

Audited Financial Statements and  
Other Financial Information

**Town of Readfield, Maine**

June 30, 2021



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TOWN OF READFIELD, MAINE

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JUNE 30, 2021

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
Town of Readfield  
Readfield, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Readfield, Maine, as of and for the year ended June 30, 2021 and 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.

### Auditors' Responsibility

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

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

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

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

### Opinions

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and OPEB information on pages 4 through 11 and 50 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The Schedule of Revenues - General Fund, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, on our consideration of the Town of Readfield, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Readfield, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
September 7, 2022

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

**(UNAUDITED)**

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

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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



The above-mentioned financial statements have been presented for the following activity:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, roads, bridges and highway equipment, solid waste and recycling, community service, cemetery, education and other.

### **Fund Financial Statements**

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

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

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

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

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$171,851 from \$22,572,590 to \$22,744,441.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$445,009 from a balance of \$2,787,643 to \$2,342,634 at the end of this year.

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

	<b>2021</b>	<b>2020 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 2,890,161	\$ 3,334,330
Noncurrent Assets - Capital Assets	20,962,219	20,601,031
Total Assets	23,852,380	23,935,361
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows of Related to OPEB	11,269	10,085
Total Deferred Inflows of Resources	11,269	10,085
<b>Liabilities:</b>		
Current Liabilities	186,118	333,525
Noncurrent Liabilities	840,469	962,715
Total Liabilities	1,026,587	1,296,240
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	50,052	25,624
Deferred Inflows of Related to OPEB	42,569	50,992
Total Deferred Inflows of Resources	92,621	76,616
<b>Net Position:</b>		
Net Investment in Capital Assets	20,050,099	19,482,117
Restricted	351,708	302,830
Unrestricted	2,342,634	2,787,643
Total Net Position	\$ 22,744,441	\$22,572,590

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.33%. Total expenses increased by 1.26%. The increases in revenues were primarily due to property taxes, grants and contributions not restricted to specific programs and miscellaneous. The largest increases in expenses were in general government and roads and drainage.

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

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 129,058	\$ 282,668
Operating grants and contributions	10,739	47,000
<i>General Revenues:</i>		
Property taxes	4,620,990	4,504,227
Excise taxes	712,113	797,099
Grants and contributions not restricted to specific programs	625,640	437,648
Miscellaneous	326,670	149,485
Total Revenues	<u>6,425,210</u>	<u>6,218,127</u>
<b>Expenses</b>		
General Government	525,486	422,624
Boards and commissions	-	3,205
Municipal Maintenance	122,434	121,430
Community Service	67,733	63,332
Recreation, Parks and Activities	36,843	29,031
Education	3,634,908	3,710,394
County Tax	300,846	285,399
Protection	170,405	165,704
Cemeteries	16,009	9,252
Roads and Drainage	832,848	452,533
Capital Improvements	108,031	525,041
Solid Waste	335,366	308,119
Regional Assessments	47,034	47,594
Other Expenditures	40,588	20,410
Interest on long-term debt	14,828	11,588
Total Expenses	<u>6,253,359</u>	<u>6,175,656</u>
Change in Net Position	171,851	42,471
Net Position - July 1, Restated	<u>22,572,590</u>	<u>22,530,119</u>
Net Position - June 30	<u>\$22,744,441</u>	<u>\$22,572,590</u>

## Financial Analysis of the Town's Fund Statements

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

**Table 3**  
**Town of Readfield, Maine**  
**Fund Balances (Deficits) - Governmental Funds**  
**June 30,**

	2021	2020	Increase/ (Decrease)
General Fund:			
Committed	\$ 790,439	\$ 1,378,384	\$ (587,945)
Unassigned	1,538,183	1,385,333	152,850
Total General Fund	\$ 2,328,622	\$ 2,763,717	\$ (435,095)
Nonmajor Funds:			
Special Revenue Funds:			
Assigned	\$ 4,768	\$ 4,768	\$ -
Permanent Funds:			
Nonspendable - principal	133,358	133,358	-
Restricted	218,350	169,472	48,878
Total Nonmajor Funds	\$ 356,476	\$ 307,598	\$ 48,878

The changes in total fund balances for the general fund and the nonmajor funds occurred due to the regular activity of operations.

### Budgetary Highlights

The difference between the original and final budget for the general fund was in applied receipts.

