

TOWN OF SOUTHWEST HARBOR, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2021*

TOWN OF SOUTHWEST HARBOR, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Selectmen
Town of Southwest Harbor
Southwest Harbor, ME 04679

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Southwest Harbor, Maine (the Town) as of and for the fiscal year ended June 30, 2021, including the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of historical pension and other post-employment benefit information on pages 3 through 7 and 40 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Southwest Harbor, Maine's financial statements. The combining and individual nonmajor fund financial statements and supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
April 26, 2022

TOWN OF SOUTHWEST HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The management of the Town of Southwest Harbor, Maine (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at the fiscal year ending June 30, 2021 by \$17,160,235 (presented as “net position”). Of this amount, \$5,530,374 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$1,045,491 (a 6.5% increase) for the fiscal year ended June 30, 2021.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2021; the Town's governmental funds reported a combined ending fund balance of \$6,242,715, an increase of \$993,921 in comparison with the prior year. Of this total fund balance, \$1,618,940 represents general unassigned fund balance. This unassigned fund balance represents approximately 19.1% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased \$773,218 (11.3%) during the current fiscal year. There was no new debt issued during the year. Existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting and are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of net position includes all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt), with the difference between the two reported as net position. The statement of activities shows how the Town's net position changed during the year, regardless of the timing of related cash flows. The government-wide financial statements can be found on pages 8 - 9 of this report.

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 fund financial statements include statements for two categories of activity – governmental funds and fiduciary funds.

The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund

balance provide a reconciliation to explain the differences between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 10 – 12 of this report.

The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for the government-wide financial statements. The fiduciary fund financial statements can be found on pages 13 – 14 of this report.

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 the financial statements can be found on pages 15 – 39 of this report.

Required Supplementary Information

This section includes schedules of historical pension and other post-employment benefit information and a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on pages 40 –50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The largest portion of the Town’s net position (59.6%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<i>Governmental Activities 2021</i>	<i>Governmental Activities 2020</i>
Current Assets	\$ 6,880,690	\$ 5,805,586
Noncurrent Assets	\$ 1,246,096	\$ 1,391,840
Capital Assets	\$16,290,369	\$16,833,153
Deferred Outflows	\$ 384,358	\$ 124,699
<i>Total Assets and Deferred Outflows</i>	\$24,801,513	\$24,155,278
Other Liabilities	\$ 959,695	\$ 1,199,185
Long-Term Liabilities	\$ 6,451,596	\$ 6,886,229
Deferred Inflows	\$ 229,987	\$ 54,813
Net Position;		
Invested in Capital Assets	\$10,224,395	\$ 9,993,961
Restricted	\$ 1,405,465	\$ 1,137,633
Unrestricted	\$ 5,530,375	\$ 4,883,457
<i>Total Liabilities, Deferred Inflows and Net Position</i>	\$24,801,513	\$24,155,278

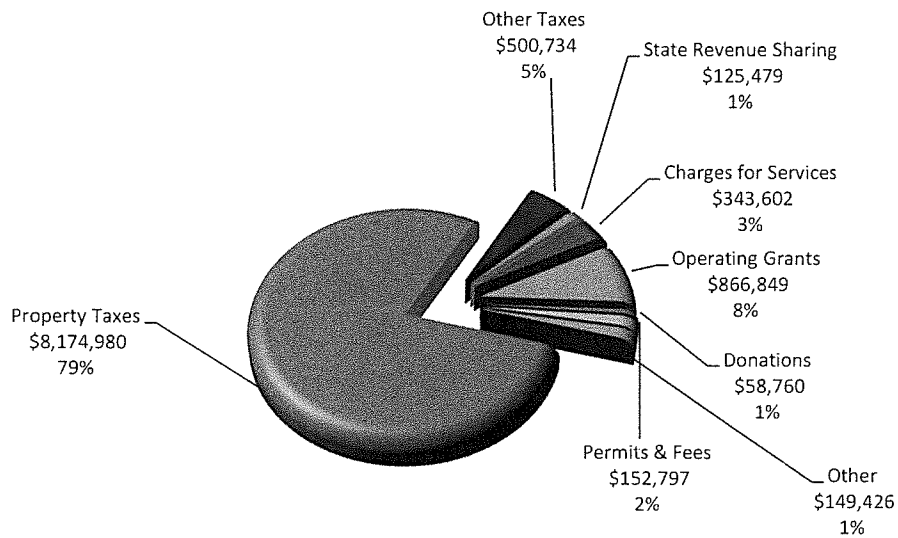
An additional portion of the Town’s net position (8.2%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (32.2%) may be used to meet the government’s ongoing obligations to citizens and creditors.

Changes in Net Position

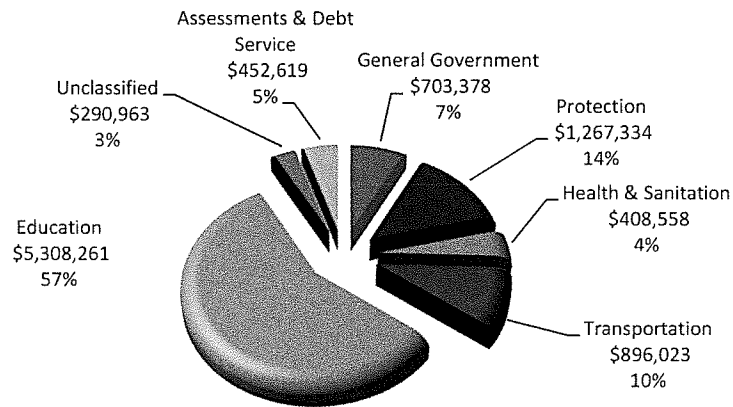
Governmental activities increased the Town's net position by \$1,045,491. This increase was primarily due to conservative budgeting of revenues and the controlling of expenditures.

	<i>Governmental Activities 2021</i>	<i>Governmental Activities 2020</i>
<i>Revenues;</i>		
Tax Revenues	\$ 8,697,192	\$ 8,355,206
Program Revenues	\$ 1,210,451	\$ 694,746
Investments	\$ 115,759	\$ 36,257
Revenue Sharing	\$ 125,479	\$ 88,720
Donations	\$ 58,760	\$ 101,258
Permits & Fees	\$ 152,797	\$ 138,038
Other	\$ 12,189	\$ 8,058
<i>Total Revenues</i>	\$10,372,627	\$ 9,422,283
<i>Expenses;</i>		
General Government	\$ 703,378	\$ 626,773
Protection	\$ 1,267,334	\$ 1,248,348
Health/Sanitation	\$ 408,558	\$ 377,478
Transportation	\$ 896,023	\$ 1,112,538
Education	\$ 5,308,261	\$ 4,740,520
Unclassified	\$ 290,963	\$ 264,972
Assessments and Debt Service	\$ 452,619	\$ 278,826
<i>Total Expenses</i>	\$ 9,327,136	\$ 8,649,455
Changes in Net Position	\$ 1,045,491	\$ 772,828

Revenues by Source - Governmental-Type



Expenditures by Source - Governmental-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$6,242,715, an increase of \$993,921 in comparison with the prior year. Approximately 25.9 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for new spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$187,050 positive variance in revenues. Tax revenues were over budget by \$37,296 mainly due to changes in unavailable tax revenue. Excise taxes, State Revenue Sharing, permits & fees and other revenues were over budget by \$181,207 mainly due to conservative budgeting. This was offset by investment earnings being under budget by \$30,553 due to aggressive budgeting.
- \$30,919 positive variance in education expenditures which was reconciled to the school records.
- \$125,007 positive variance in assessments & debt service. This is primarily due to overlay.
- \$159,251 negative variance in all other expenditures. This is due to unbudgeted usage of reserve funds for projects within the intended use of each reserve.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities amounts to \$30,996,785; net of accumulated depreciation of \$14,706,416, leaving a net book value of \$16,290,369. Current year additions include \$64,407 in school building improvements and equipment; \$5,301 for a new snow blower; \$19,390 towards the Manset Parking project; \$46,660 towards refurbishment of a fire engine; \$56,773 for the infrastructure project; \$11,387 towards the sidewalk improvement

project and \$68,085 for paving. There were no current year retirements or impairments. Additional information on the Town's capital assets can be found in Note 4 of the notes to the financial statements on page 23 of this report.

Debt

The Town has total bonded debt outstanding of \$6,047,514 and \$18,460 of capital leases that are backed by the full faith and credit of the Town. Of this amount, the Southwest Harbor Water and Sewer District is responsible for \$1,246,096. The outstanding debt decreased \$773,218 during the current fiscal year. The Town issued no new debt obligations. Additional information on the Town's long-term debt can be found in Note 6 of the notes to the financial statements on pages 24 – 25 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Southwest Harbor, P.O. Box 745, Southwest Harbor, ME 04679.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2021

(Exhibit I)

<u>Assets and Deferred Outflows</u>	<u>Governmental Activities</u>
<u>Assets</u>	
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$3,216,561
Investments at Fair Market Value	\$2,105,070
Accounts Receivable	\$700,344
Inventory	\$21,689
Property Taxes Receivable	\$353,248
Tax Liens and Tax Acquired Property	\$113,034
Beneficial Interest in Assets Held by ICMA	\$28,107
Beneficial Interest in Assets Held by Maine Community Foundation (MCF)	\$342,637
<u>Noncurrent Assets:</u>	
Receivable for long-term debt obligation from Southwest Harbor Water & Sewer District	\$1,246,096
<u>Capital Assets</u>	
Land	\$461,164
Other Capital Assets, net of Accumulated Depreciation	\$15,829,206
Total Capital Assets	<u>\$16,290,369</u>
<u>Total Assets</u>	<u>\$24,417,154</u>
<u>Deferred Outflows of Resources</u>	
Related to Pensions	\$158,107
Related to Other Post-Employment Benefits	\$226,251
<u>Total Deferred Outflows of Resources</u>	<u>\$384,358</u>
<u>Total Assets and Deferred Outflows</u>	<u>\$24,801,513</u>
<u>Liabilities, Deferred Inflows and Net Position</u>	
<u>Liabilities</u>	
<u>Current Liabilities:</u>	
Obligation Under Contracted Salaries	\$258,426
Accounts Payable	\$194,799
<u>Long-Term Liabilities</u>	
Obligation Under Compensated Absences	\$81,441
Net Pension Liability	\$153,774
Net Other Post-Employment Benefits Liability	\$656,877
<u>Capital Leases Payable</u>	
Due within one year	\$4,350
Due in more than one year	\$14,110
<u>Bonds and Notes Payable</u>	
Due within one year	\$502,120
Due in more than one year	\$5,545,394
<u>Total Liabilities</u>	<u>\$7,411,291</u>
<u>Deferred Inflows of Resources</u>	
Related to Pensions	\$19,093
Related to Post-Employment Benefits	\$203,997
Property Taxes Collected in Advance	\$6,897
<u>Total Deferred Inflows of Resources</u>	<u>\$229,987</u>
<u>Net Position</u>	
Net Investment in Capital Assets	\$10,224,395
Restricted	\$1,405,465
Unrestricted	\$5,530,374
<u>Total Net Position</u>	<u>\$17,160,235</u>
<u>Total Liabilities, Deferred Inflows and Net Position</u>	<u>\$24,801,513</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit II)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u>	<u>Revenue and Changes</u> <u>in Net Position</u> <u>Governmental</u> <u>Activities</u>
<u>Primary Government</u>				
<u>Governmental Activities</u>				
General Government	\$703,378	\$7,201		(\$696,177)
Protection	\$1,267,334			(\$1,267,334)
Health & Sanitation	\$408,558	\$9,564		(\$398,994)
Transportation	\$896,023	\$98,176	\$115,866	(\$681,981)
Education	\$5,061,863	\$51,272	\$504,585	(\$4,506,006)
State On-Behalf Contributions	\$246,398		\$246,398	\$0
Unclassified	\$290,963			(\$290,963)
Assessments and Debt Service	\$452,619	\$177,389		(\$275,231)
<u>Total Governmental Activities</u>	<u>\$9,327,136</u>	<u>\$343,602</u>	<u>\$866,849</u>	<u>(\$8,116,685)</u>
<u>Total Primary Government</u>	<u>\$9,327,136</u>	<u>\$343,602</u>	<u>\$866,849</u>	<u>(\$8,116,685)</u>
<u>General Revenues</u>				
Tax Revenues				\$8,174,980
Excise Taxes				\$500,734
State Revenue Sharing				\$125,479
Investment Earnings				\$115,759
Interest on Delinquent Taxes				\$21,478
Donations				\$58,760
Permits & Fees				\$152,797
Sale of Assets				\$9,352
Other Revenues				\$2,837
<u>Total Revenues and Transfers</u>				<u>\$9,162,175</u>
<u>Changes in Net Position</u>				<u>\$1,045,491</u>
<u>Net Position - Beginning, as restated</u>				<u>\$16,114,744</u>
<u>Net Position - Ending</u>				<u>\$17,160,235</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

