

Audited Financial Statements and
Other Financial Information

Town of Poland, Maine

June 30, 2023



Proven Expertise and Integrity

TOWN OF POLAND, MAINE

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JUNE 30, 2023

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FEDERAL COMPLIANCE

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Poland
Poland, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Poland, Maine as of and for the year ended June 30, 2023 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Poland, Maine as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Poland, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 14 and 65 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 17, 2023 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Poland, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Poland, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
November 17, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(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, 2023. 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 \$19,664,316 (net position), increasing by \$33,638 or 0.17% from the previous fiscal year. All categories of net position increased, with the exception of restricted and unrestricted net position. Restricted net position decreased \$939,982 largely due to debt service expenditures in the TIF funds. Unrestricted net position decreased by \$149,561. 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 decreased over the change in overall program expenditures for the fiscal year ended June 30, 2023, by \$2,258,158 or -98.53% when compared to the same period in 2022.
- Total combined fund balances of other governmental funds saw an overall decrease of \$643,572 from the previous fiscal year.
- Net resources available for appropriations in the general fund were higher than anticipated for the year ended June 30, 2023. Higher than anticipated motor vehicle excise tax and charges for services were the major drivers of the windfall.
- Capital assets decreased by \$121,067 for the year ended June 30, 2023.
- The Town's debt decreased by \$1,244,248 from the previous fiscal year due to scheduled principal reductions.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above-mentioned financial statements have one column for the type of Town activity. The type of activity presented for the Town is:

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

Fund Financial Statements

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

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

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

The Town presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major funds are the general fund and Rt. 26 sewer extension. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and 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 \$33,638 or 0.17% from \$19,630,678 to \$19,664,316. (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, decreased by \$149,561 to \$6,984,574. Net investment in capital assets increased \$1,123,181 over the period. Restricted net position decreased \$939,982.

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

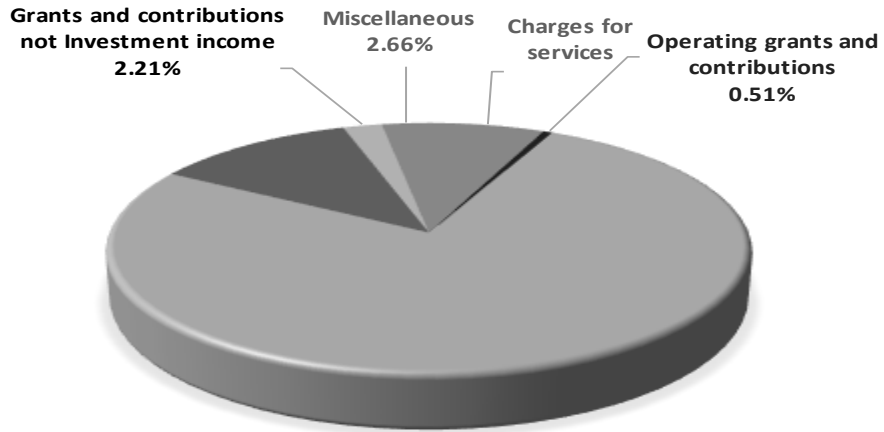
	2023	2022 (Restated)
Assets:		
Current Assets	\$ 13,983,181	\$ 15,040,652
Noncurrent Assets - Capital and Other Assets	14,068,109	14,259,894
Total Assets	28,051,290	29,300,546
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	535,132	485,663
Deferred Outflows Related to OPEB	34,458	41,478
Total Deferred Outflows of Resources	569,590	527,141
Liabilities:		
Current Liabilities	1,296,314	1,594,141
Noncurrent Liabilities	7,342,659	7,729,864
Total Liabilities	8,638,973	9,324,005
Deferred Inflows of Resources:		
Prepaid Taxes	15,204	183
Deferred Inflows Related to Pensions	250,287	829,061
Deferred Inflows Related to OPEB	52,100	43,760
Total Deferred Inflows of Resources	317,591	873,004
Net Position:		
Net Investment in Capital Assets	6,658,937	5,535,756
Restricted	6,020,805	6,960,787
Unrestricted	6,984,574	7,134,135
Total Net Position	\$ 19,664,316	\$ 19,630,678

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 3.41%, while total expenses increased by 12.03%. Primary reasons for the decrease in revenues were attributed to operating grants and contributions, grants not restricted to specific programs and taxes.

An increase in expenses was incurred across most programs, with the largest being recreation and culture. Refer to Table 2 below for specific details.

PROGRAM & GENERAL REVENUES



PROGRAM EXPENSES

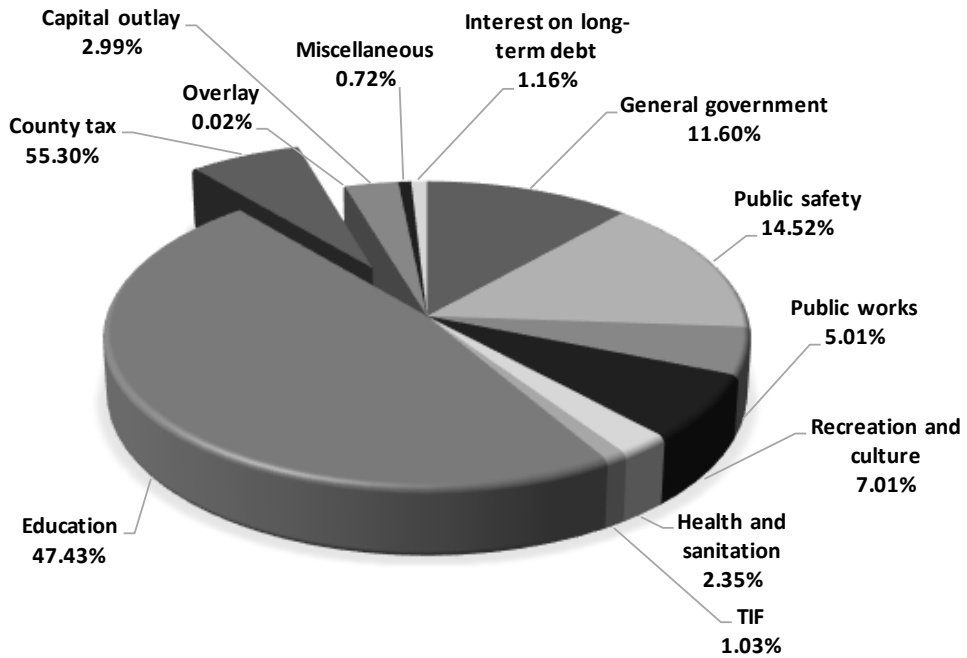


Table 2
Town of Poland, Maine
Change in Net Position
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 1,042,120	\$ 874,199
Operating grants and contributions	81,505	680,236
<i>General revenues:</i>		
Taxes	12,108,508	12,609,008
Grants and contributions not restricted to specific programs	1,847,507	1,972,458
Investment income	350,944	54,614
Miscellaneous	422,200	221,513
Total Revenues	<u>15,852,784</u>	<u>16,412,028</u>
Expenses		
General government	1,834,759	1,391,090
Public safety	2,296,576	1,791,025
Public works	792,685	956,698
Recreation and culture	1,108,426	552,995
Health and sanitation	372,378	277,726
TIF	163,000	118,728
Education	7,503,538	7,335,797
County tax	1,018,941	903,780
Overlay	3,199	5,789
Capital outlay	472,282	512,225
Miscellaneous	113,414	232,079
Interest on long-term debt	139,948	42,300
Total Expenses	<u>15,819,146</u>	<u>14,120,232</u>
Change in Net Position	33,638	2,291,796
Net Position - July 1, Restated	<u>19,630,678</u>	<u>17,338,882</u>
Net Position - June 30	<u>\$ 19,664,316</u>	<u>\$ 19,630,678</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,

	2023	2022 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 11,043	\$ 29,030	\$ (17,987)
Committed	562,698	675,000	(112,302)
Assigned	173,998	164,660	9,338
Unassigned	3,875,564	3,976,403	(100,839)
Rt. 26 Sewer Extension			
Restricted	1,397,140	1,588,760	(191,620)
Total Major Funds	\$ 6,020,443	\$ 6,433,853	\$ (413,410)
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,576,826	\$ 2,436,572	\$ (859,746)
Committed	219,885	190,827	29,058
Assigned	7,458	6,111	1,347
Unassigned	(114,053)	-	(114,053)
Capital Projects Funds:			
Assigned	2,542,301	2,211,541	330,760
Unassigned	(91,543)	-	(91,543)
Permanent Funds:			
Nonspendable	660,749	660,749	-
Restricted	2,386,090	2,245,676	140,414
Committed	67,390	147,199	(79,809)
Total Nonmajor Funds	\$ 7,255,103	\$ 7,898,675	\$ (643,572)

The change in fund balances for the general fund, RT 26 sewer extension and the aggregate nonmajor funds was due to the regular activity of operations.