The general fund actual revenues exceeded budget by \$386,372. This was the result of all areas except intergovernmental revenues - tree growth reimbursement and miscellaneous revenues being receipted at more than budgeted amounts.

The general fund actual expenditures were over budget by \$312,399. Most expenditure categories were within or under budget with the exception of capital improvements and solid waste.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$361,188 from the prior year. This increase is the result of current year acquisitions of \$990,767, less current year depreciation expense of \$629,579.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 2,865,844	\$ 2,865,844
Buildings and improvements	941,631	379,944
Machinery, equipment and vehicles	577,685	651,933
Infrastructure	16,577,059	16,703,310
Total	<u>\$20,962,219</u>	<u>\$20,601,031</u>

### Debt

At June 30, 2021, the Town had no long-term debt.

### Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

### Economic Factors and Next Year's Budgets and Rates

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

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 1196 Main Street, Readfield, Maine 04220.

TOWN OF READFIELD, MAINE  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,237,491
Investments	472,327
Accounts receivable (net of allowance for uncollectibles):	
Taxes	180,343
Total current assets	2,890,161
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	2,865,844
Buildings, equipment and infrastructure, net of accumulated depreciation	18,096,375
Total noncurrent assets	20,962,219
<b>TOTAL ASSETS</b>	<b>23,852,380</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	11,269
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>11,269</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 23,863,649</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 43,791
Accrued payroll	12,451
Current portion of long-term obligations	129,876
Total current liabilities	186,118
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	729,333
Notes from direct borrowings payable	55,570
Accrued interest	-
Accrued compensated absences	16,641
Net OPEB liability	38,925
Total noncurrent liabilities	840,469
<b>TOTAL LIABILITIES</b>	<b>1,026,587</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	50,052
Deferred inflows related to OPEB	42,569
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>92,621</b>
<b>NET POSITION</b>	
Net investment in capital assets	20,050,099
Restricted: Permanent funds	351,708
Unrestricted	2,342,634
<b>TOTAL NET POSITION</b>	<b>22,744,441</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 23,863,649</b>

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



## STATEMENT B

## TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
General Government	\$ 525,486	\$ -	\$ 9,974	\$ -	\$ (515,512)
Municipal Maintenance	122,434	-	-	-	(122,434)
Community Service	67,733	35,362	390	-	(31,981)
Recreation, Parks and Activities	36,843	11,984	-	-	(24,859)
Education	3,634,908	-	-	-	(3,634,908)
County Tax	300,846	-	-	-	(300,846)
Protection	170,405	2,200	346	-	(167,859)
Cemeteries	16,009	-	-	-	(16,009)
Roads and Drainage	832,848	-	-	-	(832,848)
Capital Improvements	108,031	-	-	-	(108,031)
Solid Waste	335,366	79,512	29	-	(255,825)
Regional Assessments	47,034	-	-	-	(47,034)
Other Expenditures	40,588	-	-	-	(40,588)
Interest on Long-Term Debt	14,828	-	-	-	(14,828)
Total government	\$ 6,253,359	\$ 129,058	\$ 10,739	\$ -	(6,113,562)

STATEMENT B (CONTINUED)

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(6,113,562)</u>
General revenues:	
Taxes:	
Property taxes	4,620,990
Excise taxes	712,113
Grants and contributions not restricted to specific programs	625,640
Miscellaneous	<u>326,670</u>
Total general revenues	<u>6,285,413</u>
Change in net position	171,851
NET POSITION - JULY 1, RESTATED	<u>22,572,590</u>
NET POSITION - JUNE 30	<u>\$ 22,744,441</u>

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

## TOWN OF READFIELD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,233,149	\$ 4,342	\$ 2,237,491
Investments	127,778	344,549	472,327
Accounts receivables (net of allowance for uncollectibles):			
Taxes	180,343	-	180,343
Due from other funds	560	8,145	8,705
<b>TOTAL ASSETS</b>	<b>\$ 2,541,830</b>	<b>\$ 357,036</b>	<b>\$ 2,898,866</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 43,791	\$ -	\$ 43,791
Accrued payroll	12,451	-	12,451
Due to other funds	8,145	560	8,705
<b>TOTAL LIABILITIES</b>	<b>64,387</b>	<b>560</b>	<b>64,947</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	50,052	-	50,052
Deferred tax revenues	98,769	-	98,769
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>148,821</b>	<b>-</b>	<b>148,821</b>
<b>FUND BALANCES</b>			
Nonspendable	-	133,358	133,358
Restricted	-	218,350	218,350
Committed	790,439	-	790,439
Assigned	-	4,768	4,768
Unassigned	1,538,183	-	1,538,183
<b>TOTAL FUND BALANCES</b>	<b>2,328,622</b>	<b>356,476</b>	<b>2,685,098</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,541,830</b>	<b>\$ 357,036</b>	<b>\$ 2,898,866</b>

