

Audited Financial Statements and
Other Financial Information

Town of Poland, Maine

June 30, 2020



Proven Expertise and Integrity

TOWN OF POLAND, MAINE

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JUNE 30, 2020

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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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 15 and 68 through 74 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 April 15, 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
April 15, 2021

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

(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, 2020. 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 \$15,034,026 (net position), increasing by \$1,319,140 or 9.62% from the previous fiscal year. All categories of net position increased, with the largest portion realized in net investment in capital assets of \$863,923, a \$300,602 increase in restricted net position, and \$154,615 in unrestricted net position. 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 fell below the change in overall program expenditures for the fiscal year ended June 30, 2020 by \$70,253 or 5.06% when compared to the same period in 2019. The net decrease resulted from the rise in expenditures of 2.16%, which outpaced the overall increase in revenues at 1.46%. A significant rise in pension-related costs was a major contributing factor in the decline.
- 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 \$2,812,254 for the year ended June 30, 2020 from \$2,782,444 for the same period in 2019, or a 1.1% increase. Increases in certain state revenues partially offset the effects of COVID-19 tax relief measures taken, which caused a decline in revenues overall. Cost-saving measures were implemented due to the pandemic which was the primary driver of the positive results.
- Total combined fund balances of other governmental funds likewise saw an overall increase of \$260,157 from the previous fiscal year, primarily due to TIF program revenue retention along with net investment gains on permanent fund investments.
- Resources available for appropriations in the general fund were lower than anticipated for the year ended June 30, 2020. Cost-savings measures, a mild winter season, and program postponements due to the pandemic fully offset the gap in budgeted revenues.
- Capital assets rose by \$153,693 for the year ended June 30, 2020. Planned infrastructure improvements and a vehicle purchase contributed to the increase.

- The Town's debt decreased by \$829,368 from the previous fiscal year due to scheduled principal reductions. No new debt was incurred.

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, and education.

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 \$1,319,140 or 9.62% from \$13,714,886, as restated, to \$15,034,026. All net position categories increased. (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 \$154,615 to \$5,084,172. Net investment in capital assets increased \$863,923, along with an increase of \$300,602 in restricted net position. Under-spent appropriations on Town operations, long-term debt retirement outpacing net investment in capital assets, and an increase in net investment gains for the year on restricted assets resulted in the favorable outcomes, respectively.

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

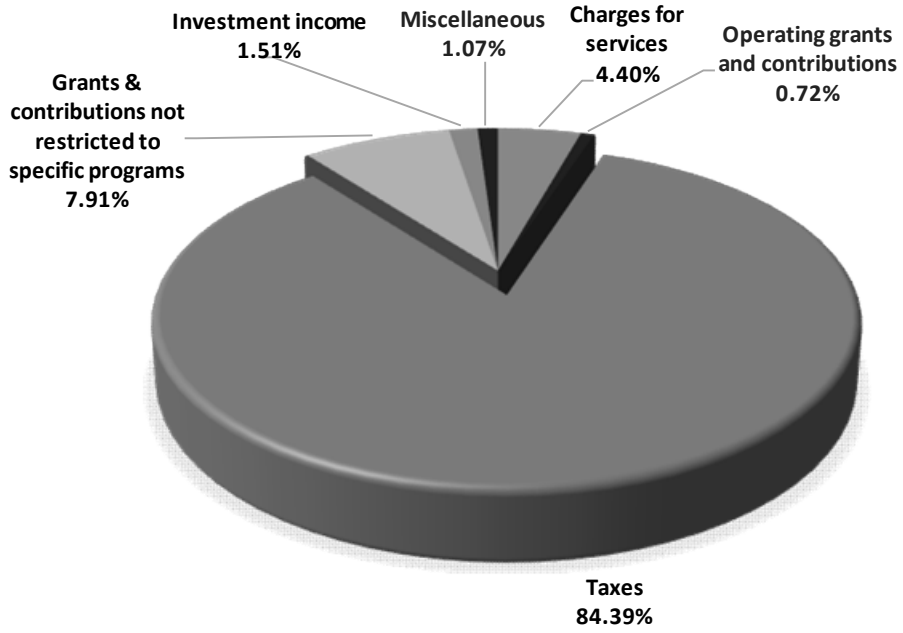
	2020	2019 (Restated)
Assets:		
Current Assets	\$ 9,445,967	\$ 8,890,111
Noncurrent Assets	12,489,778	12,455,223
Total Assets	21,935,745	21,345,334
Deferred Outflows of Resources	223,410	206,659
Liabilities:		
Current Liabilities	1,020,404	1,024,832
Long-term Debt Outstanding	5,945,014	6,700,840
Total Liabilities	6,965,418	7,725,672
Deferred Inflows of Resources	159,711	111,435
Net Position:		
Net Investment in Capital Assets	6,404,840	5,540,917
Restricted	3,545,014	3,244,412
Unrestricted	5,084,172	4,929,557
Total Net Position	\$ 15,034,026	\$ 13,714,886

Revenues and Expenses

Revenues for the Town's governmental activities increased by 1.46%, while total expenses increased by 2.16%. Primary reasons for the increase in revenues were attributed to an increase in intergovernmental grants and contributions due to state law amendments and an increase in property tax revenues, which were partially offset by a decline in capital grants and contributions.

An increase in expenses was incurred across most programs, with the largest being general government due to an increase in pension-related costs, followed by recreation and culture primarily due to summer camp, soccer, and football operations, county tax increases, and tax overlay, the amount raised by taxation to pay abatements. These were partially offset by decreases in education costs when compared to the prior fiscal year. Refer to Table 2 below for specific details.

PROGRAM & GENERAL REVENUES



PROGRAM EXPENSES

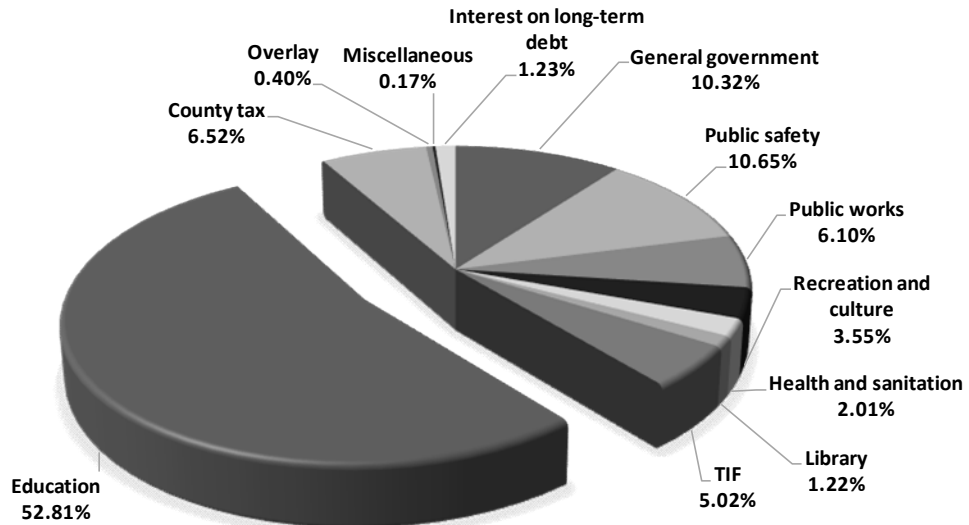


Table 2
Town of Poland, Maine
Change in Net Position
For the Years Ended June 30,

	<u>2020</u>	<u>2019 (Restated)</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 645,687	\$ 659,184
Operating grants and contributions	105,495	101,419
Capital grants and contributions	-	31,177
<i>General revenues:</i>		
Taxes	12,383,157	12,334,228
Grants and contributions not restricted to specific programs	1,160,125	966,692
Investment income	222,217	230,039
Miscellaneous	157,195	139,512
Total Revenues	<u>14,673,876</u>	<u>14,462,251</u>
Expenses		
General government	1,378,173	1,135,909
Public safety	1,421,777	1,392,458
Public works	814,777	820,094
Recreation and culture	474,027	421,182
Health and sanitation	268,983	240,522
Library	163,024	161,055
TIF	671,043	732,051
Education	7,052,373	7,129,458
County tax	870,136	825,107
Overlay	53,272	12,753
Miscellaneous	23,233	23,060
Interest on long-term debt	163,918	179,209
Total Expenses	<u>13,354,736</u>	<u>13,072,858</u>
Change in Net Position	1,319,140	1,389,393
Net Position - July 1, Restated	<u>13,714,886</u>	<u>12,325,493</u>
Net Position - June 30	<u>\$ 15,034,026</u>	<u>\$ 13,714,886</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,

	2020	2019
Major Funds:		
General Fund:		
Nonspendable	\$ 45,466	\$ 40,692
Committed	265,000	206,437
Assigned	137,003	108,728
Unassigned	2,812,254	2,782,444
Total Major Funds	\$ 3,259,723	\$ 3,138,301
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 995,731	\$ 779,856
Committed	96,238	140,075
Assigned	11,189	8,872
Unassigned	(27,544)	(7,651)
Capital Projects Funds:		
Assigned	1,780,056	1,765,341
Unassigned	(889)	(889)
Permanent Funds:		
Nonspendable	660,749	17,609
Restricted	1,888,534	2,446,947
Committed	123,788	117,535
Unassigned	(19)	(19)
Total Nonmajor Funds	\$ 5,527,833	\$ 5,267,676

For the Town's general fund, total fund balance increased by \$121,422 from the prior fiscal year. The primary drivers of the positive results, as noted above, were many cost-saving measures implemented due to the pandemic along with unspent tax overlay.