(Exhibit III)

<u>Assets</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Permanent Fund - Cemetery Trust</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$3,166,715	\$49,845		\$3,216,561
Investments at Fair Market Value	\$1,989,001		\$116,069	\$2,105,070
Accounts Receivable	\$700,344			\$700,344
Inventory	\$21,689			\$21,689
Due From Other Funds		\$30,083		\$30,083
Property Taxes Receivable	\$353,248			\$353,248
Tax Liens and Tax Acquired Property	\$113,034			\$113,034
Beneficial Interest in Assets Held by ICMA	\$28,107			\$28,107
Beneficial Interest in Assets Held by Maine Community Foundation (MCF)		\$342,637		\$342,637
<u>Total Assets</u>	<u>\$6,372,138</u>	<u>\$422,566</u>	<u>\$116,069</u>	<u>\$6,910,773</u>
<u>Liabilities, Deferred Inflows & Fund Balances</u>				
<u>Liabilities:</u>				
Obligation Under Contracted Salaries	\$258,426			\$258,426
Accounts Payable	\$194,799			\$194,799
Due to Other Funds	\$30,083			\$30,083
<u>Total Liabilities</u>	<u>\$483,307</u>	<u>\$0</u>	<u>\$0</u>	<u>\$483,307</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes Collected in Advance	\$6,897			\$6,897
Unavailable Property Tax Revenue	\$177,854			\$177,854
<u>Total Deferred Inflows of Resources</u>	<u>\$184,751</u>	<u>\$0</u>	<u>\$0</u>	<u>\$184,751</u>
<u>Fund Balance:</u>				
Nonspendable	\$21,689			\$21,689
Restricted	\$1,400,499	\$422,566		\$1,823,065
Committed	\$2,599,263			\$2,599,263
Assigned	\$63,689		\$116,069	\$179,759
Unassigned	\$1,618,940			\$1,618,940
<u>Total Fund Balances</u>	<u>\$5,704,080</u>	<u>\$422,566</u>	<u>\$116,069</u>	<u>\$6,242,715</u>
<u>Total Liabilities, Deferred Inflows & Fund Balances</u>	<u>\$6,372,138</u>	<u>\$422,566</u>	<u>\$116,069</u>	<u>\$6,910,773</u>
<u>Total Fund Balance - Governmental Funds</u>				\$6,242,715
<i>Net position reported for governmental activities in the statement of net position is different because:</i>				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				\$16,290,369
Deferred outflows of resources related to pension plans and other post-employment benefits				\$384,358
Deferred inflows of resources related to pension plans and other post-employment benefits				(\$223,090)
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as deferred revenue (a liability) in governmental funds				\$177,854
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including:				
Bonds Payable, net of receivable				(\$4,801,418)
Capital Leases Payable				(\$18,460)
Compensated Absences				(\$81,441)
Net Pension and Other Post-Employment Benefits Liabilities				(\$810,651)
<u>Net Position of Governmental Activities</u>				<u>\$17,160,235</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit IV)
(Page 1 of 2)

Revenues:	General Fund	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Permanent Fund - Cemetery Trust	Total Governmental Funds
Tax Revenues	\$8,207,563					\$8,207,563
Intergovernmental						\$177,389
Local Road Assistance	\$16,900			\$177,389		\$16,900
Excise Taxes	\$500,734					\$500,734
State Revenue Sharing	\$125,479					\$125,479
State On-Behalf Contributions	\$246,398					\$246,398
Investment Earnings (Losses)	\$23,447		\$1,462		\$1,704	\$115,759
Interest on Delinquent Taxes	\$21,478					\$21,478
Docks & Floats	\$98,176					\$98,176
Solid Waste Revenue	\$9,564					\$9,564
Donations		\$58,760				\$58,760
Permits & Fees	\$159,998					\$159,998
Grant Revenues	\$9,352					\$9,352
Sale of Assets	\$2,837					\$2,837
Other Revenues		\$98,966				\$98,966
Total Revenues	\$9,421,927	\$246,870	\$1,462	\$177,389	\$1,704	\$9,849,352

Expenditures (Net of Governmental Revenues):

Current:	General Government	Protection	Health & Sanitation	Transportation	Education	State On-Behalf Contributions	Unclassified	Assessments and Debt Service	Capital Outlay, net of Retirements	Total Expenditures	Excess Revenues Over Expenditures	Other Financing Sources (Uses):
General Government	\$580,515									\$695,973	\$993,921	
Protection	\$1,166,252	\$377								\$1,166,629	\$0	
Health & Sanitation	\$408,558									\$408,558	\$0	
Transportation	\$363,481									\$383,021	\$0	
Education	\$4,325,124									\$4,325,124	\$0	
State On-Behalf Contributions	\$246,398									\$246,398	\$0	
Unclassified	\$276,764									\$277,633	\$869	
Assessments and Debt Service	\$902,705									\$1,080,094	\$0	
Capital Outlay, net of Retirements	\$215,230								\$56,773	\$272,003	\$0	
Total Expenditures	\$8,485,027	\$135,375	\$56,773	\$177,389	\$869	\$56,773	\$56,773	\$0	\$869	\$8,855,432	\$835	\$26,869
Excess Revenues Over Expenditures	\$936,900	\$111,496	(\$55,310)	\$0	\$835	\$11,869	\$11,869	\$0	\$0	\$993,921	\$0	(\$26,869)
Other Financing Sources (Uses):												
Operating Transfers In	\$15,000									\$11,869	\$0	\$26,869
Operating Transfers Out	(\$11,869)									\$0	\$0	(\$26,869)
Total Other Financing Sources (Uses)	\$3,131	(\$15,000)	\$11,869	\$0	\$0	\$11,869	\$11,869	\$0	\$0	\$0	\$0	\$0

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit IV)
 (Page 2 of 2)

	General Fund	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Permanent Fund - Cemetery Trust	Total Governmental Funds
<i>Excess Revenues and Other Sources</i>						
<i>Over Expenditures and Other Uses</i>	\$940,031	\$96,496	(\$43,441)	\$0	\$835	\$993,921
<i>Beginning Fund Balances, as restated</i>	\$4,764,049	\$326,070	\$43,441	\$0	\$115,234	\$5,248,794
<i>Ending Fund Balances</i>	\$5,704,080	\$422,566	\$0	\$0	\$116,069	\$6,242,715

Reconciliation to Statement of Activities, change in Net Position

Net Change in Fund Balances - Above

Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are recorded as deferred revenue (a liability) in governmental funds

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:

Compensated Absences

Pension and Other Post-Employment Benefits Plans (Deferred Outflows, Net Liability, Deferred Inflows)
 Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position

This amount represents long-term debt payments

Governmental funds report capital outlays as expenditures, while in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. The following is the capital expenditure activity:

Capital Outlay, net of retirements

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds

Changes in Net Position of Governmental Activities

The Notes to the Financial Statements are an Integral Part of this Statement.

\$993,921
 (\$32,583)
 \$4,496
 (\$5,034)
 \$627,474
 \$272,003
 (\$814,786)
\$1,045,491

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

(Exhibit V)

	<u>Dickey Fund</u>	<u>Agency Fund General Trust</u>	<u>Total Fiduciary Funds</u>
<u>Assets</u>			
Investments at Fair Market Value	<u>\$66,500</u>	<u>\$88,621</u>	<u>\$155,120</u>
<u>Total Assets</u>	<u>\$66,500</u>	<u>\$88,621</u>	<u>\$155,120</u>
<u>Net Position</u>			
Unrestricted	<u>\$66,500</u>	<u>\$88,621</u>	<u>\$155,120</u>
<u>Total Net Position</u>	<u>\$66,500</u>	<u>\$88,621</u>	<u>\$155,120</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit VI)

	<u>Dickey Fund</u>	<u>Agency Fund General Trust</u>	<u>Total Fiduciary Funds</u>
<u>Additions</u>			
Investment Earnings	\$14,935	\$19,902	\$34,837
<u>Total Additions</u>	<u>\$14,935</u>	<u>\$19,902</u>	<u>\$34,837</u>
<u>Reductions</u>			
Fees	\$444	\$591	\$1,035
<u>Total Reductions</u>	<u>\$444</u>	<u>\$591</u>	<u>\$1,035</u>
<u>Change in Net Position</u>	\$14,491	\$19,311	\$33,801
<u>Beginning Net Position</u>	<u>\$52,009</u>	<u>\$69,310</u>	<u>\$121,319</u>
<u>Ending Net Position</u>	<u>\$66,500</u>	<u>\$88,621</u>	<u>\$155,120</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SOUTHWEST HARBOR, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Southwest Harbor, Maine (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Southwest Harbor, Maine, which is identified based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. The Town is governed under a Town Manager/Selectmen form of government. The Town engages in a comprehensive range of municipal services, including administrative services, police and fire protection, health and sanitation, highways and bridges and education. The financial statements include all operations of the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and the appointment of the respective governing board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Fiduciary activities, whose resources are not available to finance the Town's programs are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recognized when transactions occur and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports unavailable revenue on its governmental fund financial statements. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also

arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The capital projects fund is used to account for financial resources to be used for the acquisition of construction of major capital assets or facilities. A capital projects fund is usually established when the acquisition or construction of the capital project extends beyond a single fiscal year and the capital asset is financed by specifically designated resources, such as general obligation bonds and grants.

The debt service fund is used to account for financial resources to be used for payment of debt service of the Town that is to be retired by funding from the Southwest Harbor Water & Sewer District (the District). Resources obtained for loan repayments from the District for debt service payments are presented as Intergovernmental revenues.

Permanent funds are used to account for assets held in perpetuity and therefore cannot be used to support the Town's own programs, but the investment earnings may be used for designated purposes.

Additionally, the Town reports the following fund types:

Private purpose trust funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Fund Equity

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 one year or less from the date of acquisition. These investments are not specifically identified with any one fund.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.

Investments are carried at fair market value. Income from investments held by the individual funds are recorded in the respective funds as it is earned.

Accounts Receivable and Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are accounted for using the consumption method. Under this method, inventories are recorded as expenditures when used rather than when purchased. Inventory in the School Lunch Program consists of food, supplies and U.S.D.A. Donated Commodities. Inventories in the General Fund consist of gas and diesel for town vehicles and equipment.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The prepayments are charged to expenditures on the governmental fund financial statements over the period of their economic benefit. Amounts of governmental fund inventories are offset by a fund balance reserve account to indicate that they do not represent "available spending resources".

Capital Assets

Capital assets, which property, plant, equipment and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	10-50
Equipment	4-20

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 Maine Public Employees Retirement System (System) and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recognized when incurred.

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Education Association Benefits Trust (MEABT) and the Maine Municipal Employees Health Trust (MMEHT) and additions to / deductions from MEABT's and MMEHT's fiduciary net position have been determined on the same basis as they are reported by MEABT and MMEHT, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

Interfund Activities

During the course of normal operations, the Town has various transactions between funds, including transfers of revenues and expenditures. The accompanying governmental fund financial statements reflect such activities as operating transfers.

Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on length of service. Vacation pay is cumulative to 25 days and sick leave is cumulative to 60 days. Unused vacation days are payable to employees upon termination of employment after

one year's employment. Employees shall receive pay of twenty five percent (25%) of any accumulated sick time upon termination after ten (10) years of continuous service. The value of the unpaid vacation pay and sick pay has been recorded on the government-wide financial statements as compensated absences. School Department employees are granted compensated leave as per their negotiated contracts.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Governmental Fund Balances

The Town has identified June 30, 2021 fund balances on the balance sheet as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
<u>Nonspendable</u>					
Gas/Oil Inventory	\$19,456				\$19,456
School Lunch Inventory	\$2,233				\$2,233
<u>Restricted</u>					
School Department	\$751,770				\$751,770
Restriction Due to Non-Current Assets	\$526,778				\$526,778
Conservation Commission		\$363,722			\$363,722
Conservation Commission - Future Project		\$37,414			\$37,414
Police Reserves		\$1,347			\$1,347
State Revenue Sharing	\$99,198				\$99,198
Bond Reserve Fund	\$22,754				\$22,754
Safe Routes to School Grant		\$9,886			\$9,886
Trail Grant		\$4,276			\$4,276
Septic Tank Grant		\$131			\$131
Wellness Grant		\$125			\$125
King Grant - Fire Responder Jackets		\$204			\$204
Harbor Grant		\$5,460			\$5,460
<u>Committed</u>					
School HRA Deductible Reserve	\$20,000				\$20,000
School Maintenance Reserve	\$105,004				\$105,004
School Bus Purchase Reserve	\$83,087				\$83,087
School Special Education Reserve	\$306,109				\$306,109
School Playground Maintenance Reserve	\$45,000				\$45,000
Legal & Accounting Reserve	\$45,376				\$45,376
School Crossing Lights/Maintenance	\$23,364				\$23,364
Water/Sewer Infrastructure	\$176,559				\$176,559
Comprehensive Plan Committee	\$4,878				\$4,878
Unemployment Reserve	\$11,785				\$11,785
Shellfish Reserve	\$7,162				\$7,162
Contract Snow Removal	\$6,000				\$6,000
Culvert Replacement	(\$159)				(\$159)
Rhoades Park	\$5,143				\$5,143
HRA Insurance Reserve	\$23,994				\$23,994
SWH Historic Cemetery Reserve	\$17,500				\$17,500
Map Update	\$2,973				\$2,973
Police Recruitment	\$12,000				\$12,000
Fire Equipment Emergency Repair	\$2,640				\$2,640
Salt & Sand Reserve	\$6,716				\$6,716
Paving/Town Highway	\$178,186				\$178,186
General Assistance	\$7,802				\$7,802
Records Preservation	\$3,300				\$3,300
CIP Funds (see Exhibit A-2)	\$1,504,843				\$1,504,843

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
<u>Assigned</u>					
Wage/Benefit	\$21,568				\$21,568
Abatement	\$13,306				\$13,306
Professional Development	\$18,241				\$18,241
Dare Program	\$396				\$396
Tree Fund	\$2,250				\$2,250
Junior Fire Department	\$930				\$930
Police Drug Enforcement	\$6,564				\$6,564
Swap Shop	\$434				\$434
Cemetery Trust				\$116,069	\$116,069
<u>Unassigned</u>	<u>\$1,618,940</u>				<u>\$1,618,940</u>
<u>Total Fund Balances</u>	<u>\$5,704,080</u>	<u>\$422,566</u>	<u>\$0</u>	<u>\$116,069</u>	<u>\$6,242,715</u>

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the Town classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action at the highest level of decision making authority and does not lapse at the end of the year.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned - includes positive fund balance amounts within the general fund which has not been classified within the above mentioned categories and negative fund balance amounts in other governmental funds.

The Town considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

The Board of Selectmen are authorized to make assignments pursuant to their appointment. Committed fund balances are determined based on the need of town meeting votes.

Net Position

Net position are required to be classified into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,405,465 of restricted net position, of which enabling legislation restricts \$0.

Unrestricted - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with GAAP. Budgetary control is exercised at the town manager and selectmen level, with support from individual department heads. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

F. Endowments

Included in the General Fund, there are established endowment funds of \$54,570 for the Catherine Johnson Trust Fund. The investment earnings of this fund is used for the specific purposes that the funds were established for and shall be paid out by order of those persons responsible for administering the funds. State law directs that, subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town requires that, at the time funds are deposited, there is collateral in place to cover the deposits in excess of the FDIC insurance limits.

State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The financial institution holding the Town's cash accounts is participating in the FDIC Program. For time and savings deposit accounts, the Town's savings accounts, including certificates of deposit, are insured up to \$250,000 by the FDIC. Separately, for demand deposit accounts, the Town's cash accounts, including checking and money market accounts, are insured up to \$250,000 by the FDIC. Any cash deposits in excess of the \$250,000 FDIC limits are not covered by collateral and thus, custodial credit risk could exist. In order to protect deposits in excess of the \$250,000 FDIC limits, the Town deposits excess funds into an ICS account, which the bank uses the funds to deposit into certificates of deposit in various banks. These certificates of deposit are at an amount under the \$250,000 level. The Town has also had the financial institution invest in additional collateral to protect the excess deposits.

At year end, the carrying value of the Town's deposits was \$3,168,585 and the bank balance was \$3,271,210. The Town has no uninsured and uncollateralized deposits as of June 30, 2021.

Investments

Investments are separated into short-term and long-term categories. All short-term investments are held in an investment account containing money market mutual funds. Long-term investments are held in an investment account that is invested in equity stocks, bond funds and government securities. All short-term and long-term investments are recorded based on level 1 inputs and measured on a recurring basis.

	<u>Governmental Fund</u>	<u>Fiduciary Fund</u>
Short-Term Investments		
Cash and Money Market Funds	\$1,991,746	\$3,286
Fixed Income		\$19,546
	<hr/>	<hr/>
Total Short-Term Investments	\$1,991,746	\$22,832
Long-Term Investments		
Equity Securities		\$94,570
Fixed Income	\$113,324	\$37,718
	<hr/>	<hr/>
Total Long-Term Investments	\$113,324	\$132,288

The long-term investments are managed by a broker to maximize long-term gain while minimizing volatility. These investments are maintained to protect deposits in excess of the FDIC limits. Additionally, a portion is maintained as private purpose trust funds to be used for the operation of the respective program.

	<u>Governmental Fund</u>	<u>Fiduciary Fund</u>
Investment returns were as follows:		
Investment Income (Loss)	\$11,827	\$34,837
	<hr/> <hr/>	<hr/> <hr/>

Return Objectives

Assets are to be invested to provide sufficient growth in the form of total return from dividends, income, earnings and price appreciation to meet the Town's requirements and to maintain a balance within the investment account for future availability as directed by each fund.

Risk Parameters

To meet the stated objectives, the Town's portfolio is divided between a fixed income and an equity position in order to provide a steady and consistent level of income as well as produce long-term appreciation of principal. The allocation of holdings should reasonably attempt to reduce overall portfolio volatility.

Fair Value

Certain assets are recorded at fair value to provide additional insight into the Town's financial position. These certain assets are measured on a recurring basis. Assets are grouped in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine value. A brief description of each follows:

- Level 1 - Valuation is based on quoted prices for identical instruments in active markets.
- Level 2 - Valuation is based on quoted prices for similar instruments or on prices determined
- Level 3 - Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market.

Fair values of assets at June 30, 2021 measured on a recurring basis are as follows:

	2021	Fair Value of Measurements Using		
	Fair Value	Level I	Level II	Level III
Investments by fair value level				
Cash and money market funds	\$1,995,032	\$1,995,032		
Equity Securities				
Mutual funds and exchange-traded funds	\$94,570	\$94,570		
Total Equity Securities	\$94,570	\$94,570	\$0	\$0
Fixed Income Funds				
Bond Funds	\$170,588		\$170,588	
	\$170,588	\$0	\$170,588	\$0
Total	\$2,260,190	\$2,089,602	\$170,588	\$0

Investments - Funds held by Community Foundation

The Town has transferred assets to the Maine Community Foundation (MCF) which is holding them as an invested special revenue fund (Fund) for the benefit of the Town's Conservation Commission. The purpose of these asset transfers is for the MCF to invest the assets and generate income to be distributed to the Town under the guidelines of the agreement. Variance power was granted to the MCF. The Board of Directors of the MCF shall have the power to modify, consistent with state law, including seeking approval of the appropriate court or Attorney General, where applicable, any restriction or condition on the distribution of funds for any specified organization if, in the sole judgment of the Board, (without the necessity of the approval of any participating trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The aggregate amount of cumulative transfers plus related earnings recognized in the statement of financial position at June 30, 2021 was \$342,637.

The Town reports the fair value of the Fund as a beneficial interest in assets in the Special Revenue Funds - Governmental Funds. Changes in the Fund for the year ended June 30, 2021 are as follows:

<u>Balance at July 1:</u>	\$200,453
Additional amounts invested in fund	\$85,951
Share of appreciation of Fund	\$85,309
Share of expenses of Fund	(\$2,163)
Grants & Scholarships Distributed	(\$26,913)
<u>Balance at June 30:</u>	<u>\$342,637</u>

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2020 and committed on August 17, 2020. Interest of 1.0% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Accordingly, \$177,854 of the property taxes receivable have been classified as unavailable property tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
<u>Capital assets not being depreciated</u>				
Land	\$461,164			\$461,164
<u>Capital assets being depreciated</u>				
Land Improvements	\$473,384			\$473,384
Buildings	\$8,366,841	\$56,761		\$8,423,602
Equipment	\$3,623,265	\$78,997		\$3,702,262
Infrastructure	\$17,800,129	\$136,245		\$17,936,374
<u>Total capital assets being depreciated</u>	<u>\$30,263,619</u>	<u>\$272,003</u>	<u>\$0</u>	<u>\$30,535,621</u>
<u>Less accumulated depreciation for</u>				
Land Improvements	\$250,205	\$17,415		\$267,620
Buildings	\$3,098,094	\$179,791		\$3,277,885
Equipment	\$2,311,665	\$187,689		\$2,499,354
Infrastructure	\$8,231,666	\$429,892		\$8,661,558
<u>Total accumulated depreciation</u>	<u>\$13,891,629</u>	<u>\$814,786</u>	<u>\$0</u>	<u>\$14,706,416</u>
<u>Net capital assets being depreciated</u>	<u>\$16,371,989</u>	<u>(\$542,784)</u>	<u>\$0</u>	<u>\$15,829,206</u>
<u>Governmental Activities, Capital Assets, net</u>	<u>\$16,833,153</u>	<u>(\$542,784)</u>	<u>\$0</u>	<u>\$16,290,369</u>

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities

General Government	\$12,214
Protection	\$107,557
Education	\$172,116
Transportation, including depreciation of general infrastructure assets	\$509,570
Unclassified	\$13,330
<u>Total Depreciation Expense - Governmental Activities</u>	<u>\$814,786</u>

Note 5 - Interfund Balances and Activity

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. They are classified as Due from Other Funds, with an offsetting payable classified as Due to Other Funds. At June 30, 2021, individual fund interfund receivable and payable balances consisted of the following:

<u>Due to</u>	<u>Due from General Fund</u>
General Fund	
Special Revenue	\$30,083
	<u>\$30,083</u>

The change in the balance of the accounts during the current fiscal year represents cash activity for the special revenue funds. Monies are held in the General Fund for ease of investing and disbursements. This fund has sufficient liquid assets to retire the interfund balances at any given time.