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

## TOWN OF READFIELD, MAINE

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

Total Fund Balances	\$ 2,685,098
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	20,962,219
Other long term assets are not available to pay for current period expenditures therefore are deferred in the funds shown above:	
Taxes and liens receivable	98,769
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	11,269
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest	(2,659)
Accrued compensated absences	(16,641)
Bond payable	(912,120)
Net OPEB liability	(38,925)
Deferred inflows of resources related to pension are not financial resources and therefore are not reported in the funds	<u>(42,569)</u>
Net position of governmental activities	<u>\$22,744,441</u>

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

## TOWN OF READFIELD, MAINE

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

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property Taxes	\$ 4,638,954	\$ -	\$ 4,638,954
Excise Taxes	712,113	-	712,113
Intergovernmental Revenues	636,379	-	636,379
Licenses, Permits and Fees	60,389	-	60,389
Charges for Services	129,058	-	129,058
Miscellaneous Revenues	212,403	53,878	266,281
<b>TOTAL REVENUES</b>	<b>6,389,296</b>	<b>53,878</b>	<b>6,443,174</b>
<b>EXPENDITURES</b>			
Current:			
General Government	508,113	-	508,113
Municipal Maintenance	122,434	-	122,434
Community Service	67,733	-	67,733
Recreation, Parks and Activities	32,284	-	32,284
Education	3,634,908	-	3,634,908
County Tax	300,846	-	300,846
Protection	123,116	-	123,116
Cemeteries	16,009	-	16,009
Roads and Drainage	314,136	-	314,136
Capital Improvements	1,098,798	-	1,098,798
Solid Waste	335,800	-	335,800
Regional Assessments	47,034	-	47,034
Other Expenditures	40,588	-	40,588
Debt service:			
Principal	169,351	-	169,351
Interest	18,241	-	18,241
<b>TOTAL EXPENDITURES</b>	<b>6,829,391</b>	<b>-</b>	<b>6,829,391</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(440,095)</b>	<b>53,878</b>	<b>(386,217)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	-	5,000
Transfers (out)	-	(5,000)	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,000</b>	<b>(5,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(435,095)</b>	<b>48,878</b>	<b>(386,217)</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,763,717</b>	<b>307,598</b>	<b>3,071,315</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,328,622</b>	<b>\$ 356,476</b>	<b>\$ 2,685,098</b>

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

## TOWN OF READFIELD, MAINE

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

Net change in fund balances - total governmental funds (Statement E) \$ (386,217)

Amounts reported for governmental activities in the Statement of  
Activities (Statement B) are different because:

Governmental funds report capital outlays as expenditures while  
governmental activities report depreciation expense allocated  
to those expenditures over the life of the assets:

Capital asset acquisitions	990,767
Depreciation expense	<u>(629,579)</u>
	<u>361,188</u>

Deferred outflows of resources are a consumption of net position by the  
government that are applicable to a future reporting period and therefore  
are not reported in the funds:

OPEB	<u>1,184</u>
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Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the funds:

Taxes and liens receivable	<u>(17,964)</u>
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Repayment of long-term debt principal is an expenditure in the  
governmental funds, but the repayment reduces long-term obligations  
in the Statement of Net Position

	<u>206,794</u>
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Deferred inflows of resources are an acquisition of net position by the  
government that are applicable to a future reporting period and  
therefore are not reported in the funds:

OPEB	<u>8,423</u>
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Some expenses reported in the Statement of Activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in governmental funds:

Accrued interest	3,413
Accrued compensated absences	1,074
Net OPEB liability	<u>(6,044)</u>
	<u>(1,557)</u>

Change in net position of governmental activities (Statement B)	<u>\$ 171,851</u>
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See accompanying independent auditors' report and notes to financial statements.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Readfield was incorporated under the laws of the State of Maine. The Town operates under the selectboard-treasurer form of government and provides the following services: general government, public safety, roads, bridges and highway equipment, solid waste and recycling, community service, cemetery, education and other.