The increase in the nonmajor funds total fund balance of \$260,157 from the prior fiscal year can primarily be attributed to a higher level of capital reserves over actual capital outlay, planned TIF funding, and 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, 2020 included the utilization of remaining bond monies as an offset to debt service on fire station renovations.

Final budget compared to actual results Fiscal 2020 budget expectations continued to support operational and program needs within LD-1 tax limitations despite slowed economic growth. Property taxes were the largest source of revenue for the Town in fiscal 2020, comprising approximately 76.5% of budgeted revenues, down approximately \$100,000 from fiscal 2019 levels primarily due to a reduction in tax collections overall. Fiscal 2020 excise taxes, intergovernmental and other revenues have increased from fiscal 2019 levels by approximately 8.7% primarily due to a State revenue sharing percentage increase and an increase in the BETE reimbursement. In addition, budget assessments and/or appropriations increased approximately 2.8% above fiscal 2019 levels. The largest increases were incurred in the Tax Incremental Financing Districts and municipal appropriations. Nonetheless, the Town's mill rate remained flat at 14.98% in fiscal 2020.

General fund actual expenditures were under budget by \$166,122 in total. Of the program categories that came in below budget, most notable were general government and public works, primarily due to changes in elections resulting from the pandemic and a mild winter season, respectively. Voters have subsequently approved the carryforward of \$15,000 of election costs that will be used to defray fiscal 2021 expenditures due to changes in state mandates on the nature and timing of elections. Federal and state coronavirus relief funding also provided some financial assistance totaling \$10,465 for the twelve months ended June 30, 2020. This favorable trend was partially offset by general fund actual revenues, including transfers from other funds, coming in below budgeted amounts by \$29,700. The primary reasons for the decline were lower than anticipated tax collections and State revenue sharing due to the COVID-19 pandemic along with an expected BETE reimbursement reduction.

Capital Asset and Long-Term Debt Activity

Capital Assets

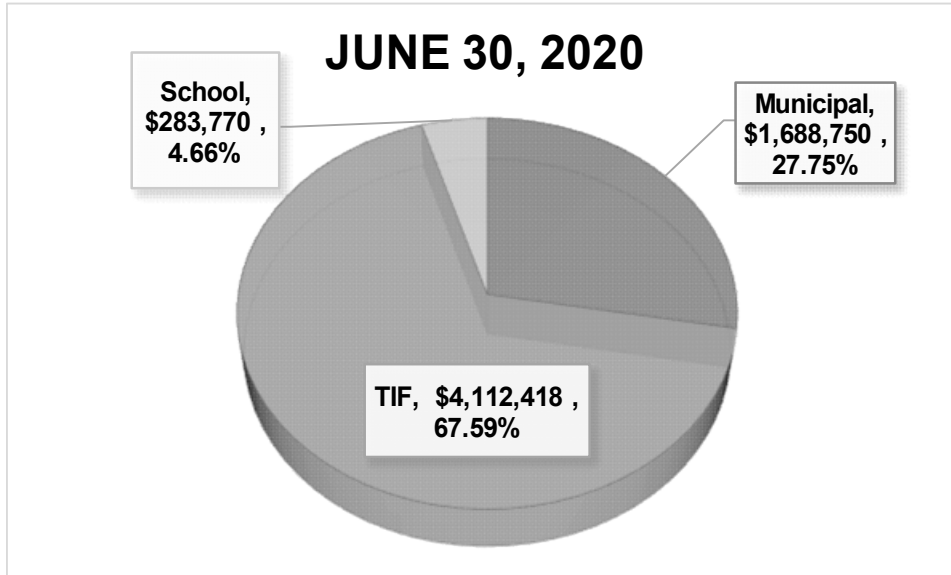
As of June 30, 2020, the Town's capital assets increased by \$153,693. This increase was due to current year capital acquisitions of \$825,074 less dispositions and depreciation expense of \$23,803 and \$647,578, respectively. Capital asset investments for the year include roofing of various buildings at Camp Connor totaling \$12,147; town road improvements totaling \$453,096 on Plains and North Raymond roads; land improvements totaling \$6,133 with the construction of a revetment at the transfer station, machinery and equipment purchases including a fire rescue *Lucas* device, laptop keyboards, portable radios, and dehumidifiers, along with code enforcement software, 40 yard roll-off container for the transfer station, all totaling \$54,962; bridge and trail improvements totaling \$54,068; building study for the planned renovation of the library of \$2,880; and replacement of a plow truck and police vehicle totaling \$224,934. These capital asset investments represent an increase of \$327,066 over capital asset investments in 2019, primarily due to vehicle purchases, additional investment in the Waterhouse Brook bridge and trail system, along with increased road maintenance. Most of these assets were funded with annual appropriations, TIF funds and local donations, with a portion of the trail improvements and machinery and equipment assets funded by grants totaling \$24,361. 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,

	2020	2019 (Restated)
Land	\$ 720,868	\$ 720,868
Art works & historical treasures	26,000	26,000
Construction in progress	206,843	100,502
Buildings and improvements	3,482,585	3,605,060
Machinery and equipment	498,509	497,728
Furniture and fixtures	45,222	57,729
Vehicles	1,748,674	1,708,982
Infrastructure	5,477,307	5,335,446
Total	\$ 12,206,008	\$ 12,052,315

Long-term Debt

At June 30, 2020, the Town had \$6,084,938 in general obligation bonds and notes from direct borrowings outstanding versus \$6,914,306 last year, a decrease of 12.0%, primarily due to scheduled principal reduction, 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 1.4%, 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

Constraints due to the COVID-19 pandemic have dampened financial outcomes for the year ended June 30, 2020 when compared with the same period in 2019, as local economic conditions mirror the national recessionary trend. Taxable valuation of real estate over the period has increased, growing by approximately \$4,721,000. However, housing starts have decreased by nearly 35.0%, with only twelve new single-family residences valued at approximately \$1,355,000, which generated approximately \$20,000 in new assessed value, versus seventeen new residences valued at approximately \$1,922,400 in the previous fiscal year. Demolished single-family buildings has also declined to two, with a valuation loss of \$27,700 versus four demolished or converted residential buildings with a valuation loss of \$128,300 in fiscal 2019. There have not been financially significant industrial or commercial building starts in either fiscal 2020 or fiscal 2019. Taxable personal property values have declined by approximately \$1,645,000, with homestead exempt property taxable values nearly flat,

rising approximately \$29,000. Total growth in taxable valuation stands at approximately \$3,076,000 when compared to the 2019 period. The certified ratio for the Town lowered slightly to 98.0%.

On August 25, 2020, the voters in the Town of Poland approved a gross municipal budget for the period July 1, 2020 to June 30, 2021 that totaled \$4,272,469, reflecting a decrease of approximately \$233,000 or 5.2%. Due to state and local revenue constraints that presented as a result of COVID-19, several cost saving measures were implemented in an attempt to provide some financial stabilization for residents amid the pandemic. Primarily, \$341,000 was trimmed from capital improvement plan contributions. Other minor savings were realized in the administration and community services budgets. However, an increase in the cost of local education totaling \$490,433 brought the total 2021 school appropriation to \$7,542,806 from \$7,052,373 in fiscal 2020. County tax for fiscal 2021 also rose approximately \$42,000. As a result, the Board of Selectpersons voted to use the full amount approved by the voters of \$250,000 to reduce the total amount raised by taxation for fiscal 2021. Further, the total adjusted local valuation of \$797,497,982, which includes both the homestead and BETE valuation adjustments grew by approximately \$9,016,000. Together, these factors kept the mill rate flat for fiscal 2021 at 14.98 mills and resulted in a net tax commitment of \$10,998,195, which reflected a slight decrease of approximately \$13,000 or 0.1%.