Budgetary Highlights

Differences between the original and final budgets for the general fund were primarily due to transfers to other funds.

General fund actual revenues were ahead of budgeted amounts by \$207,138. The major drivers of the windfall were higher than anticipated revenues in all categories except for general tax revenue.

General fund actual expenditures were under budget by \$208,166 in total. This was due to all expenditure categories being within or under budget with the exception of health and sanitation and debt service - interest.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2023, the Town's capital assets decreased by \$121,067. The decrease was due to capital additions of \$570,484 less current year depreciation expense of \$691,551. Refer to Note 5 of Notes to Financial Statements for detailed information.

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

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Land	\$ 753,290	\$ 753,290
Art works and historical treasures	26,000	26,000
Construction in progress	2,980,619	2,436,118
Buildings and improvements	3,056,983	3,198,234
Machinery, equipment, vehicles furniture and fixtures	1,693,052	1,882,461
Infrastructure	<u>5,558,165</u>	<u>5,893,073</u>
Total	<u>\$ 14,068,109</u>	<u>\$ 14,189,176</u>

Long-term Debt

At June 30, 2023, the Town had \$7,409,172 in general obligation bonds and notes from direct borrowings outstanding versus \$8,653,420 last year, a decrease of 14.38%. 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

The 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 as of the date this report was issued.

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, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,023,027
Investments	5,154,657
Accounts receivable (net of allowance for uncollectibles):	
Taxes	416,425
Liens	96,166
Other	251,467
Due from other governments	30,396
Inventory	11,043
Total current assets	13,983,181
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	3,759,909
Buildings and vehicles net of accumulated depreciation	10,308,200
Total noncurrent assets	14,068,109
TOTAL ASSETS	28,051,290
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	535,132
Deferred outflows related to OPEB	34,458
TOTAL DEFERRED OUTFLOWS OF RESOURCES	569,590
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 28,620,880
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 164,940
Accrued payroll	102,756
Unearned revenues	1,842
Current portion of long-term obligations	1,026,776
Total current liabilities	1,296,314
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	6,139,465
Note from direct borrowings payable	258,320
Accrued compensated absences	174,726
Net pension liability	596,340
Net OPEB liability	173,808
Total noncurrent liabilities	7,342,659
TOTAL LIABILITIES	8,638,973
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	250,287
Deferred inflows related to OPEB	52,100
TOTAL DEFERRED INFLOWS OF RESOURCES	317,591
NET POSITION	
Net investment in capital assets	6,658,937
Restricted	6,020,805
Unrestricted	6,984,574
TOTAL NET POSITION	19,664,316
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 28,620,880

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

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,834,759	\$ 46,806	\$ -	\$ -	\$ (1,787,953)
Public safety	2,296,576	399,015	3,585	-	(1,893,976)
Public works	792,685	-	77,920	-	(714,765)
Recreation and culture	1,108,426	565,562	-	-	(542,864)
Health and sanitation	372,378	30,737	-	-	(341,641)
TIF	163,000	-	-	-	(163,000)
Education	7,503,538	-	-	-	(7,503,538)
County tax	1,018,941	-	-	-	(1,018,941)
Overlay	3,199	-	-	-	(3,199)
Capital outlay	472,282	-	-	-	(472,282)
Miscellaneous	113,414	-	-	-	(113,414)
Interest on long-term debt	139,948	-	-	-	(139,948)
Total government	<u>\$ 15,819,146</u>	<u>\$ 1,042,120</u>	<u>\$ 81,505</u>	<u>\$ -</u>	<u>(14,695,521)</u>

STATEMENT B (CONTINUED)
TOWN OF POLAND, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(14,695,521)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	10,709,601
Excise taxes	1,398,907
Grants and contributions not restricted to specific programs	1,847,507
Investment income, net of unrealized gains/(losses)	350,944
Miscellaneous	422,200
Total revenues	14,729,159
Change in net position	33,638
NET POSITION - JULY 1, RESTATED	19,630,678
NET POSITION - JUNE 30	\$ 19,664,316

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

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Rt. 26 Sewer Extension	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,245,547	\$ -	\$ 2,777,480	\$ 8,023,027
Investments	3,027,036	-	2,127,621	5,154,657
Accounts receivable (net of allowance for uncollectibles):				
Taxes	416,425	-	-	416,425
Liens	96,166	-	-	96,166
Other	251,467	-	-	251,467
Due from other governments	30,396	-	-	30,396
Inventory	11,043	-	-	11,043
Due from other funds	695,910	1,397,140	3,165,089	5,258,139
TOTAL ASSETS	\$ 9,773,990	\$ 1,397,140	\$ 8,070,190	\$ 19,241,320
LIABILITIES				
Accounts payable	\$ 45,763	\$ -	\$ 119,177	\$ 164,940
Accrued payroll	102,756	-	-	102,756
Unearned revenues	1,842	-	-	1,842
Due to other funds	4,562,229	-	695,910	5,258,139
TOTAL LIABILITIES	4,712,590	-	815,087	5,527,677
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	15,204	-	-	15,204
Deferred tax revenues	422,893	-	-	422,893
TOTAL DEFERRED INFLOWS OF RESOURCES	438,097	-	-	438,097
FUND BALANCES				
Nonspendable	11,043	-	660,749	671,792
Restricted	-	1,397,140	3,962,916	5,360,056
Committed	562,698	-	287,275	849,973
Assigned	173,998	-	2,549,759	2,723,757
Unassigned	3,875,564	-	(205,596)	3,669,968
TOTAL FUND BALANCES	4,623,303	1,397,140	7,255,103	13,275,546
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,773,990	\$ 1,397,140	\$ 8,070,190	\$ 19,241,320

See accompanying independent auditor's 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, 2023

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 13,275,546
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	14,068,109
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	422,893
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	535,132
OPEB	34,458
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(7,115,396)
Note from direct borrowings payable	(293,776)
Net pension liability	(596,340)
Net OPEB liability	(173,808)
Accrued compensated absences	(190,115)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	(250,287)
OPEB	(52,100)
Net position of governmental activities	\$ 19,664,316

See accompanying independent auditor's 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, 2023

	General Fund	Rt. 26 Sewer Extension	Other Governmental Funds	Total Governmental Funds
REVENUES				
General tax revenue	\$ 11,986,932	\$ -	\$ -	\$ 11,986,932
Intergovernmental revenue	1,925,427	-	3,585	1,929,012
Charges for services	590,804	-	451,316	1,042,120
Investment income, net of unrealized gains/(losses)	92,643	-	258,301	350,944
Other revenue	190,532	20,445	211,223	422,200
TOTAL REVENUES	14,786,338	20,445	924,425	15,731,208
EXPENDITURES				
Current:				
General government	1,142,702	-	591,467	1,734,169
Public safety	1,737,779	-	-	1,737,779
Public works	779,048	-	-	779,048
Recreation and culture	370,603	-	660,637	1,031,240
Health and sanitation	363,015	-	-	363,015
TIF	-	-	159,201	159,201
Education	7,503,538	-	-	7,503,538
County tax	1,018,941	-	-	1,018,941
Overlay	3,199	-	-	3,199
Miscellaneous	-	-	113,414	113,414
Debt service:				
Principal	169,480	-	992,452	1,161,932
Interest	34,149	-	105,799	139,948
Capital outlay	-	212,065	830,701	1,042,766
TOTAL EXPENDITURES	13,122,454	212,065	3,453,671	16,788,190
EXCESS REVENUES OVER (UNDER)				
EXPENDITURES	1,663,884	(191,620)	(2,529,246)	(1,056,982)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,975,187	1,975,187
Transfers (out)	(1,885,674)	-	(89,513)	(1,975,187)
TOTAL OTHER FINANCING SOURCES (USES)	(1,885,674)	-	1,885,674	-
NET CHANGE IN FUND BALANCES	(221,790)	(191,620)	(643,572)	(1,056,982)
FUND BALANCES - JULY 1, RESTATED	4,845,093	1,588,760	7,898,675	14,332,528
FUND BALANCES - JUNE 30	\$ 4,623,303	\$ 1,397,140	\$ 7,255,103	\$ 13,275,546

See accompanying independent auditor's 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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (1,056,982)</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	570,484
Depreciation expense	<u>(691,551)</u>
	<u>(121,067)</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	49,469
OPEB	<u>(7,020)</u>
	<u>42,449</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>121,576</u>
Proceeds of long-term debt from the RSU shown on governmental funds as revenue shown as liabilities on the Statement of Net Position	
	<u>(82,316)</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>1,244,248</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	578,774
OPEB	<u>(8,340)</u>
	<u>570,434</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:	
Accrued compensated absences	(34,793)
Net pension liability	(656,863)
Net OPEB liability	<u>6,952</u>
	<u>(684,704)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 33,638</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, education and miscellaneous.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- b. The Rt. 26 Sewer Extension Fund is used to account for financial resources to be used for the construction of the sewer extension. Primary revenue sources are miscellaneous income.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and 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, 2023

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, 2023

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 deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies 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. The allowance for uncollectible accounts is estimated to be \$40,453 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$281,863 for the year ended June 30, 2023.