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

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

**COVID-19 Outbreak**

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

In response to the health crisis created by COVID-19 since early March 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on and Results of Operations*

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in the state primary and in municipal and school district.

*Impact on Finances*

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

*Expected Federal/State Support*

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

*Conclusion*

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

**Implementation of New Accounting Standards**

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



TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Statement No. 90 “Majority Equity Interests”. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 4-11a).” The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as governmental.

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

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

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

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

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

1. Governmental Funds:

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

Major Fund

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

Nonmajor Funds

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

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

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

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

The Town of Readfield has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$0 for the year ended June 30, 2021.

**Interfund Receivables and Payables**

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	15 years
Equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of accrued compensated absences and net OPEB liability.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**OPEB**

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

**Net Position**

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

**Fund Balance**

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows of resources related to OPEB, which arise only under the accrual basis of accounting that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate



TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 17, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on September 25, 2020 and February 26, 2021. Interest on unpaid taxes commenced on September 26, 2020 and February 27, 2021 at 9% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$50,392 for the year ended June 30, 2021.

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

**Program Revenues**

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

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

At June 30, 2021, the Town's cash and cash equivalents amounting to \$2,237,491 were comprised of bank deposits of \$2,259,285. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Savings	\$ 20,624
Money market	246,469
Checking	50,188
Sweep accounts	1,942,004
Cash equivalents	4,344
	<u>\$ 2,259,285</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investments in mutual funds for \$344,549 are not exposed to custodial credit risk because the underlying securities are registered in the Town's name and are covered by the Securities Investor Protection Corporation (SIPC). The Town's investments in certificates of deposit in the amount of \$127,778 is fully collateralized by the National Credit Union Share Insurance Fund and consequently not exposed to custodial credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$127,778 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>
Equity securities:				
Mutual funds - fixed income	\$ 195,311	\$ 195,311	\$ -	\$ -
Mutual funds - domestic and foreign	149,238	149,238	-	-
	<u>\$ 344,549</u>	<u>\$ 344,549</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2021:

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - fixed income	\$ 195,311	\$ 195,311	\$ -	\$ -
Mutual funds - domestic and foreign	149,238	149,238	-	-
Total equity securities	<u>344,549</u>	<u>344,549</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	\$ 344,549	\$ 344,549	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds				
Total cash equivalents measured at the NAV	<u>4,344</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 348,893</u>			

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 560	\$ 8,145
Nonmajor Special Revenue Funds	4,768	-
Nonmajor Permanent Funds	<u>3,377</u>	<u>560</u>
	<u>\$ 8,705</u>	<u>\$ 8,705</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

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

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers From	Tranfers To
General Fund	\$ -	\$ 5,000
Nonmajor Permanent Funds	5,000	-
	<u>\$ 5,000</u>	<u>\$ 5,000</u>

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

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/20	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,865,844	\$ -	\$ -	\$ 2,865,844
	<u>2,865,844</u>	<u>-</u>	<u>-</u>	<u>2,865,844</u>
Depreciated assets:				
Buildings and improvements	1,276,756	595,768	-	1,872,524
Machinery, equipment and vehicles	1,668,212	15,702	-	1,683,914
Infrastructure	25,277,474	379,297	-	25,656,771
	<u>28,222,442</u>	<u>990,767</u>	<u>-</u>	<u>29,213,209</u>
Less: accumulated depreciation:				
Buildings and improvements	(896,812)	(34,081)	-	(930,893)
Machinery, equipment and vehicles	(1,016,279)	(89,950)	-	(1,106,229)
Infrastructure	(8,574,164)	(505,548)	-	(9,079,712)
	<u>(10,487,255)</u>	<u>(629,579)</u>	<u>-</u>	<u>(11,116,834)</u>
Net depreciated assets	17,735,187	361,188	-	18,096,375
Net capital assets	<u>\$20,601,031</u>	<u>\$ 361,188</u>	<u>\$ -</u>	<u>\$20,962,219</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
General Government	\$ 26,407
Protection	47,289
Recreation, Parks and Activities	4,559
Roads and Drainage	544,137
Solid Waste	7,187
Total depreciation expense	<u>\$ 629,579</u>