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, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,108,529
Investments	2,567,744
Accounts receivable (net of allowance for uncollectibles):	
Taxes	538,569
Liens	85,924
Other	22,352
Due from other governments	77,383
Prepaid items	17,000
Tax acquired property	18,006
Inventory	10,460
Total current assets	<u>9,445,967</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 16	283,770
Capital assets:	
Land and other assets not being depreciated	953,711
Buildings and vehicles net of accumulated depreciation	11,252,297
Total noncurrent assets	<u>12,489,778</u>
TOTAL ASSETS	<u>21,935,745</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	192,644
Deferred outflows related to OPEB	30,766
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>223,410</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 22,159,155</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 57,898
Accrued payroll	54,482
Due to other governments	22,947
Escrow accounts	46,598
Current portion of long-term obligations	838,479
Total current liabilities	<u>1,020,404</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds and note payable	5,255,570
Accrued compensated absences	119,345
Net pension liability	435,421
Net OPEB liability	134,678
Total noncurrent liabilities	<u>5,945,014</u>
TOTAL LIABILITIES	<u>6,965,418</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	109,062
Deferred inflows related to OPEB	50,649
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>159,711</u>
NET POSITION	
Net investment in capital assets	6,404,840
Restricted:	
Nonexpendable	660,749
Special Revenues	995,731
Permanent funds	1,888,534
Unrestricted	5,084,172
TOTAL NET POSITION	<u>15,034,026</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 22,159,155</u>

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

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,378,173	\$ 45,947	\$ 5,390	\$ -	\$ (1,326,836)
Public safety	1,421,777	240,596	5,075	-	(1,176,106)
Public works	814,777	-	74,692	-	(740,085)
Recreation and culture	474,027	329,218	17,728	-	(127,081)
Health and sanitation	268,983	26,749	-	-	(242,234)
Library	163,024	3,177	2,610	-	(157,237)
TIF	671,043	-	-	-	(671,043)
Education	7,052,373	-	-	-	(7,052,373)
County tax	870,136	-	-	-	(870,136)
Overlay	53,272	-	-	-	(53,272)
Miscellaneous	23,233	-	-	-	(23,233)
Interest on long-term debt	163,918	-	-	-	(163,918)
Total government	<u>\$ 13,354,736</u>	<u>\$ 645,687</u>	<u>\$ 105,495</u>	<u>\$ -</u>	<u>(12,603,554)</u>

STATEMENT B (CONTINUED)
TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(12,603,554)
General revenues:	
Taxes	
Property taxes, levied for general purposes	11,021,072
Excise taxes	1,362,085
Grants and contributions not restricted to specific programs	1,160,125
Investment income, net of unrealized gains/(losses)	222,217
Miscellaneous	157,195
Total revenues	13,922,694
Change in net position	1,319,140
NET POSITION - JULY 1, RESTATED	13,714,886
NET POSITION - JUNE 30	\$ 15,034,026

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

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,014,622	\$ 1,093,907	\$ 6,108,529
Investments	-	2,567,744	2,567,744
Accounts receivable (net of allowance for uncollectibles):			
Taxes	538,569	-	538,569
Liens	85,924	-	85,924
Other	22,352	-	22,352
Due from other governments	71,993	5,390	77,383
Tax acquired property	18,006	-	18,006
Inventory	10,460	-	10,460
Prepaid items	17,000	-	17,000
Due from other funds	57,029	1,924,011	1,981,040
TOTAL ASSETS	\$ 5,835,955	\$ 5,591,052	\$ 11,427,007
LIABILITIES			
Accounts payable	\$ 51,708	\$ 6,190	\$ 57,898
Accrued payroll	54,482	-	54,482
Due to other governments	22,947	-	22,947
Escrow accounts	46,598	-	46,598
Due to other funds	1,924,011	57,029	1,981,040
TOTAL LIABILITIES	2,099,746	63,219	2,162,965
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	476,486	-	476,486
TOTAL DEFERRED INFLOWS OF RESOURCES	476,486	-	476,486
FUND BALANCES			
Nonspendable	45,466	660,749	706,215
Restricted	-	2,884,265	2,884,265
Committed	265,000	220,026	485,026
Assigned	137,003	1,791,245	1,928,248
Unassigned	2,812,254	(28,452)	2,783,802
TOTAL FUND BALANCES	3,259,723	5,527,833	8,787,556
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,835,955	\$ 5,591,052	\$ 11,427,007

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, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 8,787,556
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	12,206,008
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	283,770
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	476,486
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	192,644
OPEB	30,766
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and note payable	(6,084,938)
Net pension liability	(435,421)
Net OPEB liability	(134,678)
Accrued compensated absences	(128,456)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	(109,062)
OPEB	(50,649)
Net position of governmental activities	<u>\$ 15,034,026</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, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 12,204,026	\$ -	\$ 12,204,026
Intergovernmental revenue	1,233,787	13,265	1,247,052
Charges for services	420,581	225,106	645,687
Investment income, net of unrealized gains/(losses)	32,414	189,803	222,217
Other revenue	108,124	67,639	175,763
TOTAL REVENUES	13,998,932	495,813	14,494,745
EXPENDITURES			
Current:			
General government	1,219,220	50,431	1,269,651
Public safety	1,163,889	5,075	1,168,964
Public works	525,859	-	525,859
Recreation and culture	193,958	269,095	463,053
Health and sanitation	255,176	-	255,176
Library	157,719	-	157,719
TIF	-	600,636	600,636
Education	7,052,373	-	7,052,373
County tax	870,136	-	870,136
Overlay	53,272	-	53,272
Miscellaneous	-	23,233	23,233
Debt service:			
Principal	154,809	546,147	700,956
Interest	56,447	107,471	163,918
Capital outlay	24,687	783,533	808,220
TOTAL EXPENDITURES	11,727,545	2,385,621	14,113,166
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,271,387	(1,889,808)	381,579
OTHER FINANCING SOURCES (USES)			
Transfers in	173,445	2,323,410	2,496,855
Transfers (out)	(2,323,410)	(173,445)	(2,496,855)
TOTAL OTHER FINANCING SOURCES (USES)	(2,149,965)	2,149,965	-
NET CHANGE IN FUND BALANCES	121,422	260,157	381,579
FUND BALANCES - JULY 1,	3,138,301	5,267,676	8,405,977
FUND BALANCES - JUNE 30	\$ 3,259,723	\$ 5,527,833	\$ 8,787,556

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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 381,579</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	825,074
Capital asset dispositions	(23,803)
Depreciation expense	<u>(647,578)</u>
	<u>153,693</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	(1,176)
OPEB	<u>17,927</u>
	<u>16,751</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>179,131</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>710,230</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	(13,614)
OPEB	<u>(34,960)</u>
	<u>(48,574)</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	(58,116)
Net OPEB liability	11,248
Accrued compensated absences	<u>(26,802)</u>
	<u>(73,670)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,319,140</u></u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, and education.

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

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

COVID-19 Outbreak

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

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to May 13, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020, Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town of Poland, Maine needed to postpone the Annual Town Meeting from April 4, 2020 to August 25, 2020. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from April 1, 2020 to May 4, 2020.

Extended Deadlines

Closures and/or reduced hours of Town facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. 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 15, 2020.

Impact on Finances

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

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, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide and Fund Financial Statements

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

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, 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus - Basic Financial Statements & 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.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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. Allowances for uncollectible accounts netted with accounts receivable were \$99,735 for the year ended June 30, 2020. The allowance for uncollectible accounts is estimated to be \$58,974 as of June 30, 2020.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 governmental-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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

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

Net Position

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

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Selectperson 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.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 August 21, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2019 and April 1, 2020. Interest on unpaid taxes commenced on November 1, 2019 and May 1, 2020, at 9.0% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$165,158 for the year ended June 30, 2020.