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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the 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, Maine as assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost.

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

Estimated useful lives follow:

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

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

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

Pensions

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

OPEB

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance

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

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

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Selectboard 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 Selectboard.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows and Inflows of Resources

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 17, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2022 and April 1, 2023. Interest on unpaid taxes commenced on November 1, 2022 and May 1, 2023, at 4.0% 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 \$20,974 for the year ended June 30, 2023.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

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

Deposits:

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

At June 30, 2023, the Town's cash balances amounting to \$8,023,027 were comprised of bank deposits of \$8,135,857. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these bank deposits, \$7,146,401 were covered by federal depository insurance and consequently, were not exposed to custodial credit risk. Of the cash equivalents totaling \$989,456, \$10,025 was covered by the Securities Investor Protection Corporation (SIPC) and the remaining \$979,431 of cash equivalents were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,906
Savings accounts	11,399
Money market accounts	204,638
ICS accounts	6,928,458
Cash equivalents	989,455
	<u>\$ 8,135,856</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposit of \$3,027,036 was fully insured by federal depository insurance and consequently was 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.

At June 30, 2022, the Town had \$3,027,036 in certificates of deposit and \$2,127,621 in debt and equity securities. Of this amount \$3,027,036 was covered by FDIC insurance, \$110,779 was covered by the Securities Investor Protection Corporation and consequently was not exposed to custodial credit risk. The remaining \$2,016,842 was uninsured and uncollateralized.

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years	Over 5 Years
Debt securities:					
Corporate bonds	\$ 375,093	\$ -	\$ -	\$ 375,093	\$ -
Equity securities:					
Mutual Funds:					
Fixed income	65,893	65,893	-	-	-
Equity	1,679,521	1,679,521	-	-	-
Other	7,114	7,114	-	-	-
	<u>\$ 2,127,621</u>	<u>\$ 1,752,528</u>	<u>\$ -</u>	<u>\$ 375,093</u>	<u>\$ -</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2023:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	Total June 30, 2023	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	\$ 375,093	\$ -	\$ 375,093	\$ -
Equity securities:				
Mutual funds:				
Fixed income	65,893	65,893	-	-
Equity	1,679,521	1,679,521	-	-
Other	7,114	7,114	-	-
Total investments by fair value level	2,127,621	\$ 1,752,528	\$ 375,093	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	989,455			
Total cash equivalents measured at the NAV	989,455			
Total investments and cash equivalents measured at fair value	\$ 3,117,076			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments. The fair value of money market funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2023 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, 2023, the credit ratings for the Town's investments in corporate bonds were rated A (\$48,603), A- (\$63,706), BBB+ (\$48,761), BBB (\$160,589) and BBB- (\$53,434) by S & P Rating Service.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 695,910	\$ 4,562,229
Rt. 26 sewer extension	1,397,140	-
Nonmajor special revenue funds	366,100	464,009
Nonmajor capital projects funds	2,589,392	19,457
Nonmajor permanent funds	209,597	212,444
	<u>\$ 5,258,139</u>	<u>\$ 5,258,139</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ -	\$ 1,885,674
Nonmajor special revenue funds	1,038,472	-
Nonmajor capital projects funds	936,715	-
Nonmajor permanent funds	-	89,513
	<u>\$ 1,975,187</u>	<u>\$ 1,975,187</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance 7/1/22 (Restated)	Additions	Disposals	Balance, 6/30/23
Non-depreciated assets:				
Land	\$ 753,290	\$ -	\$ -	\$ 753,290
Art works and historical treasures	26,000	-	-	26,000
Construction in progress	2,436,118	544,501	-	2,980,619
	<u>3,215,408</u>	<u>544,501</u>	<u>-</u>	<u>3,759,909</u>
Depreciated assets:				
Buildings and improvements	7,828,817	-	-	7,828,817
Machinery and equipment	1,007,860	-	-	1,007,860
Furniture and fixtures	123,451	-	-	123,451
Vehicles	3,606,547	25,983	-	3,632,530
Infrastructure	7,966,750	-	-	7,966,750
	20,533,425	25,983	-	20,559,408
Less: accumulated depreciation	<u>(9,559,657)</u>	<u>(691,551)</u>	<u>-</u>	<u>(10,251,208)</u>
	10,973,768	(665,568)	-	10,308,200
Net capital assets	<u>\$ 14,189,176</u>	<u>\$ (121,067)</u>	<u>\$ -</u>	<u>\$ 14,068,109</u>
 <u>Current year depreciation</u>				
Fire	\$ 208,616			
Library	7,160			
Public safety	350,181			
Public works	13,637			
Recreation	70,026			
TIF	3,799			
Transfer station	9,363			
Town-wide	28,769			
Total depreciation expense	<u>\$ 691,551</u>			

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2023 follows:

	Balance, 7/1/22	Increases	Decreases	Balance, 6/30/23	Current Portion
General obligation bonds	\$ 8,324,539	\$ -	\$ (1,209,143)	\$ 7,115,396	\$ 975,931
Note from direct borrowings	328,881	-	(35,105)	293,776	35,456
Total long-term debt	<u>\$ 8,653,420</u>	<u>\$ -</u>	<u>\$ (1,244,248)</u>	<u>\$ 7,409,172</u>	<u>\$ 1,011,387</u>

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

\$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 fixed rate from 2.085% to 5.085% per annum.	\$ 104,500
\$4,498,200, 2010F Recovery Zone Economic Development Water and Sewer Bond due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a fixed rate from 0.831% to 5.094% per annum.	2,024,197
\$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 fixed rate from 1.480% to 3.706% per annum.	1,294,199
\$4,220,000, 2021A General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2029. Interest is charged at a fixed rate from 0.410% to 1.230% per annum.	<u>3,692,500</u>
Total general obligation bonds	<u>\$ 7,115,396</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

\$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>\$ 293,776</u>
Total note from direct borrowings	<u><u>\$ 293,776</u></u>

The following is a summary of outstanding government obligation bonds and note from direct borrowings payable 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	
2024	\$ 975,931	\$ 125,384	\$ 35,456	\$ 4,671	\$ 1,141,442
2025	879,885	110,752	35,810	4,315	1,030,762
2026	888,947	98,111	36,169	3,955	1,027,182
2027	898,311	83,948	36,530	3,591	1,022,380
2028	909,150	68,045	36,896	3,224	1,017,315
2029-2033	2,563,172	111,300	112,915	7,432	2,794,819
	<u>\$ 7,115,396</u>	<u>\$ 597,540</u>	<u>\$ 293,776</u>	<u>\$ 27,188</u>	<u>\$ 8,033,900</u>

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2023:

	Balance, 7/1/22	Increases	Decreases	Balance, 6/30/23	Current Portion
Net pension liability/(asset)	\$ (60,523)	\$ 852,286	\$ (195,423)	\$ 596,340	\$ -
Net OPEB liability	180,760	16,756	(23,708)	173,808	-
Accrued compensated absences	155,322	34,793	-	190,115	15,389
Total other long-term obligations	<u>\$ 275,559</u>	<u>\$ 903,835</u>	<u>\$ (219,131)</u>	<u>\$ 960,263</u>	<u>\$ 15,389</u>

Refer to Notes 8, 17 and 19, respectively, for detailed information on each of the other long-term obligations.