Note 6 - Long-Term Debt

The following is a summary of the Town's long-term debt transactions for the year ended June 30, 2021:

<u>Long-Term Debt payable at July 1:</u>	\$6,839,192
Long-Term Debt proceeds	\$0
Long-Term Debt retired	(\$773,218)
<u>Long-Term Debt payable at June 30:</u>	<u>\$6,065,974</u>

<u>Purpose</u>	<u>Dated</u>	<u>Principal Payment</u>	<u>Interest Rate</u>	<u>Balance</u>
<i>General Long-Term Debt</i>				
<i>School Construction:</i>				
Maine Municipal Bond Bank	5/1/2000	\$261,050	5.028%-5.903%	\$0
<i>New Fire Station</i>				
Maine Municipal Bond Bank	5/26/2005	\$44,000	4.75%	\$440,000
<i>Wesley Ave/Mansell Lane Project - Town</i>				
Wesley Ave/Mansell Lane Project - Town Water	10/28/2010	Varies	0.831%-5.094%	\$477,378
Wesley Ave/Mansell Lane Project - Town Sewer	10/28/2010	Varies	0.831%-5.094%	\$231,266
<i>Wesley Ave/Mansell Lane Project - Town Sewer</i>				
Maine Municipal Bond Bank	10/28/2010	Varies	0.831%-5.094%	\$213,469
<i>Water Department Water Tank - Town Water</i>				
Maine Municipal Bond Bank	9/5/2012	\$18,569	0.00%	\$389,958
<i>Main Street Project - Town</i>				
Main Street Project - Town Water	10/24/2013	\$39,000	0.45%-4.57%	\$507,000
Main Street Project - Town Sewer	10/24/2013	\$35,778	0.45%-4.57%	\$599,302
<i>Main Street Project - Town Sewer</i>				
Maine Municipal Bond Bank	10/24/2013	\$19,911	0.45%-4.57%	\$300,562
<i>Infrastructure Project</i>				
Maine Municipal Bond Bank	5/24/2018	\$75,451	1.92%-3.85%	\$1,358,123
<i>Infrastructure Project</i>				
Maine Municipal Bond Bank	5/23/2019	\$12,142	1.72%-3.67%	\$230,689
<i>Fire Department Equipment</i>				
KS StateBank	2/13/2018	Varies	4.395%	\$53,672
<i>School Department Copier Lease (Capital Lease)</i>				
MST Government Leasing	8/1/2019	Varies	3.95%	\$18,460
<i>Copier Lease - Town</i>				
TIAA Bank	3/10/2017	Varies	3.829%	\$0
<i>Town debt to be retired by funds received from Southwest Harbor Water & Sewer District</i>				
<i>Sewer Bond:</i>				
Maine Municipal Bond Bank	10/28/2010	\$53,805	2.0%-5.5%	\$669,770
<i>Water Bond</i>				
Maine Municipal Bond Bank	10/28/2010	Varies	2.0%-5.5%	\$282,693
<i>Drinking Water</i>				
Maine Municipal Bond Bank	7/21/2009	\$12,404	0.00%	\$105,434
<i>Drinking Water</i>				
Maine Municipal Bond Bank	7/21/2009	\$22,141	0.00%	\$188,199
				<u>\$6,065,974</u>

Annual debt service requirements to maturity, including estimated interest are as follows:

<i>Governmental Activities</i>			
<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$506,470	\$149,026	\$655,496
2023	\$510,293	\$139,022	\$649,316
2024	\$485,604	\$128,642	\$614,246
2025	\$450,194	\$119,033	\$569,227
2026	\$428,707	\$109,389	\$538,096
2027-2031	\$2,139,958	\$369,272	\$2,509,230
2032-2036	\$1,115,614	\$117,981	\$1,233,595
2037-2041	\$410,563	\$16,874	\$427,437
2042-2043	\$18,570	\$0	\$18,570
<i>Totals</i>	<u>\$6,065,974</u>	<u>\$1,149,239</u>	<u>\$7,215,213</u>

Note 7 - Obligation Under Contracted Salaries

The Southwest Harbor School Department's teaching staff operates under contracts which are on a different fiscal year than the Town. The teacher contracts are on a September through August fiscal year as compared to a July through June fiscal year for the Town. At June 30, 2021, the Town is obligated for July and August 2021 salaries and related benefits for these contracted employees. This obligation, along with the obligation for compensated absences represents GAAP reporting for the School Department and the Town and has been recorded on the general fund financial statement.

Note 8 - Defined Benefit Employee Pension Plan - School Department Employees

A. Plan Description

Qualifying personnel of the Town's School Department participate in the Maine Public Employees Retirement System (System) State Employee and Teacher (SET) Plan. The plan is a multiple-employer, cost-sharing pension plan with a special funding situation. The State of Maine is the non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school systems contribute the normal cost, calculated actuarially, for their teacher members.

B. Pension Benefits

Benefit terms are established in Maine Statute. The System's retirement programs provide defined retirement benefits based on member's 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 for State employees and teachers. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members.

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 interest credited to members' accounts is set by the System's Board of Trustees.

C. Member and Employer Contributions

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2021, the member contribution rate was 7.65% and the employer contribution rate was 4.16% of applicable member compensation. The employer is also responsible for contributing 14.96% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 14.33% of the applicable member compensation into the System.

The required contributions paid into the System for the year ended June 30, 2021 and the previous year are as follows:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>State of Maine Contributions</i>	<i>Applicable Member Compensation</i>	<i>Applicable Member Federal Compensation</i>
2021	\$133,441	\$82,151	\$240,777	\$1,774,321	\$64,088
2020	\$117,902	\$71,772	\$213,515	\$1,541,204	\$51,221
2019	\$106,493	\$60,467	\$149,307	\$1,392,071	\$44,533

D. Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred. For the teacher group, total employer and non-employer contributions were the basis for the allocation, adjusted to remove the normal cost contributions paid by local school systems on behalf of their employees. This leaves contributions toward the net pension liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those School Systems contributing towards the net pension liability of the plan using grant funding.

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

At June 30, 2021, the School Department reported a net pension liability of \$65,861. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2020, the School Department's proportion was .004035%, which was an increase of 0.000595% from its proportion measured at June 30, 2019.

For the fiscal year ended June 30, 2021, the School Department recognized pension expense of \$74,652. At June 30, 2021 the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$2,107	\$1,395
Changes in Assumptions	\$0	\$0
Net Difference between projected and actual earnings on pension plan investments	\$2,730	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$6,015	\$1,642
Employer Contributions made subsequent to measurement date	\$82,151	\$0
	<u>\$93,003</u>	<u>\$3,037</u>

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

<i>Year ended June 30,</i>	
2021	\$82,311
2022	\$2,833
2023	\$2,424
2024	\$2,399

F. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% - 14.50% at selected years of service
Investment Rate of Return	6.75%, net of administrative and pension plan investment expense
Cost of Living increases	2.20%

For the School Department employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Tables for males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the Entry Age Normal actuarial funding method. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	10.0%	5.9%
	<u>100%</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made 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.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School Department's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate Share of the Net Pension Liability	\$114,223	\$65,861	\$25,553

I. Pension Plan Financial and Actuarial Information

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

Note 9 - Defined Benefit Employee Pension Plan - Town Employees

A. Plan Description

Qualifying personnel of the Town participate in the Maine Public Employees Retirement System (System) Participating Local Local Districts (PLD) Consolidated Retirement Plan. The Plan is a multiple-employer, cost-sharing pension plan.

B. Pension Benefits

The PLD Consolidated Plan has an advisory group, established by statute, who reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on member's 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. 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. 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.

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 interest credited to members' accounts is set by the System's Board of Trustees.

C. Member and Employer 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. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2021, the PLD Special 2C Plan member contribution rate was 8.1% and the employer contribution rate for the same plan was 10.8% of applicable member compensation.

The required contributions paid into the System for the year ended June 30, 2021 and the previous two years (as available) are as follows:

<u>For the year ended June 30,</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Applicable Member Compensation</u>
2021	\$8,178	\$10,904	\$100,965
2020	\$10,787	\$14,293	\$134,836

D. Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal

commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred.

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

At June 30, 2021, the Town reported a net pension liability of \$87,913. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2020, the Town's proportion was 0.022127%, which was a decrease of 0.006848% from its proportion measured at June 30, 2019.

For the fiscal year ended June 30, 2021, the Town recognized pension expense of \$33,093. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$5,275	\$967
Changes in Assumptions	\$0	\$0
Net Difference between projected between projected and actual earnings on pension plan investments	\$5,720	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$43,205	\$15,089
Employer Contributions made subsequent to measurement date	<u>\$10,904</u>	<u>\$0</u>
	<u>\$65,104</u>	<u>\$16,056</u>

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

<u>Year ended June 30,</u>	
2021	\$22,028
2022	\$17,292
2023	\$4,859
2024	\$4,870

F. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.75%, net of both administrative and investment expense
Salary Increases	2.75% - 9.00% per year depending on years of service interval
Cost of Living Benefit:	1.91%
Inflation	2.75%

For the Town employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the Entry Age Normal actuarial funding method. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	10.0%	5.9%
	<u>100%</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made 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.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate Share of the Net Pension Liability	\$184,759	\$87,913	\$8,639

I. Pension Plan Financial and Actuarial Information

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

Note 10 - Other Retirement Benefits

Full time municipal employees, not covered under the Maine Public Employees Retirement System can elect to participate in Internal Revenue Code Section 401 and 457 pension plans. The plans are covered by ICMA Retirement Corporation. Employees who elect coverage under the 401 plan contribute 6% of their salary to the plan. The Town contributes 6% to the plan. Employees who elect coverage under the Section 457 plan can contribute up to amounts allowed by law of their annual covered salary. The Town's costs totaled \$32,665 for the fiscal year ended June 30, 2021.

Note 11 - Other Post-Employment Benefits

A. Plan Description - School Department Employees Group Life Insurance Plan

Qualifying personnel of the School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the Maine Public Employees Retirement System (SET Plan) The plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2020 there were 233 employers, including the State of Maine participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan.

B. Benefits

The Group Life Insurance Plans (the Plans) provide basis group life insurance benefits, during retirement to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10 year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at a rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

C. Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution.

D. Actuarial Methods and Assumptions

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

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in the liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Significant Actuarial Assumptions

Inflation	2.75%
Salary Increases	2.75% - 14.50% at selected years of service
Investment Rate of Return	6.75%, net of administrative and pension plan investment expense
Participation Rates for Future Retirees	100% of those currently enrolled
Conversion Charges	Apply to the cost of active group life insurance, not retiree group life insurance
Form of Benefit Payment	Lump Sum

For the School Department employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Tables for males and females.

E. On-Behalf Payments

As mentioned in Section A. above, contributions are made by the System for participating retired teachers. The summary below provides the School Department's allocation of these contributions as well as the proportionate share of the Net OPEB liability. The Net OPEB Liability is not recorded on the Town financial statements since it is a liability of the State of Maine and not a liability of the Town.

	<i>Allocation of:</i>		
	<i>On-Behalf</i>	<i>Benefits</i>	<i>Net OPEB</i>
	<i>Payments</i>	<i>Expense</i>	<i>Liability</i>
2020	\$5,621	\$5,543	\$50,056

A. Plan Description - Town Employees Health Insurance Plan

Qualifying personnel of the Town can participate in the Maine Municipal Employees Health Trust postretirement benefit plan. The plan is a single employer OPEB plan.

B. Eligibility

The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement in order to be eligible for postretirement benefits.

A retiree must enroll when first eligible and continue coverage without interruption thereafter. Any retiree who does not enroll when first eligible for coverage or who terminates coverage for any reason shall not be eligible for subsequent enrollment. Except in the case of a group transfer into the Plan, the employer must be a participating employer at the time of retirement and the retiree must be covered under the Plan immediately prior to retirement and the retiree is receiving (or has received) retirement benefits, other than Social Security benefits, from the Participating Employer's retirement plan.

C. Benefits Provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental: Current retirees do not have access to dental benefits. Future new retirees who retire on and after January 1, 2017 will have access to purchase dental coverage at the Plan COBRA rates. Since retirees pay for the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

D. Cost Sharing Provisions

The retiree pays the premium equivalent rate for coverage elected. Retirees and spouses must contribute a percentage of the below premium amounts. These percentages are shown below. The sponsoring employer pays the remainder of the premium.

	<u>Retiree</u> <u>Contributions</u>	<u>Spouse</u> <u>Contributions</u>
Pre-Medicare	100%	100%
Medicare	100%	100%

E. Employees covered by benefit terms:

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

Active employees	16
Average age	48.33
Average service	7.13
Retirees Over 65	2
Retirees Over 65 Average Age	77.24
Spouses Over 65	1
Spouses Over 65 Average Age	78.18

F. Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<i>Discount Rate</i>	2.12% per annum for year end 2021 reporting 2.74% per annum for year end 2020 reporting
<i>Salary Increase Rate</i>	2.75% per year.
<i>Administration and claims expense</i>	3.00% per annum.
<i>Healthcare cost trend rates:</i>	

Non-Medicare Medical: Initial trend of 8.50% applied in FYE 2020 grading over 20 years to 3.28% per annum.