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

Program Revenues

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2020, the Town's cash balances amounting to \$6,108,529 were comprised of bank deposits of \$6,384,355. Of these bank deposits, \$6,293,009 were covered by federal depository insurance. Consequently, all bank deposits were not exposed to custodial credit risk. Of the cash equivalents totaling \$91,346, \$3,868 was covered by the Securities Investor Protection Corporation (SIPC) and the remaining \$87,478 of cash equivalents were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,533,919
Money market accounts	4,759,090
Cash equivalents	91,346
	<u>\$ 6,384,355</u>

Investments:

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

At June 30, 2020, 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	\$ 103,425	\$ -	\$ 40,631	\$ 62,794	\$ -
Equity securities:					
Mutual Funds:					
Fixed income	404,531	404,531	-	-	-
Equity	505,047	505,047	-	-	-
Exchange-traded funds	33,688	33,688	-	-	-
Common stock	1,449,587	1,449,587	-	-	-
	<u>\$ 2,496,278</u>	<u>\$ 2,392,853</u>	<u>\$ 40,631</u>	<u>\$ 62,794</u>	<u>\$ -</u>

Of the Town's investments totaling \$2,496,278, \$95,950 was covered by the SIPC and therefore was not exposed to custodial credit risk. The remaining \$2,400,328 was uncollateralized and uninsured, and consequently exposed to custodial credit risk.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Nonnegotiable certificates of deposit held with local financial institutions totaling \$71,466 are excluded from this presentation as they are not measured at fair value, however, are fully covered by federal depository insurance, and are not 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, 2020:

	Total June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 103,425	\$ -	\$ 103,425	\$ -
Equity securities:				
Mutual funds:				
Fixed income	404,531	404,531	-	-
Equity	505,047	505,047	-	-
Exchange-traded funds	33,688	33,688	-	-
Common stock	1,449,587	1,449,587	-	-
Total investments by fair value level	2,496,278	\$ 2,392,853	\$ 103,425	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	91,346			
Total cash equivalents measured at the NAV	91,346			
Total investments and cash equivalents measured at fair value	\$ 2,587,624			

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)

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

is calculated as of June 30, 2020 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, 2020, the credit ratings for the Town's investments in corporate bonds were rated AAA (\$10,067), AA+ (\$20,241), A (\$11,061), A- (\$21,000), and BBB (\$20,346) by S & P Rating Service. Credit ratings were not available for certain other corporate bond holdings totaling \$20,710.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 57,029	\$ 1,924,011
Nonmajor special revenue funds	129,974	56,121
Nonmajor capital projects funds	1,780,056	889
Nonmajor permanent funds	13,981	19
	<u>\$ 1,981,040</u>	<u>\$ 1,981,040</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 2,323,410	\$ 173,445
Nonmajor special revenue funds	14,000	1,531,786
Nonmajor capital projects funds	92,351	791,624
Nonmajor permanent funds	67,094	-
	<u>\$ 2,496,855</u>	<u>\$ 2,496,855</u>

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

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
Non-depreciated assets:				
Land	\$ 720,868	\$ -	\$ -	\$ 720,868
Art works & historical treasures	26,000	-	-	26,000
Construction in progress	100,502	123,195	(16,854)	206,843
	<u>847,370</u>	<u>123,195</u>	<u>(16,854)</u>	<u>953,711</u>
Depreciated assets:				
Buildings and improvements	7,810,537	18,280	-	7,828,817
Machinery and equipment	903,074	71,816	-	974,890
Furniture and fixtures	123,451	-	-	123,451
Vehicles	3,478,782	224,934	(34,745)	3,668,971
Infrastructure	6,578,925	386,849	-	6,965,774
	<u>18,894,769</u>	<u>701,879</u>	<u>(34,745)</u>	<u>19,561,903</u>
Less: accumulated depreciation	<u>(7,689,824)</u>	<u>(647,578)</u>	<u>27,796</u>	<u>(8,309,606)</u>
	<u>11,204,945</u>	<u>54,301</u>	<u>(6,949)</u>	<u>11,252,297</u>
Net capital assets	<u>\$ 12,052,315</u>	<u>\$ 177,496</u>	<u>\$ (23,803)</u>	<u>\$ 12,206,008</u>
<u>Current year depreciation</u>				
Fire	\$ 231,406			
Public safety	7,887			
Public works	286,562			
Library	4,459			
Recreation	9,374			
Transfer station	14,615			
TIF	70,407			
Town-wide	22,868			
Total depreciation expense	<u>\$ 647,578</u>			

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, a long-term receivable has been recorded for \$283,770, 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.

NOTE 7 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2020 follows:

	Balance, 7/1/19	Increases	Decreases	Balance, 6/30/20	Due Within One Year
General obligation bonds	\$ 6,482,183	\$ -	\$ (795,296)	\$ 5,686,887	\$ 795,296
Note from direct borrowings	432,123	-	(34,072)	398,051	34,072
Total long-term debt	<u>\$ 6,914,306</u>	<u>\$ -</u>	<u>\$ (829,368)</u>	<u>\$ 6,084,938</u>	<u>\$ 829,368</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

\$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.	\$ 213,334
\$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.	465,394
\$736,422, 2000B General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a variable-rate from 5.028% to 5.903% per annum.	36,822
\$669,259, 2003C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a variable-rate from 2.078% to 5.078% per annum.	1,577
\$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.	245,371
\$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.	418,000
\$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.	2,688,929
\$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.	<u>1,617,460</u>
Total general obligation bonds	<u>\$ 5,686,887</u>

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.	<u>\$ 398,051</u>
Total note from direct borrowings	<u>\$ 398,051</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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 Debt Service
	Principal	Interest	Principal	Interest	
2021	\$ 804,670	\$ 150,333	\$ 34,413	\$ 5,720	\$ 995,136
2022	777,677	129,998	34,757	5,374	947,806
2023	681,644	110,201	35,105	5,024	831,974
2024	448,431	95,441	35,456	4,671	583,999
2025	352,385	83,454	35,810	4,315	475,964
2026-2030	1,911,749	262,282	184,496	16,102	2,374,629
2031-2035	710,331	81,752	38,014	2,100	832,197
	<u>\$ 5,686,887</u>	<u>\$ 913,461</u>	<u>\$ 398,051</u>	<u>\$ 43,306</u>	<u>\$ 7,041,705</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 5.9% 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, 2020

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/19	Increases	Decreases	Balance, 6/30/20	Due Within One Year
Net pension liability	\$ 377,305	\$ 172,093	\$ (113,977)	\$ 435,421	\$ -
Net OPEB liability	145,926	37,595	(48,843)	134,678	-
Accrued compensated absences	101,654	28,257	(1,455)	128,456	9,111
Total other long-term obligations	<u>\$ 624,885</u>	<u>\$ 237,945</u>	<u>\$ (164,275)</u>	<u>\$ 698,555</u>	<u>\$ 9,111</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, 2020, the Town's liability for compensated absences is \$128,456.

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, 2020, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of Androscoggin	\$ 6,110,030	8.47%	\$ 517,520
Regional School Unit #16	5,844,701	66.27%	3,873,283
	<u>\$ 11,954,731</u>		<u>\$ 4,390,803</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - NONSPENDABLE FUND BALANCES

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

General fund:	
Tax acquired property	\$ 18,006
Inventory	10,460
Prepaid items	17,000
Nonmajor permanent funds (Schedule I)	660,749
	<u>\$ 706,215</u>

NOTE 12 - RESTRICTED FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	\$ 995,731
Nonmajor permanent funds (Schedule I)	1,888,534
	<u>\$ 2,884,265</u>

NOTE 13 - COMMITTED FUND BALANCES

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

General fund:	
FY 2021 tax relief	\$ 250,000
FY 2021 election cost relief	15,000
Nonmajor special revenue funds (Schedule E)	96,238
Nonmajor permanent funds (Schedule I)	123,788
Total	<u>\$ 485,026</u>

NOTE 14 - ASSIGNED FUND BALANCES

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

General fund:	
Accrued compensated absences	\$ 128,456
Library dedicated donations	8,547
Nonmajor capital projects funds (Schedule G)	1,780,056
Nonmajor special revenue funds (Schedule E)	11,189
Total	<u>\$ 1,928,248</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2020, the Town had the following expenditures over appropriations:

Health and sanitation	\$	6,014
Library		64,657
Capital outlay		24,687
Transfers to other funds		3,418
	\$	<u>98,776</u>