NOTE 8 - 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 a long-term obligation 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, 2023, the Town's liability for compensated absences is \$190,115.

NOTE 9 - 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, 2023, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of Androscoggin	\$ 744,442	9.48%	\$ 70,573
Regional School Unit #16	7,427,111	64.00%	4,753,351
	<u>\$ 8,171,553</u>		<u>\$ 4,823,924</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

Invested in capital assets	\$ 24,319,317
Accumulated depreciation	(10,251,208)
Outstanding capital related debt	<u>(7,409,172)</u>
	<u>\$ 6,658,937</u>

NOTE 11 - RESTRICTED NET POSITION

At June 30, 2023, the Town had the following restricted net position:

Nonspendable:	
Nonmajor permanent funds:	
Hackett trust	\$ 5,000
A.B. Ricker trust	7,000
Lane cemetery	609
Scholarship funds	33,000
Jane J. Ricker library endowment	375,000
Ricker cemetery	2,000
A.B. Ricker library endowment	238,140
Restricted fund balances:	
Rt. 26 sewer extension	1,397,140
Nonmajor special revenue funds:	
Escrows	31,235
PSD TIF I	369,598
PSD TIF II	579,810
Downtown TIF	476,462
CTCL Covid-19 response grant	114,721
PEG grant	5,000
Nonmajor permanent funds:	
Hackett trust	19,519
Hackett relief fund	10,281
Empire cemetery	7,074
White Oak Hill cemetery	2,550
Highland cemetery	115,725
A.B. Ricker trust	5,300
Lane cemetery	6,170
Scholarship funds	325,358
Jane J. Ricker library endowment	1,478,545
Ministerial	31,099
HM reno donation	11,527
Ricker cemetery	156
A.B. Ricker library endowment	372,786
	<u>\$ 6,020,805</u>

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 - NONSPENDABLE FUND BALANCES

At June 30, 2023, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 11,043
Nonmajor permanent funds (Schedule I)	660,749
	\$ 671,792

NOTE 13 - RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted fund balances:

Rt. 26 sewer fund	\$ 1,397,140
Nonmajor special revenue funds (Schedule E)	1,576,826
Nonmajor permanent funds (Schedule I)	2,386,090
	\$ 5,360,056

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

General fund:	
FY 2024 tax relief	\$ 562,698
Nonmajor special revenue funds (Schedule E)	219,885
Nonmajor permanent funds (Schedule I)	67,390
	\$ 849,973

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

General fund:	
Accrued compensated absences	\$ 164,660
Library dedicated donations	9,338
Nonmajor capital projects funds (Schedule G)	2,542,301
Nonmajor special revenue funds (Schedule E)	7,458
	\$ 2,723,757

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2023, the Town had the following expenditures over appropriations:

Health and sanitation	\$ 18,114
Debt service - interest	<u>2,827</u>
	<u>\$ 20,941</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.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2022, there were 311 employers in the plan.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

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 9.1% of their annual covered salary, while all other employees are part of the PLD's plan "AN" and are required to contribute 6.85% of their annual covered salary for employees that joined the Plan prior to July 1, 2014 and 7.0% 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 12.5% and 8.5%, 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, 2023 was \$195,423.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2023, the Town reported a liability of \$596,340 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 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, 2022, the Town's proportion was 0.224327%, which was an increase of 0.03549% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the Town recognized total pension expense of \$28,620. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,826	\$ -
Changes of assumptions	121,036	-
Net difference between projected and actual earnings on pension plan investments	-	250,287
Changes in proportion and differences between contributions and proportionate share of contributions	107,847	-
Contributions subsequent to the measurement date	195,423	-
Total	\$ 535,132	\$ 250,287

\$195,423 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2023	\$ 149,518
2024	(22,160)
2025	(155,492)
2026	117,556
2027	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2022 and 2021, compounded annually.

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2022 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 1,761,759	\$ 596,340	\$ (366,920)

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, 2022 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, 2022 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 2022 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.mainebers.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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

Funding Policy

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

Employee overtime is exempt from employer matching funds. The Town's contributions to the plan for 2023, 2022 and 2021 were \$10,850, \$9,091 and \$8,751, 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 Selectboard. The Town will contribute a maximum of 4.00% of annualized income on behalf of employees that participate in the Town's deferred compensation plan and 10.00% on behalf of the Town Manager. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the Nationwide plan is 10.00%.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

Employee overtime is exempt from employer matching funds. The Town made no contributions to the plan for 2023, 2022 and 2021, respectively.

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

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

NOTE 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active members	20
Retirees and spouses	<u>1</u>
Total	<u><u>21</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	\$1,140.92	\$2,559.25
PPO 2500	\$882.84	\$1,980.35
Medicare-Eligible Retirees	\$600.50	\$1,201.00

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

At June 30, 2023, the Town reported a liability of \$173,808 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$8,408. At June 30, 2023, 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	\$ 11,430	\$ 19,550
Changes of assumptions	18,932	32,550
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	<u>4,096</u>	<u>-</u>
Total	<u>\$ 34,458</u>	<u>\$ 52,100</u>

\$4,096 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, 2024. 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:		
2024	\$	(4,252)
2025		(4,250)
2026		(5,516)
2027		(785)
2028		(2,160)
Thereafter		(4,775)

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, 2023. 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 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

	1% Decrease	Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 201,278	\$ 173,808	\$ 151,316
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 201,278</u>	<u>\$ 173,808</u>	<u>\$ 151,316</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	\$ 148,133	\$ 173,808	\$ 206,386
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 148,133</u>	<u>\$ 173,808</u>	<u>\$ 206,386</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, 2023, 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, 2023

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

Assumptions

The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2023, they are as follows

Discount Rate - 3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 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 2023_fl was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capital 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

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

The trends selected from 2023 to 2026 were based on plan design, population weighting, renewal projections, and market analysis. For years 2027 to 2031, these are

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

interpolated from 2026 to 2032 (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, 2023, 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, 2021.

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

Rate of Mortality:

Healthy Annuitant- Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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, 2023 was (\$8,120).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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, 2023

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, 2023.

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 Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town’s behalf only when the

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 20 - RISK MANAGEMENT (CONTINUED)

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, 2023. 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, 2023

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 Blue Triton Brands (formerly Nestle Waters North America, Inc.) entered into agreements with the Auburn Sewer District and the Auburn Water District for the construction of certain infrastructure. The nature of the agreements allows the construction of sewer and water mains within the Town at the Town's cost. The infrastructure will not be owned by the Town but will be owned by the respective Districts. As of June 30, 2011, the Town was obligated for \$4,498,200 worth of recovery zone economic development bonds for this project. The project was completed in December 2011. The debt service on these bonds will ultimately be paid from the Tax Increment Financing District with the Blue Triton Brands. The current principal balance on the bond is \$2,024,197.

On April 22, 2021, the Town of Poland and entered into an agreement with the Auburn Sewerage District for the construction of certain infrastructure. The nature of the agreement allows the construction of a pump station and sewer extension within the Town at the Town's cost. The infrastructure will not be owned by the Town but will be owned by the respective District. As of June 30, 2023, the Town was obligated for \$4,220,000 worth of general obligation bonds for this project. The project's anticipated completion date is the summer of 2022. The debt service on these bonds will ultimately be paid from the Tax Increment Financing Districts with Blue Triton Brands (d/b/a Poland Spring Bottling) and STJ Real Estate LLC. The current principal balance on the bond is \$3,692,500.

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 Selectboard,

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

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

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

TIF District	Original Assessed Value	Current Assessed Value	TIF CAP	New Taxes	Taxes Abated
Poland Spring Bottling Company District 1	\$ 45,275,400	\$ 86,575,000	Varies	\$ 623,624	\$ -
Poland Spring Bottling Company District 2	5,954,920	57,903,750	Varies	784,427	-
Poland Downtown Village	6,353,650	16,160,500	Varies	148,083	15,220

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, 2023, the date of Maine Waste to Energy's most recent, available

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 25 - JOINT VENTURES (CONTINUED)

audited financial statements, was approximately 9.02% 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, 2023, 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 2023 was \$250.

