203	4,673,772	8,124,344
Transfer station	120,000	359,827	262,234	-	742,061
TIF	-	-	-	2,801,016	2,801,016
Library	28,880	936,738	65,814	-	1,031,432
Recreation	169,252	495,627	27,340	-	692,219
Town-wide	310,083	1,862,907	124,988	109,556	2,407,534
Total General Capital Assets	853,873	7,828,817	4,720,962	7,584,344	20,987,996
Less: Accumulated Depreciation	-	(4,488,406)	(2,683,178)	(1,764,254)	(8,935,838)
Net General Capital Assets	\$ 853,873	\$ 3,340,411	\$ 2,037,784	\$ 5,820,090	\$ 12,052,158

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

TOWN OF POLAND, MAINE

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

	General Capital Assets 7/1/20 (Restated)	Additions	Deletions	General Capital Assets 6/30/21
Fire department	\$ 5,096,954	\$ 19,762	\$ -	\$ 5,116,716
Public safety	72,674	-	-	72,674
Public works department	7,755,178	448,486	(79,320)	8,124,344
Transfer station	734,693	7,368	-	742,061
TIF	2,801,016	-	-	2,801,016
Library	1,031,432	-	-	1,031,432
Recreation	685,127	7,092	-	692,219
Town-wide	<u>2,338,540</u>	<u>133,615</u>	<u>(64,621)</u>	<u>2,407,534</u>
Total General Capital Assets	20,515,614	616,323	(143,941)	20,987,996
Less: Accumulated Depreciation	<u>(8,368,290)</u>	<u>(646,868)</u>	<u>79,320</u>	<u>(8,935,838)</u>
Net General Capital Assets	<u>\$ 12,147,324</u>	<u>\$ (30,545)</u>	<u>\$ (64,621)</u>	<u>\$ 12,052,158</u>

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



Proven Expertise and Integrity

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

Board of Selectpersons
Town of Poland
Poland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Town of Poland, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Town of Poland's basic financial statements and have issued our report thereon dated December 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Poland'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Poland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Poland'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 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

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limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Poland's financial statements are free of 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 Poland, Maine in a separate letter dated September 20, 2021.

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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.H.R. Smith & Company

Buxton, Maine
December 20, 2021