NOTE 16 - DEFICIT FUND BALANCES

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

Nonmajor special revenue funds:		
Project Canopy	\$	5,532
County EMA grant		22,012
Nonmajor capital projects funds:		
Recreation facility reserve		889
Nonmajor permanent funds:		
Historical society fund		19
	\$	<u>28,452</u>

NOTE 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's fire/rescue department employees are part of the PLD's special plan "1N" and are required to contribute 8.1% of their annual covered salary, while all other employees are part of the PLD's plan "AN" and are required to contribute 8.0% of their annual covered salary for employees that joined the Plan prior to July 1, 2014 and 7.25% 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 11.1% and 7.4%, 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, 2020 was \$98,759.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

PLD Consolidated Plan

At June 30, 2020, the Town reported a liability of \$435,421 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019, 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, 2019, the Town's proportion was 0.142451%, which was an increase of 0.004586% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the Town recognized total pension expense of \$72,906. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,556	\$ -
Changes of assumptions	22,052	-
Net difference between projected and actual earnings on pension plan investments	-	109,062
Changes in proportion and differences between contributions and proportionate share of contributions	19,849	-
Contributions subsequent to the measurement date	99,187	-
Total	<u>\$ 192,644</u>	<u>\$ 109,062</u>

\$99,187 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
	<hr/>
Plan year ended June 30:	
2020	\$ 32,168
2021	(43,708)
2022	(3,998)
2023	(67)
2024	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2019 are as follows:

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

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

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

Cost of Living Benefit Increases - 1.91%

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate

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

The following table shows how the collective net pension liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.750%	6.750%	7.750%
Town's proportionate share of the net pension liability/(asset)	\$ 991,860	\$ 435,421	\$ (85,075)

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, 2019 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, 2019 with the following exceptions.

Differences between Expected and Actual Experience

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

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.

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, 2019 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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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' 2019 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 18 - 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 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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

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 2020, 2019 and 2018 were \$8,751, \$8,746 and \$9,329, 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%. Employee overtime is exempt from employer matching funds. The Town made no contributions to the plan for 2020, 2019 and 2018, 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

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 19 - 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. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	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, 2020, the Town reported a liability of \$134,678 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2020, the Town recognized OPEB expense of \$5,785. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 39,557
Changes of assumptions	28,585	11,092
Contributions subsequent to the measurement date	<u>2,580</u>	<u>-</u>
Total	<u>\$ 31,165</u>	<u>\$ 50,649</u>

\$2,580 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2021	\$ (3,467)
2022	(3,467)
2023	(3,467)
2024	(3,467)
2025	(3,465)
Thereafter	(4,731)

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, 2018. 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 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 156,565	\$ 134,678	\$ 116,809
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 156,565</u>	<u>\$ 134,678</u>	<u>\$ 116,809</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	\$ 115,908	\$ 134,678	\$ 158,338
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 115,908</u>	<u>\$ 134,678</u>	<u>\$ 158,338</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, using the following methods and assumptions applied to all periods included in the measurement:

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, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

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

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, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Variable	Rate
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

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

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 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, 2020, they are as follows:

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - 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, 2020

NOTE 19 - 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, 2020 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$39,557.

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, 2020

NOTE 20 - 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, 2020.

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, 2020

NOTE 20 - 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, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 21 - 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 22 - 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 23 - 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, 2020

NOTE 23 - 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 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 Nestle Waters North America, Inc. The current principal balance on the bond is \$2,688,929.

NOTE 24 - 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, 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:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

TIF District	Original Assessed Value	Current Assessed Value	TIF CAP	New Taxes	Taxes Abated
Poland Spring Bottling Company District 1	\$ 45,275,400	\$ 98,775,000	Varies	\$ 801,424	\$ 197,457
Poland Spring Bottling Company District 2	5,954,920	56,246,734	Varies	753,371	260,375
Poland Downtown Village	6,353,650	14,453,900	Varies	121,342	15,100

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 25 - 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 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 26 - RELATED PARTIES

During the year ended June 30, 2020, 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 2020 was \$681.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 27 - RESTATEMENT

In 2020, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, restatements to the 2019 government-wide financial statements for governmental activities were required. The result was a reduction of \$637,477, representing a decrease to 2019 noncurrent assets and net position for governmental activities from \$14,352,363 to \$13,714,886.

NOTE 28 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 29 - SUBSEQUENT EVENTS

On August 25, 2020, voters in the Town of Poland approved the issuance of bonds totaling \$4,220,000 for a sewer expansion project. At the time of these financial statements, the Maine Municipal Bond Bank has approved the Town's application for funding. Bond pricing and financing is pending.

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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1,	\$ 3,138,301	\$ 3,138,301	\$ 3,138,301	\$ -
Resources (Inflows):				
General tax revenue	12,325,312	12,325,312	12,204,026	(121,286)
Intergovernmental revenue	1,289,715	1,289,715	1,233,787	(55,928)
Charges for services	376,000	376,000	420,581	44,581
Investment income	13,000	13,000	32,414	19,414
Other revenue	91,700	91,700	108,124	16,424
Transfers from other funds	14,000	106,350	173,445	67,095
Amounts Available for Appropriation	<u>17,248,028</u>	<u>17,340,378</u>	<u>17,310,678</u>	<u>(29,700)</u>
Charges to Appropriations (Outflows):				
General government	1,275,695	1,275,695	1,219,220	56,475
Public safety	1,175,789	1,175,789	1,163,889	11,900
Public works	580,450	580,450	525,859	54,591
Recreation and culture	224,001	224,001	193,958	30,043
Health and sanitation	249,162	249,162	255,176	(6,014)
Library	93,062	93,062	157,719	(64,657)
Education	7,052,373	7,052,373	7,052,373	-
County tax	870,136	870,136	870,136	-
Overlay	165,158	165,158	53,272	111,886
Debt service:				
Principal	62,462	154,812	154,809	3
Interest	56,447	56,447	56,447	-
Capital outlay	-	-	24,687	(24,687)
Transfers to other funds	2,319,992	2,319,992	2,323,410	(3,418)
Total Charges to Appropriations	<u>14,124,727</u>	<u>14,217,077</u>	<u>14,050,955</u>	<u>166,122</u>
Budgetary Fund Balance, June 30	<u>\$ 3,123,301</u>	<u>\$ 3,123,301</u>	<u>\$ 3,259,723</u>	<u>\$ 136,422</u>
Utilization of assigned fund balance	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ (15,000)</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*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Proportion of the net pension liability (asset)	0.14%	0.14%	0.13%	0.12%	0.10%	0.11%
Proportionate share of the net pension liability (asset)	\$ 435,241	\$ 377,305	\$ 535,417	\$ 650,896	\$ 333,484	\$ 170,747
Covered payroll	\$ 1,093,531	\$ 1,024,455	\$ 916,178	\$ 892,301	\$ 859,883	\$ 908,208
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.80%	36.83%	58.44%	72.95%	38.78%	18.80%
Plan fiduciary net position as a percentage of the total pension liability	90.60%	91.10%	86.40%	81.60%	88.30%	94.10%

* 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 - PENSION
LAST 10 TEN FISCAL YEARS*

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 145,926	\$ -	\$ 145,926
Changes for the year:			
Service cost	8,056	-	8,056
Interest	6,261	-	6,261
Changes of benefits	(2,785)	-	(2,785)
Differences between expected and actual experience	(43,478)	-	(43,478)
Changes of assumptions	23,278	-	23,278
Contributions - employer	-	2,580	(2,580)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,580)	(2,580)	-
Administrative expense	-	-	-
Net changes	<u>(11,248)</u>	<u>-</u>	<u>(11,248)</u>
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 134,678</u>	<u>\$ -</u>	<u>\$ 134,678</u>

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*

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	8,056	9,076	6,329
Interest (includes interest on service cost)	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	23,278	(14,790)	13,810
Benefit payments, including refunds of member contributions	(2,580)	(2,481)	(2,085)
Net change in total OPEB liability	\$ (11,248)	\$ (2,809)	\$ 19,476
Total OPEB liability - beginning	\$ 145,926	\$ 148,735	\$ 129,259
Total OPEB liability - ending	\$ 134,678	\$ 145,926	\$ 148,735
<u>Plan fiduciary net position</u>			
Contributions - employer	2,580	2,481	2,085
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(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	\$ 134,678	\$ 145,926	\$ 148,735
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	\$ 907,591	\$ 895,696	\$ 895,696
Net OPEB liability as a percentage of covered payroll	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>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>			
Employer contributions	\$ 2,580	\$ 2,481	\$ 2,085
Benefit payments	<u>(2,580)</u>	<u>(2,481)</u>	<u>(2,085)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 907,591	\$ 895,696	\$ 895,696
Contributions as a percentage of covered payroll	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, 2020