NOTE 27 - DEFICIT FUND BALANCES

At June 30, 2023, the Town had the following deficit fund balances:

Nonmajor special revenue funds:	
Real estate tax assistance	\$ 3,724
Miscellaneous grants	7,135
Homeland security grant	12,940
Ricker library	90,254
Nonmajor capital projects funds:	
Town roads	72,086
Solid waste	19,457
	<u>\$ 205,596</u>

NOTE 28 - RESTATEMENT

In 2023, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, restatements to the 2022 government-wide financial statements and fund financial statements were required. The beginning net position for governmental activities was restated by an increase of \$96,851 from \$19,533,827 to \$19,630,678 to correct the capital assets by a decrease of \$168,972, the nonmajor permanent funds were increased by \$10,195, the general fund balance was decreased by \$4,495, the nonmajor special revenue funds were increased by \$4,495 and the long-term accounts receivable balance by a decrease of \$82,316.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 4,845,093	\$ 4,845,093	\$ 4,845,093	\$ -
Resources (Inflows):				
General tax revenue	12,197,508	12,197,508	11,986,932	(210,576)
Intergovernmental revenue	1,812,901	1,812,901	1,925,427	112,526
Charges for services	414,375	414,375	590,804	176,429
Investment income	30,000	30,000	92,643	62,643
Other revenue	124,416	124,416	190,532	66,116
Amounts Available for Appropriation	<u>19,424,293</u>	<u>19,424,293</u>	<u>19,631,431</u>	<u>207,138</u>
Charges to Appropriations (Outflows):				
General government	1,258,087	1,258,087	1,142,702	115,385
Public safety	1,815,079	1,815,079	1,737,779	77,300
Public works	783,438	783,438	779,048	4,390
Recreation and culture	384,860	384,860	370,603	14,257
Health and sanitation	344,901	344,901	363,015	(18,114)
Library	156,600	-	-	-
Education	7,503,538	7,503,538	7,503,538	-
County tax	1,018,941	1,018,941	1,018,941	-
Overlay	20,974	20,974	3,199	17,775
Debt service:				
Principal	169,480	169,480	169,480	-
Interest	31,322	31,322	34,149	(2,827)
Transfers to other funds	2,347,125	1,885,674	1,885,674	-
Total Charges to Appropriations	<u>15,834,345</u>	<u>15,216,294</u>	<u>15,008,128</u>	<u>208,166</u>
Budgetary Fund Balance, June 30	<u>\$ 3,589,948</u>	<u>\$ 4,207,999</u>	<u>\$ 4,623,303</u>	<u>\$ 415,304</u>
Utilization of assigned fund balance	<u>\$ 675,000</u>	<u>\$ 675,000</u>	<u>\$ -</u>	<u>\$ (675,000)</u>

See accompanying independent auditor's 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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Proportion of the net pension liability/(asset)	0.22%	0.19%	0.15%	0.14%	0.14%	0.13%	0.12%	0.10%	0.11%
Proportionate share of the net pension liability/(asset)	\$ 596,340	\$ (60,523)	\$ 610,086	\$ 435,241	\$ 377,305	\$ 535,417	\$ 650,896	\$ 334,484	\$ 170,747
Covered payroll	\$ 1,471,782	\$ 1,288,169	\$ 1,181,544	\$ 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	40.52%	-4.70%	51.63%	39.80%	36.83%	58.44%	72.95%	38.90%	18.80%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 TEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Contractually required contribution	\$ 195,423	\$ 146,020	\$ 128,849	\$ 99,187	\$ 87,140	\$ 76,532	\$ 67,025	\$ 57,484	\$ 42,726
Contributions in relation to the contractually required contribution	<u>(195,423)</u>	<u>(146,020)</u>	<u>(128,849)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,687,992	\$ 1,471,782	\$ 1,288,169	\$ 1,181,544	\$ 1,093,531	\$ 1,024,455	\$ 916,178	\$ 892,301	\$ 859,883
Contributions as a percentage of covered payroll	11.58%	9.92%	10.00%	8.39%	7.97%	7.47%	7.32%	6.44%	4.97%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/22 (Reporting December 31, 2022)	\$ 180,760	\$ -	\$ 180,760
Changes for the year:			
Service cost	12,797	-	12,797
Interest	3,959	-	3,959
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(20,923)	-	(20,923)
Contributions - employer	-	2,785	(2,785)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,785)	(2,785)	-
Administrative expense	-	-	-
Net changes	<u>(6,952)</u>	<u>-</u>	<u>(6,952)</u>
Balances at 1/1/23 (Reporting December 31, 2023)	<u>\$ 173,808</u>	<u>\$ -</u>	<u>\$ 173,808</u>

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

TOWN OF POLAND, MAINE

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

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost (BOY)	12,797	15,765	13,824	8,056	9,076	6,329
Interest (includes interest on service cost)	3,959	3,701	4,039	6,261	5,386	5,086
Changes of benefit terms	-	-	-	(2,785)	-	-
Differences between expected and actual experience	-	15,240	-	(43,478)	-	(3,664)
Changes of assumptions	(20,923)	(11,597)	9,625	23,278	(14,790)	13,810
Benefit payments, including refunds of member contributions	(2,785)	(2,302)	(2,213)	(2,580)	(2,481)	(2,085)
Net change in total OPEB liability	\$ (6,952)	\$ 20,807	\$ 25,275	\$ (11,248)	\$ (2,809)	\$ 19,476
Total OPEB liability - beginning	\$ 180,760	\$ 159,953	\$ 134,678	\$ 145,926	\$ 148,735	\$ 129,259
Total OPEB liability - ending	\$ 173,808	\$ 180,760	\$ 159,953	\$ 134,678	\$ 145,926	\$ 148,735
<u>Plan fiduciary net position</u>						
Contributions - employer	2,785	2,302	2,213	2,580	2,481	2,085
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(2,785)	(2,302)	(2,213)	(2,580)	(2,481)	(2,085)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 173,808	\$ 180,760	\$ 159,953	\$ 134,678	\$ 145,926	\$ 148,735
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 901,096	\$ 901,096	\$ 907,591	\$ 907,591	\$ 895,696	\$ 895,696
Net OPEB liability as a percentage of covered payroll	19.3%	20.1%	17.6%	14.8%	16.3%	16.6%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>						
Employer contributions	\$ 2,785	\$ 2,302	\$ 2,213	\$ 2,580	\$ 2,481	\$ 2,085
Benefit payments	(2,785)	(2,302)	(2,213)	(2,580)	(2,481)	(2,085)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 901,096	\$ 901,096	\$ 907,591	\$ 907,591	\$ 895,696	\$ 895,696
Contributions as a percentage of covered payroll	0.31%	0.26%	0.24%	0.28%	0.28%	0.23%

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

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

TOWN OF POLAND, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

MEPERS PLD Plan:

There were no changes of assumptions.

Maine Municipal Health Trust:

There was a change in the discount rate from 2.06% to 3.72% per GASB 75 discount rate selection. Ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

Other Supplementary Information

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

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

TOWN OF POLAND, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 10,707,508	\$ 10,707,508	\$ 10,588,025	\$ (119,483)
Vehicle excise taxes	1,475,000	1,475,000	1,384,703	(90,297)
Boat excise taxes	15,000	15,000	14,204	(796)
Intergovernmental revenues:				
State revenue sharing	633,918	633,918	709,119	75,201
BETE reimbursement	718,845	718,845	718,899	54
Homestead exemption	356,888	356,888	375,543	18,655
Local road assistance	72,700	72,700	77,920	5,220
Tree growth	10,300	10,300	21,233	10,933
General assistance	2,500	2,500	-	(2,500)
Veteran's exemption	3,750	3,750	3,681	(69)
Other intergovernmental	14,000	14,000	19,032	5,032
Charges for services:				
Ambulance fees	285,000	285,000	396,659	111,659
Code enforcement fees	45,000	45,000	99,138	54,138
Motor vehicle fees	28,000	28,000	29,840	1,840
Solid waste revenues/fees	26,500	26,500	30,737	4,237
Marijuana licensing fees	5,000	5,000	8,000	3,000
Plumbing permits	9,875	9,875	10,460	585
Inland fisheries agent fees	1,975	1,975	1,694	(281)
Animal control fees	1,675	1,675	2,356	681
Electrical permit fees	6,500	6,500	4,648	(1,852)
Customer service fees	750	750	904	154
Other	4,100	4,100	6,368	2,268
Investment income	30,000	30,000	92,643	62,643
Other revenue:				
Rentals	500	500	3,212	2,712
Interest/fees on liens	34,500	34,500	38,840	4,340
Cable franchise fees	65,000	65,000	65,760	760
Other miscellaneous income	24,416	24,416	82,720	58,304
Total revenues	<u>\$ 14,579,200</u>	<u>\$ 14,579,200</u>	<u>\$ 14,786,338</u>	<u>\$ 207,138</u>