Non-Medicare Drug: Initial trend of 8.75% applied in FYE 2020 grading over 20 years to 3.28% per annum.

Medicare Medical: Initial trend of 5.00% applied in FYE 2020 grading over 20 years to 3.28% per annum.

Medicare Drug: Initial trend of 8.75% applied FYE 2020 grading over 20 years to 3.28% per annum.

G. Actuarial Assumptions

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2019 were used by the Actuary. Medical and prescription experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron's (Actuary) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

H. Discount Rate

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of December 31, 2020 is based upon an earlier measurement date, as of December 26, 2019 and is 2.74% per annum. The discount rate as of December 31, 2021 is based upon an earlier measurement date, as of December 31, 2020 and is 2.12% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

I. Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<u>Balances at 1/1/2020</u> <u>(Reporting 12/31/2020)</u>	\$168,204	\$0	\$168,204
<u>Changes for the year:</u>			
Service Cost	\$10,243		\$10,243
Interest	\$4,822		\$4,822
Changes of assumptions	\$10,187		\$10,187
Changes of benefits	\$0		\$0
Differences between expected and actual experience	\$0		\$0
Contributions - employer	\$0	\$4,978	(\$4,978)
Benefit payments	(\$4,978)	(\$4,978)	\$0
<u>Net changes</u>	<u>\$20,274</u>	<u>\$0</u>	<u>\$20,274</u>
<u>Balances at 1/1/2021</u> <u>(Reporting 12/31/2021)</u>	<u>\$188,478</u>	<u>\$0</u>	<u>\$188,478</u>

J. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12%) or 1 percentage point higher (3.12%) than the current discount rate:

	<u>1.0% Decrease (1.12%)</u>	<u>Discount Rate (2.12%)</u>	<u>1.0% Increase (3.12%)</u>
<u>Net OPEB Liability (Asset)</u>	<u>\$215,669</u>	<u>\$188,478</u>	<u>\$166,227</u>

K. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.50% decreasing to 2.28%) or 1 percentage point higher (9.50% decreasing to 4.28%) than the current healthcare cost trend rates:

	<u>1.0% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1.0% Increase</u>
<i>Net OPEB Liability (Asset)</i>	\$163,917	\$188,478	\$219,388

L. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the Total OPEB Liability are recognized in the OPEB expense over the average expected remaining services life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 7 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with with the net recognition over the next five years, and thereafter.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$0	\$4,086
Changes in Assumptions	\$27,802	\$6,468
Net Difference between projected and actual earnings on OPEB plan investments	\$0	\$0
	<u>\$27,802</u>	<u>\$10,554</u>

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

<u>Year ended</u>	
2022	\$2,788
2023	\$2,788
2024	\$2,789
2025	\$2,905
2026	\$4,521
Thereafter	\$1,457

A. Plan Description - School Department Employees Health Insurance Plan

Qualifying personnel of the School Department can participate in the Maine Education Association Benefits Trust (MEABT) postretirement benefit plan. The plan is a multi-employer, cost sharing OPEB plan.

B. Eligibility

The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

C. Cost Sharing Provisions

The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members.

The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. This the total premium is paid for by both the State and the retiree and/or spouse. The MEABT is not responsible for

the premium, but instead the implicit rate subsidy. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage, thus an implied subsidy.

D. Employees covered by benefit terms:

At June 30, 2020, the following employees were covered under the benefit terms:

Active employees	36
Average age	49.47
Average service	13.10

E. Net OPEB Liability

The School Department's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<i>Discount Rate</i>	2.21% per annum for 2020 reporting 3.50% per annum for 2019 reporting
<i>Salary Increase Rate</i>	2.75% per year.
<i>Administration and claims expense</i>	Included in per capita claims cost
<i>Healthcare cost trend rates:</i>	
<i>Pre -Medicare Medical:</i>	Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum.
<i>Medicare Medical:</i>	Initial trend of 0.0% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 2.81% per annum.

F. Actuarial Assumptions

Rates of mortality for the different level of participants are described below:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98% and 87% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, 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.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

The actuarial assumptions are the assumptions that were adopted by the Maine Public Employees Retirement System State Employee and Teacher Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020.

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

actuarial value of assets. The plan has no assets to apply against the liabilities.

For claim curves, the Actuary used actual community rated premiums and census records provided by MEABT through June 30, 2020. Participation experience for Medicare eligible (ME) and non-Medicare eligible (NME) (activities and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron's (Actuary) standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

The Actuary report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

G. Discount Rate

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2019 is 3.50% per annum. The discount rate as of June 30, 2020 is 2.21% per annum. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

H. Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<u>Balances at 6/30/2019</u>	\$511,044	\$0	\$511,044
<u>Changes:</u>			
Service Cost	\$5,485		\$5,485
Interest	\$17,943		\$17,943
Changes of benefits	(\$55,262)		(\$55,262)
Differences between expected and actual experience	\$208,118		\$208,118
Changes of assumptions	(\$211,094)		(\$211,094)
Contributions - Employer		\$7,835	(\$7,835)
Benefits Payments	(\$7,835)	(\$7,835)	\$0
<u>Net changes</u>	<u>(\$42,645)</u>	<u>\$0</u>	<u>(\$42,645)</u>
<u>Balances at 6/30/2020</u>	<u>\$468,399</u>	<u>\$0</u>	<u>\$468,399</u>

I. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School Department, as well as what the School Department's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	<u>1.0% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1.0% Increase (3.21%)</u>
<u>Net OPEB Liability (Asset)</u>	<u>\$553,352</u>	<u>\$468,399</u>	<u>\$399,654</u>

J. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the net OPEB liability of the School Department, as well as what the School Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1.0% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1.0% Increase</u>
<u>Net OPEB Liability (Asset)</u>	<u>\$390,504</u>	<u>\$468,399</u>	<u>\$568,112</u>

J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the Total OPEB Liability are recognized in the OPEB

expense over the average expected remaining services life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 7 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years, and thereafter.

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$178,387	\$0
Changes in Assumptions	\$20,062	\$193,443
Net Difference between projected and actual earnings on OPEB plan investments	\$0	\$0
	<u>\$198,449</u>	<u>\$193,443</u>

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

<i>Year ended</i>	
2020	\$461
2021	\$461
2022	\$461
2023	\$464
2024	\$3,585
Thereafter	(\$426)

Note 12 - Restricted Net Position

The Town reports restricted net position totaling \$1,405,465 on its statement of net position. This restricted net position represents the nonspendable and restricted fund balances detailed in the Governmental Fund Balances note above, with an adjusted balance in the education balance of \$314,715. The education fund balance is adjusted for the pension and other post-employment benefit plan deferred outflows, deferred inflows and net pension liability.

Note 13 - Commitment and Contingencies

The School Department participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time, however, the School Department does not believe such amounts would be significant.

Note 14 - Risk Management

The Town participates in Public Entity Risk Pools for the purposes of Workers Compensation Insurance, Property and Liability Insurance. The Public Entity Risk Pool is administered by the Maine Municipal Association. The Public Entity Risk Pools were established for the purposes of lowering costs for member are for developing specific programs to control losses. Member pay annual premiums to the Maine Municipal Association for the participation in the respective program.

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the Town carries municipal and commercial insurance. Based on the coverage provided by this insurance, the Town is not aware of any material actual and potential claim liabilities which should be recorded at June 30, 2021.

Note 15 - Adjustment to Beginning Net Position

The following adjustment was made at July 1, 2020 to restate fund balance and net position:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Fiduciary Fund</u>
Reclassify funds formerly classified as Special Revenue to more accurately reflect their purpose as a Committed General Fund balances	\$1,899,550	(\$1,899,550)	
Reclassify Student Activity Fund to General Fund in Compliance with GASB Statement #84	\$31,625		(\$31,625)
Reclassify School Trust Funds to General Fund in Compliance with GASB Statement #84	\$45,255		(\$45,255)
Adjust for Forfeiture of Unvested Retirement Funds	\$22,814		
Fund Balance, as previously stated	<u>\$2,764,805</u>	<u>\$2,225,620</u>	<u>\$198,199</u>
Fund Balance, restated	<u>\$4,764,049</u>	<u>\$326,070</u>	<u>\$121,319</u>
Net Position, as previously stated	<u>\$16,015,050</u>		
Net Position, restated	<u>\$16,114,744</u>		

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit VII)

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Revenues:</i>				
Tax Revenues, Including Homestead Exemption	\$8,170,267	\$8,170,267	\$8,207,563	\$37,296
Local Road Assistance	\$17,800	\$17,800	\$16,900	(\$900)
Excise Taxes	\$437,900	\$437,900	\$500,734	\$62,834
State Revenue Sharing	\$77,533	\$77,533	\$125,479	\$47,946
Interest Earned	\$54,000	\$54,000	\$23,447	(\$30,553)
Interest on Delinquent Taxes	\$19,000	\$19,000	\$21,478	\$2,478
Docks & Floats Rentals	\$85,500	\$85,500	\$98,176	\$12,676
Solid Waste Revenue	\$0	\$0	\$9,564	\$9,564
Permits & Fees	\$126,479	\$126,479	\$159,998	\$33,520
Sale of Assets	\$0	\$0	\$9,352	\$9,352
Other Revenues	\$0	\$0	\$2,837	\$2,837
<i>Total Revenues</i>	<u>\$8,988,478</u>	<u>\$8,988,478</u>	<u>\$9,175,528</u>	<u>\$187,050</u>
<i>Expenditures:</i>				
General Government	\$556,634	\$556,634	\$580,515	(\$23,881)
Protection	\$1,210,906	\$1,210,906	\$1,212,912	(\$2,006)
Health & Sanitation	\$384,200	\$384,200	\$408,558	(\$24,358)
Highways & Bridges	\$373,901	\$373,901	\$467,645	(\$93,744)
Education	\$4,420,449	\$4,420,449	\$4,389,530	\$30,919
Unclassified	\$261,501	\$261,501	\$276,764	(\$15,263)
Assessments	\$1,027,712	\$1,027,712	\$902,705	\$125,007
<i>Total Expenditures</i>	<u>\$8,235,303</u>	<u>\$8,235,303</u>	<u>\$8,238,628</u>	<u>(\$3,325)</u>
<i>Excess Revenues Over Expenditures</i>	\$753,175	\$753,175	\$936,900	\$183,725
<i>Other Financing Sources (Uses):</i>				
Operating Transfers In	\$15,000	\$15,000	\$15,000	\$0
Operating Transfers Out	\$0	\$0	(\$11,869)	(\$11,869)
<i>Total Other Financing Sources (Uses)</i>	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$3,131</u>	<u>(\$11,869)</u>
<i>Excess Revenues and Other Sources Over Expenditures and Other Uses</i>	\$768,175	\$768,175	\$940,031	\$171,856
<i>Beginning Fund Balances, as restated</i>	<u>\$4,764,049</u>	<u>\$4,764,049</u>	<u>\$4,764,049</u>	<u>\$0</u>
<i>Ending Fund Balances</i>	<u>\$5,532,224</u>	<u>\$5,532,224</u>	<u>\$5,704,080</u>	<u>\$171,856</u>

(Continued)

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit VII)
 (page 2 of 2)

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances:

	<i>Total Revenue</i>
Total Revenues per above	\$9,175,528
State On-Behalf Contributions	\$246,398
<u>Total Revenues per Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds</u>	<u>\$9,421,927</u>

	<i>Capital Outlay</i>	<i>Total Expenditures</i>
General Government		\$580,515
Protection	\$46,660	\$1,166,252
Health & Sanitation		\$408,558
Highways & Bridges	\$104,163	\$363,481
Education	\$64,407	\$4,325,124
Unclassified		\$276,764
Assessments		\$902,705
Capital Outlay		\$215,230
State On-Behalf Contributions		\$246,398
<u>Total Expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances:</u>	<u>\$215,230</u>	<u>\$8,485,027</u>

**TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - TEACHER AND STATE EMPLOYEE PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Employees and Teachers Plan

Schedule 1 - Proportionate Share of the Net Pension Liability:

For the Fiscal Year Ended June 30,	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of Net Pension Liability (Asset) as a % of Employee Payroll	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability	Plan Fiduciary Net Position as a % of the Total Pension Liability	Plan Covered Employee Payroll	Plan Net Pension Liability as a % of the Covered Employee Payroll
2021	0.004035%	\$65,861	\$1,744,321	3.776%	\$14,865,460,130	\$12,044,916,279	\$2,820,543,851	81.026%	\$2,003,075,813	140.811%
2020	0.003440%	\$50,426	\$1,541,204	3.272%	\$14,547,222,913	\$12,035,563,047	\$2,511,659,866	82.734%	\$1,924,006,618	130.543%
2019	0.003792%	\$51,171	\$1,392,071	3.676%	\$14,031,187,845	\$11,632,179,683	\$2,399,008,162	82.902%	\$1,808,274,919	132.668%
2018	0.003735%	\$34,238	\$1,346,969	4.027%	\$13,484,886,512	\$10,893,291,864	\$2,591,594,648	80.781%	\$1,860,230,663	139.316%
2017	0.002875%	\$50,792	\$1,218,101	4.170%	\$13,069,954,948	\$9,960,335,390	\$3,109,619,558	76.208%	\$1,816,435,084	171.194%
2016	0.004197%	\$56,664	\$1,162,391	4.875%	\$12,616,287,054	\$10,242,097,022	\$2,374,190,032	81.182%	\$1,699,160,889	139.727%
2015	0.004473%	\$48,323	\$1,277,901	3.781%	\$12,320,158,783	\$10,337,639,472	\$1,982,519,311	83.908%	\$1,676,857,294	118.228%

Schedule 2 - Schedule of Employer Contributions:

For the Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Contribution	Contribution Deficiency	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2021	\$82,151	\$82,151	\$0	\$1,744,321	4.710%
2020	\$71,772	\$71,772	\$0	\$1,541,204	4.657%
2019	\$60,467	\$60,467	\$0	\$1,392,071	4.344%
2018	\$58,886	\$58,886	\$0	\$1,346,969	4.372%
2017	\$45,741	\$45,741	\$0	\$1,218,101	3.755%
2016	\$42,636	\$42,636	\$0	\$1,162,391	3.668%
2015	\$42,051	\$42,051	\$0	\$1,277,901	3.291%

* Amounts presented for each fiscal year were determined as of June 30 of the previous fiscal year end. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Participating Local Districts Plan - Town Employees

Schedule 1 - Proportionate Share of the Net Pension Liability:

<u>For the</u> <u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>Proportionate</u> <u>Share of Net</u> <u>Pension Liability</u> <u>(Asset)</u>		<u>Proportionate</u> <u>Share of Net</u> <u>Pension Liability</u> <u>(Asset)</u>		<u>Proportionate</u> <u>Share of Net</u> <u>Pension Liability</u> <u>(Asset) as a % of</u> <u>Its Covered</u> <u>Employee Payroll</u>		<u>Plan Total</u> <u>Pension Liability</u>		<u>Plan Fiduciary</u> <u>Net Position</u>		<u>Plan Net</u> <u>Pension Liability</u>		<u>Plan Fiduciary</u> <u>Net Position</u> <u>as a % of the</u> <u>Total Pension</u> <u>Liability</u>		<u>Plan Net</u> <u>Pension Liability</u>		<u>Plan Covered</u> <u>Employee Payroll</u>		<u>Plan Net</u> <u>Pension Liability as a %</u> <u>of the Covered</u> <u>Employee Payroll</u>	
	<u>Proportion of Net</u> <u>Pension Liability</u> <u>(Asset)</u>	<u>Covered</u> <u>Employee</u> <u>Payroll</u>	<u>Proportion of Net</u> <u>Pension Liability</u> <u>(Asset)</u>	<u>Covered</u> <u>Employee</u> <u>Payroll</u>	<u>Share of Net</u> <u>Pension Liability</u> <u>(Asset) as a % of</u> <u>Its Covered</u> <u>Employee Payroll</u>	<u>Plan Total</u> <u>Pension Liability</u>	<u>Plan Fiduciary</u> <u>Net Position</u>	<u>Plan Net</u> <u>Pension Liability</u>	<u>Plan Total</u> <u>Pension Liability</u>	<u>Plan Fiduciary</u> <u>Net Position</u>	<u>Plan Net</u> <u>Pension Liability</u>	<u>Plan Net</u> <u>Pension Liability</u>	<u>Plan Covered</u> <u>Employee Payroll</u>	<u>Plan Net</u> <u>Pension Liability</u>	<u>Plan Covered</u> <u>Employee Payroll</u>	<u>Plan Net</u> <u>Pension Liability</u>	<u>Plan Covered</u> <u>Employee Payroll</u>	<u>Plan Net</u> <u>Pension Liability</u>	<u>Plan Covered</u> <u>Employee Payroll</u>	<u>Plan Net</u> <u>Pension Liability</u>
2021	0.02213%	\$100,965	\$87,913	\$100,965	87.072%	\$3,409,741,367	\$3,012,428,367	\$397,313,000	\$3,012,428,367	\$397,313,000	\$397,313,000	\$641,523,784	\$397,313,000	\$641,523,784	\$397,313,000	\$641,523,784	\$397,313,000	\$641,523,784	\$397,313,000	61.933%
2020	0.02898%	\$134,836	\$88,563	\$134,836	65.682%	\$3,258,819,605	\$2,953,156,096	\$305,663,509	\$2,953,156,096	\$305,663,509	\$305,663,509	\$593,884,355	\$305,663,509	\$593,884,355	\$305,663,509	\$593,884,355	\$305,663,509	\$593,884,355	\$305,663,509	51.469%

Schedule 2 - Schedule of Employer Contributions:

<u>For the</u> <u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>		<u>Actual</u> <u>Contribution</u>		<u>Contributions</u> <u>as a % of</u> <u>Covered</u> <u>Employee Payroll</u>	
	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u>	<u>Actual</u> <u>Contribution</u>	<u>Covered</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions</u> <u>as a % of</u> <u>Covered</u> <u>Employee Payroll</u>
2021	\$10,904	\$10,904	\$0	\$10,965	\$100,965	10.800%
2020	\$14,293	\$14,293	\$0	\$134,836	\$134,836	10.600%

* Amounts presented for each fiscal year were determined as of June 30 of the previous fiscal year end. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF SOUTHWEST HARBOR, MAINE
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 - Actuarial Methods and Assumptions

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2020, is as follows:

A. 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 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 employee is the product of their pay and their normal cost rate. The normal cost rate 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 assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

B. Asset Valuation Method

An actuarial value of assets is used for determining employer contributions. The use of an actuarial value of assets for this purpose helps mitigate volatility in contribution rates that might otherwise occur due to fluctuations in market conditions. 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.

C. Amortization

The net pension liability is amortized on a level percentage of payroll over the amortization period then in effect in statutory and constitutional requirements. The statutory and constitutional requirements include an amendment to the Maine Constitution approved in November 1995 that requires the State of Maine to fund the unfunded actuarial liability existing on June 30, 1996, over a period not to exceed 31 years beginning on July 1, 1997, and not later than June 30, 2028. The amendment prohibits the creation of new unfunded liabilities in the Plan except those arising from experience losses, which must be funded over a period of not more than ten years. An amendment approved in November 2017 extends the period from ten to twenty years. In addition, the amendment requires the use of actuarially sound current cost accounting, reinforcing existing statutory requirements.

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

	<u>SET Plan</u>	<u>PLD Plan</u>
Inflation	2.75%	2.75%
Salary Increases	2.75% - 14.50% at selected years of service	2.75% - 9.00 per year depending on years of service interval
Investment Rate of Return	6.75%, net of administrative and pension plan investment expense	6.75%, net of administrative and pension plan investment expense
Cost of Living Benefit	2.20%	1.91%

For members, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015. 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. There were no changes in assumptions for the fiscal year ended June 30, 2020.

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - TOWN EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit X)

Last 10 Fiscal Years	For the Fiscal Year Ended			
	June 30,			
	2021	2020	2019	2018
<u>Total OPEB Liability</u>				
Service Cost	\$10,243	\$6,554	\$7,260	\$7,283
Interest (includes interest on service cost)	\$4,822	\$6,042	\$5,256	\$5,513
Changes of benefit terms	\$0	(\$3,618)		
Differences between expected and actual experience	\$0	(\$2,014)	\$0	(\$6,180)
Changes in assumptions	\$10,187	\$23,482	(\$11,319)	\$5,362
Benefit payments, including refunds of member contributions	(\$4,978)	(\$6,046)	(\$5,813)	(\$4,218)
<i>Net Change in total OPEB liability</i>	\$20,274	\$24,400	(\$4,616)	\$7,760
<i>Total OPEB liability - beginning</i>	\$168,204	\$143,804	\$148,420	\$140,660
<i>Total OPEB liability - ending</i>	\$188,478	\$168,204	\$143,804	\$148,420
<u>Plan fiduciary net position</u>				
Contributions - employer	\$4,978	\$6,046	\$5,813	\$4,218
Contributions - member				
Net investment income				
Benefit payments, including refunds of member contributions	(\$4,978)	(\$6,046)	(\$5,813)	(\$4,218)
Administrative expense				
<i>Net change in plan fiduciary net position</i>	\$0	\$0	\$0	\$0
<i>Plan fiduciary net position - beginning</i>	\$0	\$0	\$0	\$0
<i>Plan fiduciary net position - ending</i>	\$0	\$0	\$0	\$0
<i>Net OPEB liability - ending</i>	\$188,478	\$168,204	\$143,804	\$148,420
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	\$733,736	\$733,736	\$652,039	\$652,039
<i>Net OPEB Liability as a % Of the Covered Employee Payroll</i>	25.7%	22.9%	22.1%	22.8%

* Amounts presented for each fiscal year were determined as of January 1 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - TOWN EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit XI)

<i>Last 10 Fiscal Years</i>	<i>For the Fiscal Year Ended</i>			
	<i>June 30,</i>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$4,978	\$6,046	\$5,813	\$4,218
Actual Contribution	<u>\$4,978</u>	<u>\$6,046</u>	<u>\$5,813</u>	<u>\$4,218</u>
Contribution Deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Amounts presented for each fiscal year were determined as of January 1 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY

MAINE EDUCATION ASSOCIATION BENEFITS TRUST - SCHOOL DEPARTMENT EMPLOYEES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<i>Last 10 Fiscal Years</i>	<i>For the Fiscal Year Ended</i>		
	<i>2021</i>	<i>June 30, 2020</i>	<i>2019</i>
<u>Total OPEB Liability</u>			
Service Cost	\$5,485	\$4,634	\$4,951
Interest (includes interest on service cost)	\$17,943	\$18,208	\$17,243
Changes of benefits	(\$55,262)	\$0	\$0
Differences between expected and actual experience	\$208,118	\$0	\$0
Changes in assumptions	(\$211,094)	\$28,088	(\$21,886)
Benefit payments, including refunds of member contributions	(\$7,835)	(\$11,361)	(\$10,968)
<i>Net Change in total OPEB liability</i>	(\$42,645)	\$39,569	(\$10,660)
<i>Total OPEB liability - beginning</i>	\$511,044	\$471,475	\$482,135
<i>Total OPEB liability - ending</i>	\$468,399	\$511,044	\$471,475
<u>Plan fiduciary net position</u>			
Contributions - employer	\$7,835	\$11,361	\$10,968
Contributions - member	\$0	\$0	\$0
Net investment income	\$0	\$0	\$0
Benefit payments, including refunds of member contributions	(\$7,835)	(\$11,361)	(\$10,968)
Administrative expense	\$0	\$0	\$0
<i>Net change in plan fiduciary net position</i>	\$0	\$0	\$0
<i>Plan fiduciary net position - beginning</i>	\$0	\$0	\$0
<i>Plan fiduciary net position - ending</i>	\$0	\$0	\$0
<i>Net OPEB liability - ending</i>	\$468,399	\$511,044	\$471,475
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Employee Payroll	\$1,565,233	\$1,547,674	\$1,506,252
<i>Net OPEB Liability as a % Of the Covered Employee Payroll</i>	29.9%	33.0%	31.3%

* Amounts presented for each fiscal year were determined as of June 30 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

(Exhibit XIII)

MAINE EDUCATION ASSOCIATION BENEFITS TRUST - SCHOOL DEPARTMENT EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<i>Last 10 Fiscal Years</i>	<i>For the Fiscal Year Ended</i>		
	<u>2021</u>	<u>June 30, 2020</u>	<u>2019</u>
Contractually required contribution	\$7,835	\$11,361	\$10,968
Actual Contribution	<u>\$7,835</u>	<u>\$11,361</u>	<u>\$10,968</u>
Contribution Deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* *Amounts presented for each fiscal year were determined as of June 30 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.*

TOWN OF SOUTHWEST HARBOR, MAINE
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 – Actuarial Methods and Assumptions - Maine Municipal Employees Health Trust -
Town Employees Health Insurance Plan**

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

There were no benefit changes noted in the actuarial report.