Changes of Assumptions

MMEHT OPEB Plan

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

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, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 11,011,412	\$ 11,011,412	\$ 10,841,941	\$ (169,471)
Vehicle excise taxes	1,300,000	1,300,000	1,347,538	47,538
Boat excise taxes	13,900	13,900	14,547	647
Intergovernmental revenues:				
State revenue sharing	379,632	379,632	355,926	(23,706)
BETE reimbursement	499,868	499,868	465,072	(34,796)
Homestead exemption	300,187	300,187	300,187	-
Local road assistance	72,000	72,000	74,692	2,692
Tree growth	11,700	11,700	11,938	238
General assistance	5,000	5,000	-	(5,000)
Veteran's exemption	3,600	3,600	3,949	349
Other intergovernmental	17,728	17,728	22,023	4,295
Charges for services:				
Ambulance fees	251,000	251,000	238,132	(12,868)
Code enforcement fees	45,000	45,000	85,477	40,477
Motor vehicle fees	19,500	19,500	25,226	5,726
Solid waste revenues/fees	34,500	34,500	26,749	(7,751)
Marijuana licensing fees	-	-	10,000	10,000
Plumbing permits	11,000	11,000	12,195	1,195
Inland fisheries agent fees	2,200	2,200	1,975	(225)
Animal control fees	2,500	2,500	2,464	(36)
Electrical permit fees	2,500	2,500	6,440	3,940
Customer service fees	800	800	967	167
Library	-	-	3,177	3,177
Other	7,000	7,000	7,779	779
Investment income	13,000	13,000	32,414	19,414
Other revenue:				
Rentals	1,200	1,200	1,558	358
Interest/fees on liens	37,000	37,000	39,755	2,755
Cable franchise fees	50,000	50,000	64,193	14,193
Other miscellaneous income	3,500	3,500	8	(3,492)
Donations and other contributions	-	-	2,610	2,610
Transfers in from other funds	14,000	106,350	173,445	67,095
Total revenues	\$ 14,109,727	\$ 14,202,077	\$ 14,172,377	\$ (29,700)

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, 2020

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration	\$ 437,018	\$ -	\$ 437,018	\$ 412,993	\$ 24,025
Benefits	669,722	-	669,722	644,740	24,982
Contracted services	100,504	-	100,504	95,136	5,368
Buildings and grounds	55,420	-	55,420	54,285	1,135
Cable TV	13,031	-	13,031	12,066	965
	<u>1,275,695</u>	<u>-</u>	<u>1,275,695</u>	<u>1,219,220</u>	<u>56,475</u>
Public safety					
Fire/Rescue	783,974	-	783,974	779,550	4,424
Police	250,465	-	250,465	246,320	4,145
Insurance	50,000	-	50,000	49,662	338
Dispatch contract	43,900	-	43,900	44,034	(134)
Street lights	17,400	-	17,400	13,168	4,232
Emergency management	5,000	-	5,000	5,000	-
Animal control	10,350	-	10,350	10,030	320
Hydrants	14,700	-	14,700	16,125	(1,425)
	<u>1,175,789</u>	<u>-</u>	<u>1,175,789</u>	<u>1,163,889</u>	<u>11,900</u>
Public works					
Highways	580,450	-	580,450	525,859	54,591
	<u>580,450</u>	<u>-</u>	<u>580,450</u>	<u>525,859</u>	<u>54,591</u>

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and sanitation					
Solid waste	249,162	-	249,162	255,176	(6,014)
	<u>249,162</u>	<u>-</u>	<u>249,162</u>	<u>255,176</u>	<u>(6,014)</u>
Library	<u>93,062</u>	<u>-</u>	<u>93,062</u>	<u>157,719</u>	<u>(64,657)</u>
Community services					
Planning & Community Development	106,125	-	106,125	90,603	15,522
Recreation	78,643	-	78,643	79,379	(736)
General assistance	10,000	-	10,000	903	9,097
Social service agencies	4,000	-	4,000	4,000	-
Other	25,233	-	25,233	19,073	6,160
	<u>224,001</u>	<u>-</u>	<u>224,001</u>	<u>193,958</u>	<u>30,043</u>
Education	<u>7,052,373</u>	<u>-</u>	<u>7,052,373</u>	<u>7,052,373</u>	<u>-</u>
County tax	<u>870,136</u>	<u>-</u>	<u>870,136</u>	<u>870,136</u>	<u>-</u>
Overlay/Emergency Article	<u>165,158</u>	<u>-</u>	<u>165,158</u>	<u>53,272</u>	<u>111,886</u>

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service					
Principal	62,462	92,350	154,812	154,809	3
Interest	56,447	-	56,447	56,447	-
	<u>118,909</u>	<u>92,350</u>	<u>211,259</u>	<u>211,256</u>	<u>3</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,687</u>	<u>(24,687)</u>
Transfers					
Special revenue funds	1,531,786	-	1,531,786	1,531,786	-
Capital projects funds	788,206	-	788,206	791,624	(3,418)
	<u>2,319,992</u>	<u>-</u>	<u>2,319,992</u>	<u>2,323,410</u>	<u>(3,418)</u>
Total Departmental Operations	<u>\$ 14,124,727</u>	<u>\$ 92,350</u>	<u>\$ 14,217,077</u>	<u>\$ 14,050,955</u>	<u>\$ 166,122</u>

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,002,561	\$ -	\$ 91,346	\$ 1,093,907
Investments	-	-	2,567,744	2,567,744
Due from other governments	5,390	-	-	5,390
Due from other funds	129,974	1,780,056	13,981	1,924,011
TOTAL ASSETS	<u>\$ 1,137,925</u>	<u>\$ 1,780,056</u>	<u>\$ 2,673,071</u>	<u>\$ 5,591,052</u>
LIABILITIES				
Accounts payable	\$ 6,190	\$ -	\$ -	\$ 6,190
Due to other funds	56,121	889	19	57,029
TOTAL LIABILITIES	<u>62,311</u>	<u>889</u>	<u>19</u>	<u>63,219</u>
FUND BALANCES				
Nonspendable	-	-	660,749	660,749
Restricted	995,731	-	1,888,534	2,884,265
Committed	96,238	-	123,788	220,026
Assigned	11,189	1,780,056	-	1,791,245
Unassigned	(27,544)	(889)	(19)	(28,452)
TOTAL FUND BALANCES	<u>1,075,614</u>	<u>1,779,167</u>	<u>2,673,052</u>	<u>5,527,833</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,137,925</u>	<u>\$ 1,780,056</u>	<u>\$ 2,673,071</u>	<u>\$ 5,591,052</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 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 12,235	\$ 1,030	\$ -	\$ 13,265
Charges for services	225,106	-	-	225,106
Investment income, net of unrealized gains/(losses)	3,529	-	186,274	189,803
Other income	25,720	40,345	1,574	67,639
Total revenues	266,590	41,375	187,848	495,813
EXPENDITURES				
Current:				
General government	15,924	30,846	-	46,770
Public Safety	5,075	-	-	5,075
Recreation	269,095	-	-	269,095
TIF	600,636	-	-	600,636
Cemetery	-	-	3,661	3,661
Other	-	-	23,233	23,233
Debt service	653,618	-	-	653,618
Capital outlay	85,566	695,087	2,880	783,533
Total expenditures	1,629,914	725,933	29,774	2,385,621
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,363,324)	(684,558)	158,074	(1,889,808)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,531,786	791,624	-	2,323,410
Transfers (out)	(14,000)	(92,351)	(67,094)	(173,445)
TOTAL OTHER FINANCING SOURCES (USES)	1,517,786	699,273	(67,094)	2,149,965
NET CHANGE IN FUND BALANCES	154,462	14,715	90,980	260,157
FUND BALANCES - JULY 1,	921,152	1,764,452	2,582,072	5,267,676
FUND BALANCES - JUNE 30	\$ 1,075,614	\$ 1,779,167	\$ 2,673,052	\$ 5,527,833