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

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration/Benefits	\$ 1,061,174	\$ -	\$ 1,061,174	\$ 947,096	\$ 114,078
Utilities	58,504	-	58,504	47,398	11,106
Contracted services	62,650	-	62,650	74,281	(11,631)
Buildings and grounds	61,762	-	61,762	61,796	(34)
Cable TV	13,997	-	13,997	12,131	1,866
	<u>1,258,087</u>	<u>-</u>	<u>1,258,087</u>	<u>1,142,702</u>	<u>115,385</u>
Public safety					
Fire/Rescue	1,052,186	-	1,052,186	1,027,953	24,233
Police	463,122	-	463,122	463,500	(378)
Insurance	196,653	-	196,653	152,034	44,619
Dispatch contract	47,704	-	47,704	47,567	137
Street lights	19,694	-	19,694	14,674	5,020
Emergency management	6,000	-	6,000	5,000	1,000
Animal control	12,000	-	12,000	9,541	2,459
Hydrants	17,720	-	17,720	17,510	210
	<u>1,815,079</u>	<u>-</u>	<u>1,815,079</u>	<u>1,737,779</u>	<u>77,300</u>
Public works					
Highways	783,438	-	783,438	779,048	4,390
	<u>783,438</u>	<u>-</u>	<u>783,438</u>	<u>779,048</u>	<u>4,390</u>

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and sanitation					
Solid waste	344,901	-	344,901	363,015	(18,114)
	<u>344,901</u>	<u>-</u>	<u>344,901</u>	<u>363,015</u>	<u>(18,114)</u>
Library	156,600	(156,600)	-	-	-
	<u>156,600</u>	<u>(156,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community services					
Planning and Community Development	180,892	-	180,892	170,585	10,307
Recreation	165,776	-	165,776	165,849	(73)
Health officer	1,658	-	1,658	1,325	333
Beach maintenance	6,190	-	6,190	4,384	1,806
Conservation services	10,000	-	10,000	10,000	-
General assistance	5,000	-	5,000	3,253	1,747
Social service agencies	7,844	-	7,844	7,844	-
Ball field maintenance	7,500	-	7,500	7,363	137
	<u>384,860</u>	<u>-</u>	<u>384,860</u>	<u>370,603</u>	<u>14,257</u>
Education	7,503,538	-	7,503,538	7,503,538	-
	<u>7,503,538</u>	<u>-</u>	<u>7,503,538</u>	<u>7,503,538</u>	<u>-</u>
County tax	1,018,941	-	1,018,941	1,018,941	-
	<u>1,018,941</u>	<u>-</u>	<u>1,018,941</u>	<u>1,018,941</u>	<u>-</u>
Overlay/Emergency Article	20,974	-	20,974	3,199	17,775
	<u>20,974</u>	<u>-</u>	<u>20,974</u>	<u>3,199</u>	<u>17,775</u>

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service					
Principal	169,480	-	169,480	169,480	-
Interest	31,322	-	31,322	34,149	(2,827)
	<u>200,802</u>	<u>-</u>	<u>200,802</u>	<u>203,629</u>	<u>(2,827)</u>
Transfers					
Special revenue funds	1,416,050	(461,451)	954,599	954,599	-
Capital projects funds	931,075	-	931,075	931,075	-
	<u>2,347,125</u>	<u>(461,451)</u>	<u>1,885,674</u>	<u>1,885,674</u>	<u>-</u>
Total Departmental Operations	<u>\$ 15,834,345</u>	<u>\$ (618,051)</u>	<u>\$ 15,216,294</u>	<u>\$ 15,008,128</u>	<u>\$ 208,166</u>

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,788,025	\$ -	\$ 989,455	\$ 2,777,480
Investments	-	-	2,127,621	2,127,621
Due from other funds	366,100	2,589,392	209,597	3,165,089
TOTAL ASSETS	<u>\$ 2,154,125</u>	<u>\$ 2,589,392</u>	<u>\$ 3,326,673</u>	<u>\$ 8,070,190</u>
LIABILITIES				
Accounts payable	\$ -	\$ 119,177	\$ -	\$ 119,177
Due to other funds	464,009	19,457	212,444	695,910
TOTAL LIABILITIES	<u>464,009</u>	<u>138,634</u>	<u>212,444</u>	<u>815,087</u>
FUND BALANCES				
Nonspendable	-	-	660,749	660,749
Restricted	1,576,826	-	2,386,090	3,962,916
Committed	219,885	-	67,390	287,275
Assigned	7,458	2,542,301	-	2,549,759
Unassigned	(114,053)	(91,543)	-	(205,596)
TOTAL FUND BALANCES	<u>1,690,116</u>	<u>2,450,758</u>	<u>3,114,229</u>	<u>7,255,103</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,154,125</u>	<u>\$ 2,589,392</u>	<u>\$ 3,326,673</u>	<u>\$ 8,070,190</u>

See accompanying independent auditor's 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, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 3,585	\$ -	\$ -	\$ 3,585
Charges for services	451,316	-	-	451,316
Investment income, net of unrealized gains/(losses)	7,787	-	250,514	258,301
Other income	38,511	164,810	7,902	211,223
Total revenues	<u>501,199</u>	<u>164,810</u>	<u>258,416</u>	<u>924,425</u>
EXPENDITURES				
Current:				
General government	554,781	31,607	-	586,388
Recreation	432,383	-	-	432,383
Library	228,254	-	-	228,254
TIF	159,201	-	-	159,201
Cemetery	-	-	5,079	5,079
Other	-	-	113,414	113,414
Debt service	1,098,251	-	-	1,098,251
Capital outlay	-	830,701	-	830,701
Total expenditures	<u>2,472,870</u>	<u>862,308</u>	<u>118,493</u>	<u>3,453,671</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,971,671)</u>	<u>(697,498)</u>	<u>139,923</u>	<u>(2,529,246)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,038,472	936,715	-	1,975,187
Transfers (out)	-	-	(89,513)	(89,513)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,038,472</u>	<u>936,715</u>	<u>(89,513)</u>	<u>1,885,674</u>
NET CHANGE IN FUND BALANCES	(933,199)	239,217	50,410	(643,572)
FUND BALANCES - JULY 1, RESTATED	<u>2,623,315</u>	<u>2,211,541</u>	<u>3,063,819</u>	<u>7,898,675</u>
FUND BALANCES - JUNE 30	<u>\$ 1,690,116</u>	<u>\$ 2,450,758</u>	<u>\$ 3,114,229</u>	<u>\$ 7,255,103</u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than 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, 2023

	Recreation Fees Reserve	Escrows	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Real Estate Tax Assistance
ASSETS							
Cash and cash equivalents	\$ 800	\$ 11,399	\$ -	\$ 507,420	\$ 757,907	\$ 510,499	\$ -
Due from other funds	197,357	19,836	21,728	-	-	-	-
TOTAL ASSETS	\$ 198,157	\$ 31,235	\$ 21,728	\$ 507,420	\$ 757,907	\$ 510,499	\$ -
LIABILITIES							
Due to other funds	\$ -	-	\$ -	\$ 137,822	\$ 178,097	\$ 34,037	\$ 3,724
TOTAL LIABILITIES	-	-	-	137,822	178,097	34,037	3,724
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	31,235	-	369,598	579,810	476,462	-
Committed	198,157	-	21,728	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(3,724)
TOTAL FUND BALANCES (DEFICITS)	198,157	31,235	21,728	369,598	579,810	476,462	(3,724)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 198,157	\$ 31,235	\$ 21,728	\$ 507,420	\$ 757,907	\$ 510,499	\$ -