Changes of Assumptions

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

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age
Discount Rate	2.12% per annum for 2021 reporting 2.74% per annum for 2020 reporting
Administration and claims expense	3% per annum.
Retirement Age	65
Healthcare cost trend rates	

Non-Medicare Medical: Initial trend of 8.50% applied in FYE 2020 grading over 20 years to 3.28% per annum.

Non-Medicare Drug: Initial trend of 8.75% applied in FYE 2020 grading over 20 years to 3.28% per annum.

Medicare Medical: Initial trend of 5.00% applied in FYE 2020 grading over 20 years to 3.28% per annum.

Medicare Drug: Initial trend of 8.75% applied FYE 2020 grading over 20 years to 3.28% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

**Note 2 – Actuarial Methods and Assumptions - Maine Education Association Benefits Trust
School Department Employees Health Insurance Plan**

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

The plans provided are those described including the newly introduced Medicare Advantage Plan, effective July 1, 2020.

Changes of Assumptions

The report reflects updated census, demographic and economic assumptions.

Net OPEB Liability

The School Department's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age Normal
Discount Rate	2.21% per annum for 2020 reporting 3.50% per annum for 2019 reporting
Salary Increase Rate	2.75% per year
Rate of Inflation	2.00%
Administration and claims expense	Included in per-capita claims cost
Retirement Age	65

Healthcare cost trend rates:

- Pre -Medicare Medical:* Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum.
- Medicare Medical:* Initial trend of 0.0% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 2.81% per annum.

Rates of mortality for the different level of participants are described below:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98% and 87% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, 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.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit A-1, Page 1 of 2)

<u>Department</u>	<u>Beginning Balance</u>	<u>Budget</u>	<u>General Fund Expenditures</u>	<u>Operating Transfers (In)/Out</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>General Government:</u>						
Administration	\$0	\$435,749	\$439,217	(\$3,468)	\$0	\$0
Assessing & Planning	\$0	\$49,442	\$42,112	\$0	\$7,330	\$0
Assessing Contract	\$0	\$34,300	\$34,256	\$0	\$44	\$0
Wage & Benefit Reserve	\$0	\$15,000	\$0	\$15,000	\$0	\$0
Legal & Accounting Reserve	\$0	\$24,000	\$0	\$24,000	\$0	\$0
Professional Development Reserve	\$0	\$5,000	\$0	\$5,000	\$0	\$0
Records/Documents CIP Reserve	\$0	\$12,800	\$0	\$12,800	\$0	\$0
HRA Insurance	\$0	\$21,000	\$0	\$21,000	\$0	\$0
Map Update	\$0	\$3,000	\$0	\$3,000	\$0	\$0
Municipal Building Reserve	\$0	\$40,900	\$0	\$40,900	\$0	\$0
Municipal Equipment Reserve	\$0	\$6,300	\$0	\$6,300	\$0	\$0
Municipal Offices & Fire Station	\$0	\$33,000	\$28,433	\$0	\$4,567	\$0
Unemployment Reserve	\$0	\$4,000	\$0	\$4,000	\$0	\$0
Conservation Commission	\$0	\$675	\$664	\$0	\$12	\$0
	<u>\$0</u>	<u>\$685,166</u>	<u>\$544,681</u>	<u>\$128,532</u>	<u>\$11,953</u>	<u>\$0</u>
<u>Protection:</u>						
Fire Department	\$0	\$102,593	\$104,953	\$0	(\$2,360)	\$0
Fire Department Vehicle Reserve	\$0	\$102,200	\$0	\$102,200	\$0	\$0
Fire Department Equipment Reserve	\$0	\$21,600	\$0	\$21,600	\$0	\$0
Dispatch Service	\$0	\$297,599	\$295,041	\$0	\$2,558	\$0
Dispatch Department Equipment	\$0	\$11,150	\$0	\$11,150	\$0	\$0
Hydrant Rental	\$0	\$201,100	\$201,025	\$0	\$75	\$0
Police Protection	\$0	\$541,214	\$474,713	\$0	\$66,501	\$0
Police Protective Equipment Reserve	\$0	\$5,650	\$0	\$5,650	\$0	\$0
Police Department Vehicle Reserve	\$0	\$35,550	\$0	\$35,550	\$0	\$0
Police Cruiser Emergency Repair Reserve	\$0	\$4,000	\$0	\$4,000	\$0	\$0
Police Recruitment Reserve	\$0	\$6,000	\$0	\$6,000	\$0	\$0
Emergency Equipment Repair Reserve	\$0	\$1,400	\$0	\$1,400	\$0	\$0
Street Lights	\$0	\$26,000	\$26,763	\$0	(\$763)	\$0
School Lights/Maintenance Reserve	\$0	\$3,000	\$0	\$3,000	\$0	\$0
Insurance	\$0	\$42,400	\$38,737	\$0	\$3,663	\$0
	<u>\$0</u>	<u>\$1,401,456</u>	<u>\$1,141,232</u>	<u>\$190,550</u>	<u>\$69,674</u>	<u>\$0</u>
<u>Health & Sanitation:</u>						
Solid Waste / Recycling	\$0	\$381,000	\$379,404	\$0	\$1,596	\$0
W/S Infrastructure Reserve	\$0	\$100,000	\$0	\$100,000	\$0	\$0
Acadia Disposal District	\$0	\$3,200	\$3,131	\$0	\$69	\$0
	<u>\$0</u>	<u>\$484,200</u>	<u>\$382,535</u>	<u>\$100,000</u>	<u>\$1,665</u>	<u>\$0</u>
<u>Highways & Bridges:</u>						
Highway Department	\$0	\$263,557	\$227,940	\$0	\$35,617	\$0
Salt & Sand	\$0	\$20,000	\$0	\$20,000	\$0	\$0
Highway Vehicles/Machinery Reserve	\$0	\$112,700	\$0	\$112,700	\$0	\$0
Highway Equipment Reserve	\$0	\$3,900	\$0	\$3,900	\$0	\$0
Culvert Reserve	\$0	\$4,000	\$0	\$4,000	\$0	\$0
Paving Reserve	\$0	\$87,000	\$0	\$187,000	(\$100,000)	\$0
Contract Snow Removal Reserve	\$0	\$2,500	\$0	\$2,500	\$0	\$0
Harbor Department General Reserve	\$0	\$5,400	\$0	\$5,400	\$0	\$0
Upper Town Dock Reserve	\$0	\$44,225	\$0	\$44,225	\$0	\$0
Lower Town Dock Reserve	\$0	\$30,700	\$0	\$30,700	\$0	\$0
Manset Town Dock Reserve	\$0	\$69,150	\$0	\$69,150	\$0	\$0
Docks & Floats	\$0	\$110,344	\$121,945	\$0	(\$11,601)	\$0
Marine Grant - Town Expenditures	\$0	\$0	\$6,250	\$0	(\$6,250)	\$0
	<u>\$0</u>	<u>\$753,476</u>	<u>\$356,136</u>	<u>\$479,575</u>	<u>(\$82,235)</u>	<u>\$0</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit A-1, Page 2 of 2)

<u>Department</u>	<u>Beginning Balance</u>	<u>Budget</u>	<u>General Fund Expenditures</u>	<u>Operating Transfers (In)/Out</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>Education:</u>						
Elementary School	\$723,084	\$3,437,621	\$3,316,702	\$90,000	\$0	\$754,003
School Union #98	\$0	\$1,072,828	\$1,072,828	\$0	\$0	\$0
	<u>\$723,084</u>	<u>\$4,510,449</u>	<u>\$4,389,530</u>	<u>\$90,000</u>	<u>\$0</u>	<u>\$754,003</u>
<u>Assessments and Debt Service:</u>						
FD SCBA Equipment	\$0	\$28,700	\$28,618	\$0	\$82	\$0
Main Street Bond	\$0	\$128,900	\$128,735	\$0	\$165	\$0
Infrastructure Bond 2018A	\$0	\$120,300	\$120,283	\$0	\$17	\$0
Infrastructure Bond 2018B	\$0	\$18,600	\$18,569	\$0	\$31	\$0
Fire Station	\$0	\$60,900	\$60,855	\$0	\$45	\$0
Fire Truck Bond	\$0	\$79,700	\$76,413	\$0	\$3,287	\$0
Wesley-Mansell Project Bond	\$0	\$105,700	\$106,857	\$0	(\$1,157)	\$0
Water/Sewer Bonds	\$0	\$226,500	\$250,352	\$0	(\$23,852)	\$0
Water Tank Bond	\$0	\$18,600	\$18,569	\$0	\$31	\$0
Waste Water Treatment Bond	\$0	\$25,000	\$0	\$3,468	\$21,532	\$0
Overlay	\$0	\$116,415	\$0	\$0	\$116,415	\$0
Hancock County Taxes	\$0	\$305,465	\$305,465	\$0	\$0	\$0
	<u>\$0</u>	<u>\$1,234,780</u>	<u>\$1,114,716</u>	<u>\$3,468</u>	<u>\$116,596</u>	<u>\$0</u>
<u>Unclassified:</u>						
Board of Appeals	\$0	\$200	\$197	\$0	\$3	\$0
Harbor Committee	\$0	\$200	\$36	\$0	\$164	\$0
Planning Board	\$0	\$500	\$666	\$0	(\$166)	\$0
Town-Wide Planning	\$0	\$5,000	\$0	\$5,000	\$0	\$0
Rhoades Park	\$0	\$25,000	\$0	\$25,000	\$0	\$0
Tree Fund	\$0	\$2,250	\$0	\$2,250	\$0	\$0
Historical Cemetery	\$0	\$2,500	\$0	\$2,500	\$0	\$0
Historical Cemetery Committee	\$0	\$200	\$0	\$0	\$200	\$0
Parks/Cemetery	\$0	\$10,000	\$9,995	\$0	\$5	\$0
Warrant Committee	\$0	\$200	\$56	\$0	\$144	\$0
Generator	\$0	\$700	\$728	\$0	(\$28)	\$0
General Assistance	\$0	\$4,000	\$0	\$4,000	\$0	\$0
Bar Harbor Food Pantry	\$0	\$2,500	\$2,500	\$0	\$0	\$0
Downeast Health Services	\$0	\$1,035	\$1,035	\$0	\$0	\$0
Eastern Area on Aging	\$0	\$1,500	\$1,500	\$0	\$0	\$0
Hancock County Homecare	\$0	\$1,870	\$1,870	\$0	\$0	\$0
Harbor House	\$0	\$59,640	\$59,640	\$0	\$0	\$0
Hospice of Hancock County	\$0	\$1,000	\$1,000	\$0	\$0	\$0
Island Connections	\$0	\$2,500	\$2,500	\$0	\$0	\$0
Island Explorer	\$0	\$10,000	\$10,000	\$0	\$0	\$0
Mt Heights Cemetery	\$0	\$12,700	\$12,500	\$0	\$200	\$0
Library	\$0	\$60,000	\$60,000	\$0	\$0	\$0
Nursing Service	\$0	\$78,000	\$78,000	\$0	\$0	\$0
Downeast Community Partners	\$0	\$3,574	\$3,574	\$0	\$0	\$0
MDI Comm. Campfire Coalition	\$0	\$3,000	\$3,000	\$0	\$0	\$0
Life Flight	\$0	\$882	\$882	\$0	\$0	\$0
Mt. Desert Nursing Association	\$0	\$2,000	\$2,000	\$0	\$0	\$0
Southwest Harbor Historical Society	\$0	\$2,500	\$2,500	\$0	\$0	\$0
Westside Food Pantry	\$0	\$2,500	\$2,500	\$0	\$0	\$0
Island Housing Trust	\$0	\$2,500	\$2,500	\$0	\$0	\$0
Downeast Horizons	\$0	\$1,800	\$1,800	\$0	\$0	\$0
	<u>\$0</u>	<u>\$300,251</u>	<u>\$260,979</u>	<u>\$38,750</u>	<u>\$522</u>	<u>\$0</u>
<u>TOTALS</u>	<u>\$723,084</u>	<u>\$9,369,778</u>	<u>\$8,189,810</u>	<u>\$1,030,875</u>	<u>\$118,175</u>	<u>\$754,003</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF CHANGES IN GENERAL UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit A-2)