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

Special Revenue Funds

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Waterhouse Brook Project	Real Estate Tax Assistance
ASSETS							
Cash and cash equivalents	\$ 800	\$ -	\$ 184,855	\$ 434,488	\$ 382,418	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-
Due from other funds	74,004	21,728	23,053	-	-	-	11,189
TOTAL ASSETS	\$ 74,804	\$ 21,728	\$ 207,908	\$ 434,488	\$ 382,418	\$ -	\$ 11,189
LIABILITIES							
Accounts payable	\$ 294	\$ -	\$ 5,896	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	19,619	3,568	-	-
TOTAL LIABILITIES	294	-	5,896	19,619	3,568	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	202,012	414,869	378,850	-	-
Committed	74,510	21,728	-	-	-	-	-
Assigned	-	-	-	-	-	-	11,189
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	74,510	21,728	202,012	414,869	378,850	-	11,189
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 74,804	\$ 21,728	\$ 207,908	\$ 434,488	\$ 382,418	\$ -	\$ 11,189

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Project Canopy	HHS CARES Act	Special Events	County EMA Grant	Keep ME Healthy Grant	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,002,561
Due from other governments	-	-	-	-	5,390	5,390
Due from other funds	-	-	-	-	-	129,974
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,390</u>	<u>\$ 1,137,925</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,190
Due to other funds	5,532	-	-	22,012	5,390	56,121
TOTAL LIABILITIES	<u>5,532</u>	<u>-</u>	<u>-</u>	<u>22,012</u>	<u>5,390</u>	<u>62,311</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	995,731
Committed	-	-	-	-	-	96,238
Assigned	-	-	-	-	-	11,189
Unassigned	(5,532)	-	-	(22,012)	-	(27,544)
TOTAL FUND BALANCES (DEFICITS)	<u>(5,532)</u>	<u>-</u>	<u>-</u>	<u>(22,012)</u>	<u>-</u>	<u>1,075,614</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,390</u>	<u>\$ 1,137,925</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, 2020

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Waterhouse Brook Project	Real Estate Tax Assistance
REVENUES							
Intergovernmental	\$ 1,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	225,106	-	-	-	-	-	-
Investment income, net of unrealized gains/(losses)	-	-	753	1,509	1,267	-	-
Donations and other contributions	24,529	-	-	-	-	-	-
Total revenues	<u>251,405</u>	<u>-</u>	<u>753</u>	<u>1,509</u>	<u>1,267</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
General government	-	-	-	-	-	-	3,811
Recreation	269,095	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
TIF	-	-	300,284	279,994	20,358	-	-
Debt service	-	-	326,602	275,406	51,610	-	-
Capital outlay	12,147	-	10,186	40,000	-	8,872	-
Total expenditures	<u>281,242</u>	<u>-</u>	<u>637,072</u>	<u>595,400</u>	<u>71,968</u>	<u>8,872</u>	<u>3,811</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,837)</u>	<u>-</u>	<u>(636,319)</u>	<u>(593,891)</u>	<u>(70,701)</u>	<u>(8,872)</u>	<u>(3,811)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	721,509	674,857	120,420	-	15,000
Transfers (out)	(14,000)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,000)</u>	<u>-</u>	<u>721,509</u>	<u>674,857</u>	<u>120,420</u>	<u>-</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(43,837)</u>	<u>-</u>	<u>85,190</u>	<u>80,966</u>	<u>49,719</u>	<u>(8,872)</u>	<u>11,189</u>
FUND BALANCES (DEFICITS) - JULY 1,	<u>118,347</u>	<u>21,728</u>	<u>116,822</u>	<u>333,903</u>	<u>329,131</u>	<u>8,872</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 74,510</u>	<u>\$ 21,728</u>	<u>\$ 202,012</u>	<u>\$ 414,869</u>	<u>\$ 378,850</u>	<u>\$ -</u>	<u>\$ 11,189</u>

TOWN OF POLAND, MAINE

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

	Project Canopy	HHS CARES Act	Special Events	County EMA Grant	Keep ME Healthy Grant	Total
REVENUES						
Intergovernmental	\$ -	\$ 5,075	\$ -	\$ -	\$ 5,390	\$ 12,235
Charges for services	-	-	-	-	-	225,106
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	3,529
Donations and other contributions	-	-	1,191	-	-	25,720
Total revenues	-	5,075	1,191	-	5,390	266,590
EXPENDITURES						
General government	5,532	-	1,191	-	5,390	15,924
Recreation	-	-	-	-	-	269,095
Public safety	-	5,075	-	-	-	5,075
TIF	-	-	-	-	-	600,636
Debt service	-	-	-	-	-	653,618
Capital outlay	-	-	-	14,361	-	85,566
Total expenditures	5,532	5,075	1,191	14,361	5,390	1,629,914
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,532)	-	-	(14,361)	-	(1,363,324)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	1,531,786
Transfers (out)	-	-	-	-	-	(14,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	1,517,786
NET CHANGE IN FUND BALANCES (DEFICITS)	(5,532)	-	-	(14,361)	-	154,462
FUND BALANCES (DEFICITS) - JULY 1,	-	-	-	(7,651)	-	921,152
FUND BALANCES (DEFICITS) - JUNE 30	\$ (5,532)	\$ -	\$ -	\$ (22,012)	\$ -	\$ 1,075,614

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, 2020

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
ASSETS						
Due from other funds	\$ 906,408	\$ 609,955	\$ 32,501	\$ 10,487	\$ -	\$ 21,954
TOTAL ASSETS	<u>\$ 906,408</u>	<u>\$ 609,955</u>	<u>\$ 32,501</u>	<u>\$ 10,487</u>	<u>\$ -</u>	<u>\$ 21,954</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 889	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	906,408	609,955	32,501	10,487	-	21,954
Unassigned	-	-	-	-	(889)	-
TOTAL FUND BALANCES (DEFICITS)	<u>906,408</u>	<u>609,955</u>	<u>32,501</u>	<u>10,487</u>	<u>(889)</u>	<u>21,954</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 906,408</u>	<u>\$ 609,955</u>	<u>\$ 32,501</u>	<u>\$ 10,487</u>	<u>\$ -</u>	<u>\$ 21,954</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve-Bond	CEO Reserve	Total
ASSETS							
Due from other funds	\$ 62,310	\$ 3,000	\$ 28,038	\$ 90,000	\$ -	\$ 15,403	\$ 1,780,056
TOTAL ASSETS	<u>\$ 62,310</u>	<u>\$ 3,000</u>	<u>\$ 28,038</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 15,403</u>	<u>\$ 1,780,056</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	62,310	3,000	28,038	90,000	-	15,403	1,780,056
Unassigned	-	-	-	-	-	-	(889)
TOTAL FUND BALANCES (DEFICITS)	<u>62,310</u>	<u>3,000</u>	<u>28,038</u>	<u>90,000</u>	<u>-</u>	<u>15,403</u>	<u>1,779,167</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 62,310</u>	<u>\$ 3,000</u>	<u>\$ 28,038</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 15,403</u>	<u>\$ 1,780,056</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, 2020

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	2,930	-	-	-	-
Total revenues	-	2,930	-	-	-	-
EXPENDITURES						
General government	-	-	-	-	-	-
Capital outlay	194,332	1,246	440,326	7,651	-	-
Total expenditures	194,332	1,246	440,326	7,651	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(194,332)	1,684	(440,326)	(7,651)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	150,000	140,000	442,000	2,000	-	4,418
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	150,000	140,000	442,000	2,000	-	4,418
NET CHANGE IN FUND BALANCES (DEFICITS)	(44,332)	141,684	1,674	(5,651)	-	4,418
FUND BALANCES (DEFICITS) - JULY 1,	950,740	468,271	30,827	16,138	(889)	17,536
FUND BALANCES (DEFICITS) - JUNE 30	\$ 906,408	\$ 609,955	\$ 32,501	\$ 10,487	\$ (889)	\$ 21,954