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	Library Renovation Project	Miscellaneous Grants	CTCL COVID-19 Response Grant	Homeland Security Grant	Ricker Library	PEG Grant	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,788,025
Due from other funds	7,458	-	114,721	-	-	5,000	366,100
TOTAL ASSETS	<u>\$ 7,458</u>	<u>\$ -</u>	<u>\$ 114,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 2,154,125</u>
LIABILITIES							
Due to other funds	\$ -	\$ 7,135	-	\$ 12,940	\$ 90,254	\$ -	\$ 464,009
TOTAL LIABILITIES	<u>-</u>	<u>7,135</u>	<u>-</u>	<u>12,940</u>	<u>90,254</u>	<u>-</u>	<u>464,009</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	114,721	-	-	5,000	1,576,826
Committed	-	-	-	-	-	-	219,885
Assigned	7,458	-	-	-	-	-	7,458
Unassigned	-	(7,135)	-	(12,940)	(90,254)	-	(114,053)
TOTAL FUND BALANCES (DEFICITS)	<u>7,458</u>	<u>(7,135)</u>	<u>114,721</u>	<u>(12,940)</u>	<u>(90,254)</u>	<u>5,000</u>	<u>1,690,116</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 7,458</u>	<u>\$ -</u>	<u>\$ 114,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 2,154,125</u>

See accompanying independent auditor’s 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, 2023

	Recreation Fees Reserve	Escrows	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Real Estate Tax Assistance
REVENUES							
Intergovernmental	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	448,427	-	-	-	-	-	-
Investment income, net of unrealized gains/(losses)	-	-	-	2,233	3,678	1,876	-
Other	13,014	8,866	-	-	-	-	-
Total revenues	<u>461,441</u>	<u>8,866</u>	<u>-</u>	<u>2,233</u>	<u>3,678</u>	<u>1,876</u>	<u>-</u>
EXPENDITURES							
General government	-	96,661	-	-	-	-	5,197
Recreation	432,383	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
TIF	-	-	-	90,268	57,738	11,195	-
Debt service	-	-	-	475,532	526,354	96,365	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>432,383</u>	<u>96,661</u>	<u>-</u>	<u>565,800</u>	<u>584,092</u>	<u>107,560</u>	<u>5,197</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,058</u>	<u>(87,795)</u>	<u>-</u>	<u>(563,567)</u>	<u>(580,414)</u>	<u>(105,684)</u>	<u>(5,197)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	326,442	385,856	85,701	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,442</u>	<u>385,856</u>	<u>85,701</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	29,058	(87,795)	-	(237,125)	(194,558)	(19,983)	(5,197)
FUND BALANCES - JULY 1, RESTATED	<u>169,099</u>	<u>119,030</u>	<u>21,728</u>	<u>606,723</u>	<u>774,368</u>	<u>496,445</u>	<u>1,473</u>
FUND BALANCES - JUNE 30	<u>\$ 198,157</u>	<u>\$ 31,235</u>	<u>\$ 21,728</u>	<u>\$ 369,598</u>	<u>\$ 579,810</u>	<u>\$ 476,462</u>	<u>\$ (3,724)</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, 2023

	Library Renovation Project	Miscellaneous Grants	CTCL COVID-19 Response Grant	Homeland Security Grant	Ricker Library	PEG Grant	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 3,585	\$ -	\$ -	\$ -	\$ 3,585
Charges for services	-	-	-	-	2,889	-	451,316
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-	7,787
Donations and other contributions	7,458	-	-	-	9,173	-	38,511
Total revenues	<u>7,458</u>	<u>-</u>	<u>3,585</u>	<u>-</u>	<u>12,062</u>	<u>-</u>	<u>501,199</u>
EXPENDITURES							
General government	-	7,278	432,705	12,940	-	-	554,781
Recreation	-	-	-	-	-	-	432,383
Library	-	-	-	-	228,254	-	228,254
TIF	-	-	-	-	-	-	159,201
Debt service	-	-	-	-	-	-	1,098,251
Total expenditures	<u>-</u>	<u>7,278</u>	<u>432,705</u>	<u>12,940</u>	<u>228,254</u>	<u>-</u>	<u>2,472,870</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,458</u>	<u>(7,278)</u>	<u>(429,120)</u>	<u>(12,940)</u>	<u>(216,192)</u>	<u>-</u>	<u>(1,971,671)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	240,473	-	1,038,472
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,473</u>	<u>-</u>	<u>1,038,472</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>7,458</u>	<u>(7,278)</u>	<u>(429,120)</u>	<u>(12,940)</u>	<u>24,281</u>	<u>-</u>	<u>(933,199)</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>-</u>	<u>143</u>	<u>543,841</u>	<u>-</u>	<u>(114,535)</u>	<u>5,000</u>	<u>2,623,315</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 7,458</u>	<u>\$ (7,135)</u>	<u>\$ 114,721</u>	<u>\$ (12,940)</u>	<u>\$ (90,254)</u>	<u>\$ 5,000</u>	<u>\$ 1,690,116</u>

See accompanying independent auditor’s 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, 2023

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Conservation Reserve	Library Renovation/ Expansion	Dam
ASSETS							
Due from other funds	\$ 1,203,608	\$ 968,336	\$ 47,091		\$ 112,812	\$ 1,006	\$ 1,000
TOTAL ASSETS	<u>\$ 1,203,608</u>	<u>\$ 968,336</u>	<u>\$ 47,091</u>	<u>\$ -</u>	<u>\$ 112,812</u>	<u>\$ 1,006</u>	<u>\$ 1,000</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 119,177	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	19,457	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>119,177</u>	<u>19,457</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	1,203,608	968,336	-	-	112,812	1,006	1,000
Unassigned	-	-	(72,086)	(19,457)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,203,608</u>	<u>968,336</u>	<u>(72,086)</u>	<u>(19,457)</u>	<u>112,812</u>	<u>1,006</u>	<u>1,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,203,608</u>	<u>\$ 968,336</u>	<u>\$ 47,091</u>	<u>\$ -</u>	<u>\$ 112,812</u>	<u>\$ 1,006</u>	<u>\$ 1,000</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Building Improvements	Technology Reserve	Contingency Reserve	Police Vehicle	Revaluation Reserve	CEO Reserve	Total
ASSETS							
Due from other funds	\$ 62,603	\$ 13,989	\$ 3,000	\$ 54,544	\$ 120,000	\$ 1,403	\$ 2,589,392
TOTAL ASSETS	<u>\$ 62,603</u>	<u>\$ 13,989</u>	<u>\$ 3,000</u>	<u>\$ 54,544</u>	<u>\$ 120,000</u>	<u>\$ 1,403</u>	<u>\$ 2,589,392</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,177
Due to other funds	-	-	-	-	-	-	19,457
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,634</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	62,603	13,989	3,000	54,544	120,000	1,403	2,542,301
Unassigned	-	-	-	-	-	-	(91,543)
TOTAL FUND BALANCES	<u>62,603</u>	<u>13,989</u>	<u>3,000</u>	<u>54,544</u>	<u>120,000</u>	<u>1,403</u>	<u>2,450,758</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 62,603</u>	<u>\$ 13,989</u>	<u>\$ 3,000</u>	<u>\$ 54,544</u>	<u>\$ 120,000</u>	<u>\$ 1,403</u>	<u>\$ 2,589,392</u>

See accompanying independent auditor's 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, 2023

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Conservation Reserve	Library Renovation/ Expansion	Dam
REVENUES							
Other income	\$ -	\$ 1,294	\$ 163,516	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>1,294</u>	<u>163,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Capital outlay	12,500	-	795,625	22,576	-	-	-
Total expenditures	<u>12,500</u>	<u>-</u>	<u>795,625</u>	<u>22,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,500)</u>	<u>1,294</u>	<u>(632,109)</u>	<u>(22,576)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	150,000	260,000	470,559	-	-	-	1,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>150,000</u>	<u>260,000</u>	<u>470,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	137,500	261,294	(161,550)	(22,576)	-	-	1,000
FUND BALANCES (DEFICITS) - JULY 1	<u>1,066,108</u>	<u>707,042</u>	<u>89,464</u>	<u>3,119</u>	<u>112,812</u>	<u>1,006</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,203,608</u>	<u>\$ 968,336</u>	<u>\$ (72,086)</u>	<u>\$ (19,457)</u>	<u>\$ 112,812</u>	<u>\$ 1,006</u>	<u>\$ 1,000</u>