Unassigned Fund Balance July 1: \$1,584,756

Increases:

Lapsed Balances - Exhibit A-1	\$118,175
Decrease in Unavailable Property Tax Revenue	\$32,583
Decrease in Nonspendable Fund Balance	\$10,426
In Lieu of Tax/Homestead Revenues (Net of Appropriation)	\$4,736
Protection Revenues (Net of Appropriation)	\$9,772
Solid Waste Revenues (Net of Appropriation)	\$9,564
Cable Franchise Fee (Net of Appropriation)	\$10,976
Interest on Taxes & Liens (Net of Appropriation)	\$2,478
Excise Taxes (Net of Appropriation)	\$62,834
Docks & Floats Revenues (Net of Appropriation)	\$12,676
Licenses, Fees, Registrations & Miscellaneous (Net of Appropriation)	\$25,651

Total Increases \$299,872

Decreases:

Appropriation from Fund Balance	\$162,700
District Reimbursements (Net of Appropriation)	\$52,023
Highway Revenues (Net of Appropriation)	\$475
Interest Earned (Net of Appropriation)	\$30,991
Board Approved transfers from Unassigned	\$19,498

Total Decreases \$265,687

Unassigned Fund Balance June 30: \$1,618,940

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF RESERVE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Beginning</u>	<u>Revenues</u>	<u>Transfers</u>	<u>Investment</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Ending</u>
	<u>Balance</u>		<u>from</u>	<u>Earnings</u>		<u>to</u>	<u>Balance</u>
			<u>Funds</u>			<u>Funds</u>	
State Revenue Sharing	\$51,253	\$125,479	\$0	\$0	\$0	\$77,533	\$99,198
Wage & Benefit	\$6,848	\$0	\$15,000	\$0	\$280	\$0	\$21,568
Bond Reserve Fund	\$0	\$22,754	\$0	\$0	\$0	\$0	\$22,754
Abatements	\$13,667	\$0	\$0	\$0	\$360	\$0	\$13,306
Legal and Accounting	\$27,675	\$0	\$24,000	\$0	\$6,299	\$0	\$45,376
Professional Development	\$18,268	\$30	\$5,000	\$0	\$5,057	\$0	\$18,241
School Crossing Lights	\$14,650	\$0	\$8,714	\$0	\$0	\$0	\$23,364
Water & Sewer Infrastructure	\$76,559	\$0	\$100,000	\$0	\$0	\$0	\$176,559
D.A.R.E. Program	\$396	\$0	\$0	\$0	\$0	\$0	\$396
Comprehensive Planning	(\$122)	\$0	\$5,000	\$0	\$0	\$0	\$4,878
Unemployment	\$10,319	\$0	\$4,000	\$0	\$2,534	\$0	\$11,785
Rhoades Park	(\$6,909)	\$0	\$25,000	\$0	\$12,948	\$0	\$5,143
Tree Fund	\$0	\$0	\$4,500	\$0	\$2,250	\$0	\$2,250
HRA Insurance	\$20,994	\$0	\$21,000	\$0	\$18,000	\$0	\$23,994
Historical Cemetery	\$15,000	\$0	\$2,500	\$0	\$0	\$0	\$17,500
Shellfish	\$7,064	\$380	\$0	\$0	\$82	\$200	\$7,162
Contract Snow Removal	\$3,500	\$0	\$2,500	\$0	\$0	\$0	\$6,000
Culvert Replacement	(\$1,608)	\$231	\$4,000	\$0	\$2,782	\$0	(\$159)
Salt & Sand	\$3,045	\$0	\$20,000	\$0	\$16,329	\$0	\$6,716
Paving/Town Highway	\$59,524	\$0	\$187,000	\$0	\$68,338	\$0	\$178,186
General Assistance	\$4,687	\$1,917	\$4,000	\$0	\$2,802	\$0	\$7,802
Records Preservation	\$3,300	\$0	\$0	\$0	\$0	\$0	\$3,300
Junior Fire Department	\$930	\$0	\$0	\$0	\$0	\$0	\$930
Map Update	\$207	\$0	\$3,000	\$0	\$234	\$0	\$2,973
Police Cruiser Emergency Repair	\$2,564	\$0	\$4,000	\$0	\$0	\$0	\$6,564
Police Recruitment	\$6,000	\$0	\$6,000	\$0	\$0	\$0	\$12,000
Swap Shop	\$934	\$0	\$0	\$0	\$500	\$0	\$434
Fire Equipment Emergency Repair	\$10,629	\$0	\$1,400	\$0	\$9,389	\$0	\$2,640
Total Town Funds	\$349,372	\$150,790	\$446,614	\$0	\$148,182	\$77,733	\$720,860

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF RESERVE FUNDS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit A-3, Page 2 of 2)

	Beginning Balance	Revenues	Transfers from Funds	Investment Earnings	Expenditures	Transfers to Funds	Ending Balance
<u>CIP Funds</u>							
Municipal Software	\$39,151	\$0	\$6,300	\$0	\$0	\$0	\$45,451
Record Preservation	\$39,421	\$0	\$12,800	\$0	\$0	\$0	\$52,221
Ford Crown Victoria	\$43,985	\$0	\$35,550	\$0	\$0	\$0	\$79,535
Dispatch Console	\$52,063	\$0	\$11,150	\$0	\$0	\$0	\$63,213
Thermal Imaging Camera	\$14,921	\$0	\$21,600	\$0	\$2,520	\$0	\$34,001
Highway Vehicles	\$171,339	\$0	\$112,700	\$0	\$5,301	\$0	\$278,738
Sidewalk Projects	(\$11,486)	\$0	\$0	\$0	\$11,387	\$0	(\$22,873)
Harbor General	\$11,248	\$0	\$5,400	\$0	\$3,592	\$0	\$13,057
Harbor - Lower Town Dock	\$40,943	\$0	\$30,700	\$0	\$1,337	\$0	\$70,305
Manset	\$119,431	\$0	\$69,150	\$0	\$1,337	\$0	\$187,244
Highway Equipment	\$44,817	\$0	\$3,900	\$0	\$0	\$0	\$48,717
Harbor - Upper Town Dock	\$44,225	\$0	\$44,225	\$0	\$1,337	\$0	\$87,113
Fire Vehicle	\$69,829	\$0	\$102,200	\$0	\$51,037	\$0	\$120,992
Municipal Building	\$386,308	\$0	\$40,900	\$0	\$950	\$0	\$426,258
Police Protective Equipment	\$15,222	\$0	\$5,650	\$0	\$0	\$0	\$20,872
<u>Total CIP Funds</u>	<u>\$1,081,416</u>	<u>\$0</u>	<u>\$502,225</u>	<u>\$0</u>	<u>\$78,798</u>	<u>\$0</u>	<u>\$1,504,843</u>
<u>School Funds</u>							
Bus Purchase	\$73,024	\$0	\$10,000	\$63	\$0	\$0	\$83,087
HRA Deductible Coverage	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000
Emergency Special Education	\$275,836	\$0	\$30,000	\$273	\$0	\$0	\$306,109
Maintenance	\$89,901	\$0	\$15,000	\$103	\$0	\$0	\$105,004
Playground Maintenance	\$30,000	\$0	\$15,000	\$0	\$0	\$0	\$45,000
<u>Total School Funds</u>	<u>\$468,762</u>	<u>\$0</u>	<u>\$90,000</u>	<u>\$439</u>	<u>\$0</u>	<u>\$0</u>	<u>\$559,200</u>
<u>Total Reserve Funds</u>	<u>\$1,899,550</u>	<u>\$150,790</u>	<u>\$1,038,839</u>	<u>\$439</u>	<u>\$226,980</u>	<u>\$77,733</u>	<u>\$2,784,904</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<i>Beginning Balance</i>	<i>Revenues</i>	<i>Transfers from Funds</i>	<i>Investment Earnings</i>	<i>Expenditures</i>	<i>Transfers to Funds</i>	<i>Ending Balance</i>
Conservation Commission	\$224,921	\$58,447	\$80,000	\$88,887	\$41,492	\$47,041	\$363,722
Conservation Commission - Future Project	\$85,115	\$0	\$32,041	\$258	\$0	\$80,000	\$37,414
Police	\$1,511	\$213	\$0	\$0	\$377	\$0	\$1,347
King Grant - Fire Responder Jackets	\$104	\$100	\$0	\$0	\$0	\$0	\$204
Safe Routes to School Grant	\$9,886	\$0	\$0	\$0	\$0	\$0	\$9,886
Trail Grant	\$4,276	\$0	\$0	\$0	\$0	\$0	\$4,276
Septic Tank Grant	\$131	\$0	\$0	\$0	\$0	\$0	\$131
Wellness Grant	\$125	\$0	\$0	\$0	\$0	\$0	\$125
Harbor Grant	\$0	\$25,000	\$0	\$0	\$19,540	\$0	\$5,460
Keep ME Healthy Grant	\$0	\$73,966	\$0	\$0	\$73,966	\$0	\$0
<i>Total Town Funds</i>	<u>\$326,070</u>	<u>\$157,726</u>	<u>\$112,041</u>	<u>\$89,145</u>	<u>\$135,375</u>	<u>\$127,041</u>	<u>\$422,566</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Exhibit C-1)

<u>Federal Grantor/Pass-Through</u>			<u>Total</u>
<u>Grantor/Program Title</u>	<u>CFDA #</u>	<u>Grantor Pass- Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education:</u>			
<u>Passed through State of Maine</u>			
<u>Department of Education</u>			
Rural School Achievement Program	84.358	013-05A-3005-03	\$9,273
 <u>Special Education Cluster (IDEA):</u>			
Title VI - Part B - Local Entitlement	84.027	013-05A-3046-12	\$43,548
Title VI - Part B - Local Entitlement Preschool	84.173	013-05A-6247-23	\$860
<u>Sub-total Special Education Cluster (IDEA)</u>			<u>\$44,408</u>
 ESSA Title IA - Basic Disadvantaged Program	 84.010	 013-05A-3107-13	 <u>\$18,982</u>
 <u>Total U.S. Department of Education</u>			 <u>\$72,663</u>
 <u>U.S. Department of Agriculture:</u>			
<u>Passed through State of Maine</u>			
<u>Department of Education</u>			
<u>Food Distribution Cluster:</u>			
Food Distribution - Donated Commodities	10.565	-	<u>\$4,754</u>
<u>Sub-total Food Distribution Cluster</u>			<u>\$4,754</u>
 <u>Child Nutrition Cluster:</u>			
Summer Food Service Program for Children	10.559	-	<u>\$59,374</u>
<u>Sub-total Child Nutrition Cluster</u>			<u>\$59,374</u>
 <u>Total U.S. Department of Agriculture</u>			 <u>\$64,128</u>
 <u>U.S. Department of Treasury:</u>			
<u>Passed through State of Maine</u>			
<u>Department of Education</u>			
Coronavirus Relief Fund 1	21.019	-	\$178,953
Coronavirus Relief Fund 2	21.019	-	\$167,299
Coronavirus Relief Fund	21.019	COM-20-3075	<u>\$73,966</u>
 <u>Total U.S. Department of Treasury</u>			 <u>\$420,218</u>
 <u>Totals</u>			 <u>\$557,009</u>