TOWN OF POLAND, MAINE

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

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve-Bond	CEO Reserve	Total
REVENUES							
Intergovernmental	\$ 1,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030
Other income	37,415	-	-	-	-	-	40,345
Total revenues	<u>38,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,375</u>
EXPENDITURES							
General government	30,846	-	-	-	-	-	30,846
Capital outlay	11,330	-	30,602	-	-	9,600	695,087
Total expenditures	<u>42,176</u>	<u>-</u>	<u>30,602</u>	<u>-</u>	<u>-</u>	<u>9,600</u>	<u>725,933</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,731)</u>	<u>-</u>	<u>(30,602)</u>	<u>-</u>	<u>-</u>	<u>(9,600)</u>	<u>(684,558)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	16,000	-	27,206	-	-	10,000	791,624
Transfers (out)	-	-	-	-	(92,351)	-	(92,351)
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,000</u>	<u>-</u>	<u>27,206</u>	<u>-</u>	<u>(92,351)</u>	<u>10,000</u>	<u>699,273</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	12,269	-	(3,396)	-	(92,351)	400	14,715
FUND BALANCES (DEFICITS) - JULY 1,	<u>50,041</u>	<u>3,000</u>	<u>31,434</u>	<u>90,000</u>	<u>92,351</u>	<u>15,003</u>	<u>1,764,452</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 62,310</u>	<u>\$ 3,000</u>	<u>\$ 28,038</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 15,403</u>	<u>\$ 1,779,167</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, 2020

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	A. B. Ricker Trust
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,868	\$ -
Investments	11,510	-	6,802	2,575	95,950	12,066
Due from other funds	-	13,981	-	-	-	-
TOTAL ASSETS	<u>\$ 11,510</u>	<u>\$ 13,981</u>	<u>\$ 6,802</u>	<u>\$ 2,575</u>	<u>\$ 99,818</u>	<u>\$ 12,066</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	5,000	-	-	-	-	7,000
Restricted	6,510	13,981	6,802	2,575	99,818	5,066
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>11,510</u>	<u>13,981</u>	<u>6,802</u>	<u>2,575</u>	<u>99,818</u>	<u>12,066</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,510</u>	<u>\$ 13,981</u>	<u>\$ 6,802</u>	<u>\$ 2,575</u>	<u>\$ 99,818</u>	<u>\$ 12,066</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial	Historical Society
ASSETS					
Cash and cash equivalents	\$ -	\$ 1,552	\$ 30,527	\$ -	\$ -
Investments	6,519	277,875	1,530,203	29,907	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,519</u>	<u>\$ 279,427</u>	<u>\$ 1,560,730</u>	<u>\$ 29,907</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 19
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
FUND BALANCES (DEFICITS)					
Nonspendable	609	33,000	375,000	-	-
Restricted	5,910	246,427	1,185,730	29,907	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(19)
TOTAL FUND BALANCES (DEFICITS)	<u>6,519</u>	<u>279,427</u>	<u>1,560,730</u>	<u>29,907</u>	<u>(19)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,519</u>	<u>\$ 279,427</u>	<u>\$ 1,560,730</u>	<u>\$ 29,907</u>	<u>\$ -</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 44,790	\$ 10,609	\$ 91,346
Investments	2,087	479,071	113,179	2,567,744
Due from other funds	-	-	-	13,981
TOTAL ASSETS	\$ 2,087	\$ 523,861	\$ 123,788	\$ 2,673,071
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 19
TOTAL LIABILITIES	-	-	-	19
FUND BALANCES (DEFICITS)				
Nonspendable	2,000	238,140	-	660,749
Restricted	87	285,721	-	1,888,534
Committed	-	-	123,788	123,788
Assigned	-	-	-	-
Unassigned	-	-	-	(19)
TOTAL FUND BALANCES (DEFICITS)	2,087	523,861	123,788	2,673,052
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 2,087	\$ 523,861	\$ 123,788	\$ 2,673,071

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, 2020

	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)	\$ 272	\$ -	\$ 142	\$ 64	\$ (13,755)	\$ 252
Donations and other contributions	-	1,000	-	-	-	-
Total revenues	<u>272</u>	<u>1,000</u>	<u>142</u>	<u>64</u>	<u>(13,755)</u>	<u>252</u>
EXPENDITURES						
Cemetery	-	-	-	-	3,661	-
Scholarships	-	-	-	-	-	-
Other	-	-	-	1,837	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,837</u>	<u>3,661</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>272</u>	<u>1,000</u>	<u>142</u>	<u>(1,773)</u>	<u>(17,416)</u>	<u>252</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	272	1,000	142	(1,773)	(17,416)	252
FUND BALANCES (DEFICITS) - JULY 1	<u>11,238</u>	<u>12,981</u>	<u>6,660</u>	<u>4,348</u>	<u>117,234</u>	<u>11,814</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,510</u>	<u>\$ 13,981</u>	<u>\$ 6,802</u>	<u>\$ 2,575</u>	<u>\$ 99,818</u>	<u>\$ 12,066</u>

TOWN OF POLAND, MAINE

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

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial	Historical Society
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 136	\$ 27,323	\$ 120,098	\$ 624	\$ -
Donations and other contributions	-	574	-	-	-
Total revenues	<u>136</u>	<u>27,897</u>	<u>120,098</u>	<u>624</u>	<u>-</u>
EXPENDITURES					
Cemetery	-	-	-	-	-
Scholarships	-	7,500	-	-	-
Other	-	636	9,450	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>8,136</u>	<u>9,450</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>136</u>	<u>19,761</u>	<u>110,648</u>	<u>624</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	(51,829)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(51,829)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	136	19,761	58,819	624	-
FUND BALANCES (DEFICITS) - JULY 1,	<u>6,383</u>	<u>259,666</u>	<u>1,501,911</u>	<u>29,283</u>	<u>(19)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,519</u>	<u>\$ 279,427</u>	<u>\$ 1,560,730</u>	<u>\$ 29,907</u>	<u>\$ (19)</u>

TOWN OF POLAND, MAINE

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

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 44	\$ 41,214	\$ 9,860	\$ 186,274
Donations and other contributions	-	-	-	1,574
Total revenues	<u>44</u>	<u>41,214</u>	<u>9,860</u>	<u>187,848</u>
EXPENDITURES				
Cemetery	-	-	-	3,661
Scholarships	-	-	-	7,500
Other	-	3,083	727	15,733
Capital outlay	-	-	2,880	2,880
Total expenditures	<u>-</u>	<u>3,083</u>	<u>3,607</u>	<u>29,774</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>44</u>	<u>38,131</u>	<u>6,253</u>	<u>158,074</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	(15,265)	-	(67,094)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(15,265)</u>	<u>-</u>	<u>(67,094)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	44	22,866	6,253	90,980
FUND BALANCES (DEFICITS) - JULY 1,	<u>2,043</u>	<u>500,995</u>	<u>117,535</u>	<u>2,582,072</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,087</u>	<u>\$ 523,861</u>	<u>\$ 123,788</u>	<u>\$ 2,673,052</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, 2020

	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	\$ 2,751,419	\$ -	\$ 5,087,426
Public safety	-	-	72,674	-	72,674
Public works department	292,099	1,844,011	1,466,523	4,152,545	7,755,178
Transfer station	120,000	359,827	254,866	-	734,693
TIF	-	-	9,528	2,801,016	2,810,544
Library	28,880	936,738	65,814	-	1,031,432
Recreation	200,800	495,627	21,500	12,213	730,140
Town-wide	305,632	1,862,907	124,988	-	2,293,527
Total General Capital Assets	953,711	7,828,817	4,767,312	6,965,774	20,515,614
Less: Accumulated Depreciation	-	(4,346,232)	(2,474,907)	(1,488,467)	(8,309,606)
Net General Capital Assets	\$ 953,711	\$ 3,482,585	\$ 2,292,405	\$ 5,477,307	\$ 12,206,008

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, 2020

	General Capital Assets 7/1/2019 (Restated)	Additions	Deletions	General Capital Assets 6/30/20
Fire department	\$ 5,049,715	\$ 37,711	\$ -	\$ 5,087,426
Public safety	76,817	30,602	(34,745)	72,674
Public works department	7,107,750	647,428	-	7,755,178
Transfer station	720,909	13,784	-	734,693
TIF	2,810,544	-	-	2,810,544
Library	1,028,552	2,880	-	1,031,432
Recreation	717,993	12,147	-	730,140
Town-wide	2,229,859	63,668	-	2,293,527
Total General Capital Assets	19,742,139	808,220	(34,745)	20,515,614
Less: Accumulated Depreciation	(7,689,824)	(647,578)	27,796	(8,309,606)
Net General Capital Assets	<u>\$ 12,052,315</u>	<u>\$ 160,642</u>	<u>\$ (6,949)</u>	<u>\$ 12,206,008</u>

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



Proven Expertise & Integrity

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

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, 2020, 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 April 15, 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 in a separate letter dated April 15, 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.

RHR Smith & Company

Buxton, Maine
April 15, 2021