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Building Improvements	Technology Reserve	Contingency Reserve	Police Vehicle	Revaluation Reserve	CEO Reserve	Total
REVENUES							
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,810
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,810</u>
EXPENDITURES							
General government	25,634	2,241	-	-	-	3,732	31,607
Capital outlay	-	-	-	-	-	-	830,701
Total expenditures	<u>25,634</u>	<u>2,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,732</u>	<u>862,308</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,634)</u>	<u>(2,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,732)</u>	<u>(697,498)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	24,156	15,000	-	-	15,000	1,000	936,715
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,156</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>1,000</u>	<u>936,715</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,478)	12,759	-	-	15,000	(2,732)	239,217
FUND BALANCES (DEFICITS) - JULY 1	<u>64,081</u>	<u>1,230</u>	<u>3,000</u>	<u>54,544</u>	<u>105,000</u>	<u>4,135</u>	<u>2,211,541</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 62,603</u>	<u>\$ 13,989</u>	<u>\$ 3,000</u>	<u>\$ 54,544</u>	<u>\$ 120,000</u>	<u>\$ 1,403</u>	<u>\$ 2,450,758</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of 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, 2023

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	Oak Hill Cemetery	Highland Cemetery	A. B. Ricker Trust
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 10,025	\$ -
Investments	-	-	-	-	110,779	-
Due from other funds	24,519	10,281	7,074	2,550	-	12,300
TOTAL ASSETS	\$ 24,519	\$ 10,281	\$ 7,074	\$ 2,550	\$ 120,804	\$ 12,300
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 5,079	\$ -
TOTAL LIABILITIES	-	-	-	-	5,079	-
FUND BALANCES						
Nonspendable	5,000	-	-	-	-	7,000
Restricted	19,519	10,281	7,074	2,550	115,725	5,300
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	24,519	10,281	7,074	2,550	115,725	12,300
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,519	\$ 10,281	\$ 7,074	\$ 2,550	\$ 120,804	\$ 12,300

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial
ASSETS				
Cash and cash equivalents	\$ -	\$ 30,259	\$ 729,868	\$ -
Investments	-	335,729	1,089,755	-
Due from other funds	6,779	-	33,922	31,099
TOTAL ASSETS	<u>\$ 6,779</u>	<u>\$ 365,988</u>	<u>\$ 1,853,545</u>	<u>\$ 31,099</u>
LIABILITIES				
Due to other funds	\$ -	\$ 7,630	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>7,630</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	609	33,000	375,000	-
Restricted	6,170	325,358	1,478,545	31,099
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>6,779</u>	<u>358,358</u>	<u>1,853,545</u>	<u>31,099</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,779</u>	<u>\$ 365,988</u>	<u>\$ 1,853,545</u>	<u>\$ 31,099</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2023

	HM Reno Donation	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 219,303	\$ -	\$ 989,455
Investments	-	-	591,358	-	2,127,621
Due from other funds	11,527	2,156	-	67,390	209,597
TOTAL ASSETS	\$ 11,527	\$ 2,156	\$ 810,661	\$ 67,390	\$ 3,326,673
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 199,735	\$ -	\$ 212,444
TOTAL LIABILITIES	-	-	199,735	-	212,444
FUND BALANCES					
Nonspendable	-	2,000	238,140	-	660,749
Restricted	11,527	156	372,786	-	2,386,090
Committed	-	-	-	67,390	67,390
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	11,527	2,156	610,926	67,390	3,114,229
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,527	\$ 2,156	\$ 810,661	\$ 67,390	\$ 3,326,673

See accompanying independent auditor's 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, 2023

	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)	\$ 168	\$ -	\$ 100	\$ 36	\$ (1,992)	\$ -
Donations and other contributions	6,525	-	-	-	-	-
Total revenues	<u>6,693</u>	<u>-</u>	<u>100</u>	<u>36</u>	<u>(1,992)</u>	<u>-</u>
EXPENDITURES						
Cemetery	-	-	-	-	5,079	-
Scholarships	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,079</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,693</u>	<u>-</u>	<u>100</u>	<u>36</u>	<u>(7,071)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	6,693	-	100	36	(7,071)	-
FUND BALANCES - JULY 1, RESTATED	<u>17,826</u>	<u>10,281</u>	<u>6,974</u>	<u>2,514</u>	<u>122,796</u>	<u>12,300</u>
FUND BALANCES - JUNE 30	<u>\$ 24,519</u>	<u>\$ 10,281</u>	<u>\$ 7,074</u>	<u>\$ 2,550</u>	<u>\$ 115,725</u>	<u>\$ 12,300</u>

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 95	\$ 42,499	\$ 126,300	\$ 438
Donations and other contributions	-	-	-	-
Total revenues	<u>95</u>	<u>42,499</u>	<u>126,300</u>	<u>438</u>
EXPENDITURES				
Cemetery	-	-	-	-
Scholarships	-	18,104	-	-
Other	-	206	-	-
Total expenditures	<u>-</u>	<u>18,310</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>95</u>	<u>24,189</u>	<u>126,300</u>	<u>438</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(41,481)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(41,481)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	95	24,189	84,819	438
FUND BALANCES - JULY 1, RESTATED	<u>6,684</u>	<u>334,169</u>	<u>1,768,726</u>	<u>30,661</u>
FUND BALANCES - JUNE 30	<u>\$ 6,779</u>	<u>\$ 358,358</u>	<u>\$ 1,853,545</u>	<u>\$ 31,099</u>

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	HM Reno Donation	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ 31	\$ 67,589	\$ 15,250	\$ 250,514
Donations and other contributions	1,377	-	-	-	7,902
Total revenues	<u>1,377</u>	<u>31</u>	<u>67,589</u>	<u>15,250</u>	<u>258,416</u>
EXPENDITURES					
Cemetery	-	-	-	-	5,079
Scholarships	-	-	-	86,195	104,299
Other	45	-	-	8,864	9,115
Total expenditures	<u>45</u>	<u>-</u>	<u>-</u>	<u>95,059</u>	<u>118,493</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,332</u>	<u>31</u>	<u>67,589</u>	<u>(79,809)</u>	<u>139,923</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	(48,032)	-	(89,513)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(48,032)</u>	<u>-</u>	<u>(89,513)</u>
NET CHANGE IN FUND BALANCES	1,332	31	19,557	(79,809)	50,410
FUND BALANCES - JULY 1, RESTATED	<u>10,195</u>	<u>2,125</u>	<u>591,369</u>	<u>147,199</u>	<u>\$ 3,063,819</u>
FUND BALANCES - JUNE 30	<u>\$ 11,527</u>	<u>\$ 2,156</u>	<u>\$ 610,926</u>	<u>\$ 67,390</u>	<u>\$ 3,114,229</u>

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

General Capital Assets

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

TOWN OF POLAND, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	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	\$ 2,797,605	\$ -	\$ 5,133,612
Public safety	-	-	72,674	-	72,674
Public works department	3,129,244	1,844,011	1,387,203	5,056,178	11,416,636
Transfer station	120,000	359,827	262,234	-	742,061
TIF	-	-	-	2,801,016	2,801,016
Library	28,880	936,738	65,814	-	1,031,432
Recreation	169,252	495,627	27,340	-	692,219
Town-wide	306,233	1,862,907	150,971	109,556	2,429,667
Total General Capital Assets	<u>3,759,909</u>	<u>7,828,817</u>	<u>4,763,841</u>	<u>7,966,750</u>	<u>24,319,317</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(4,771,834)</u>	<u>(3,070,789)</u>	<u>(2,408,585)</u>	<u>(10,251,208)</u>
Net General Capital Assets	<u>\$ 3,759,909</u>	<u>\$ 3,056,983</u>	<u>\$ 1,693,052</u>	<u>\$ 5,558,165</u>	<u>\$ 14,068,109</u>

See accompanying independent auditor's 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, 2023

	Capital Assets 7/1/22 (Restated)	Additions	Deletions	General Capital Assets 6/30/23
Fire department	\$ 5,133,612	\$ -	\$ -	\$ 5,133,612
Public safety	72,674	-	-	72,674
Public works department	10,872,135	544,501	-	11,416,636
Transfer station	742,061	-	-	742,061
TIF	2,801,016	-	-	2,801,016
Library	1,031,432	-	-	1,031,432
Recreation	692,219	-	-	692,219
Town-wide	<u>2,403,684</u>	<u>25,983</u>	<u>-</u>	<u>2,429,667</u>
Total General Capital Assets	23,748,833	570,484	-	24,319,317
Less: Accumulated Depreciation	<u>(9,559,657)</u>	<u>(691,551)</u>	<u>-</u>	<u>(10,251,208)</u>
Net General Capital Assets	<u>\$ 14,189,176</u>	<u>\$ (121,067)</u>	<u>\$ -</u>	<u>\$ 14,068,109</u>

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



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

Selectboard
Town of 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, 2023 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 November 17, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Poland, Maine in a separate letter dated November 17, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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
November 17, 2023