NOTE 6 - LONG-TERM DEBT

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

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Due Within One Year
Bond Payable	\$1,003,351	\$ -	\$ (169,351)	\$ 834,000	\$ 104,667
Notes from direct borrowings payable	115,563	-	(37,443)	78,120	22,550
	<u>\$1,118,914</u>	<u>\$ -</u>	<u>\$ (206,794)</u>	<u>\$ 912,120</u>	<u>\$ 127,217</u>

The following is a description of the outstanding bond and notes from direct borrowings payable:

Bonds payable:

2016 General Obligation Bond, dated October 6, 2016; annual principal payment due November of \$52,000. Semi-annual interest payable in November and May; fixed interest rate of 2.23% per annum. Final installment due November 2024. Authorized and issued \$364,000. \$ 156,000

2018 General Obligation Bond, dated November 1, 2018; annual principal payment due November of \$16,000. Semi-annual interest payable in November and May; fixed interest rate of 2.20-2.99% per annum. Final installment due November 2028. Authorized and issued \$160,000. 128,000

2020 General Obligation Bond, dated May 21, 2020; annual principal payment due November of \$36,666. Semi-annual interest payable in November and May; fixed interest rate of 1.190-2.854% per annum. Final installment due November 2035. Authorized and issued \$550,000. 550,000

Total bonds payable 834,000

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

2018 Toshiba Copier - Capital Lease, dated March 28, 2018; principal and interest payment due monthly. Fixed interest rate of 3.50% per annum. Final installment due June 2024. 14,155

2020 Backhoe - Capital Lease, dated January 22, 2020; annual principal and interest payment due in January. Fixed interest rate of 3.17% per annum. Final installment due January 2024. 31,536

2020 Compactor- Capital Lease, dated March 23, 2020; annual principal and interest payment due in March. Fixed interest rate of 2.49% per annum. Final installment due March 2025. 32,429

Total notes from direct borrowings payable 78,120

Total long-term debt \$ 912,120

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

	Bonds Payable		Notes from Direct Borrowings Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 104,667	\$ 15,148	\$ 22,550	\$ 2,230	\$ 144,595
2023	104,667	13,491	23,631	1,550	143,339
2024	104,667	11,741	23,530	852	140,790
2025	52,667	10,383	8,409	209	71,668
2026	52,667	9,446	-	-	62,113
2027-2031	231,333	32,876	-	-	264,209
2032-2036	183,332	12,287	-	-	195,619
	<u>\$ 834,000</u>	<u>\$ 105,372</u>	<u>\$ 78,120</u>	<u>\$ 4,841</u>	<u>\$ 1,022,333</u>

All bonds and notes are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for special assessment debt. All bonds and notes from direct borrowings are payable from taxes levied on all taxable property located within the Town. The General Fund is used to liquidate the liability for these notes.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2021 is as follows:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Due Within One Year
Accrued interest	\$ 6,072	\$ -	\$ (3,413)	\$ 2,659	\$ 2,659
Accrued compensated absences	17,715	-	(1,074)	16,641	-
Net OPEB Liability	32,881	6,150	(106)	38,925	-
	<u>\$ 56,668</u>	<u>\$ 6,150</u>	<u>\$ (4,593)</u>	<u>\$ 58,225</u>	<u>\$ 2,659</u>

Please see Note 14 for detailed information on the accrued compensated absences and Note 15 for detailed information on net OPEB liability.

NOTE 8 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2021, Oxford County did not have any debt. The Town's share of school debt was approximately as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU No. 38	<u>\$ 5,783,801</u>	<u>27.58%</u>	<u>\$ 1,595,233</u>

NOTE 9 - RESTRICTED NET POSITION

The Town had the following restricted net position at June 30, 2021:

Reserved for permanent funds (Schedule G)	<u>\$ 351,708</u>
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NOTE 10 - NONSPENDABLE FUND BALANCES

The Town had the following nonspendable fund balances at June 30, 2021:

Nonmajor Permanent Funds (Schedule G)	<u>\$ 133,358</u>
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TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 11 - RESTRICTED FUND BALANCES

The Town had the following restricted fund balances at June 30, 2021:

Nonmajor Permanent Funds (Schedule G) \$ 218,350

NOTE 12 - COMMITTED FUND BALANCES

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

	Beginning Balance	Net Transfers In (Out)	Program Revenues	Program Expenditures	Ending Balance
Age friendly	\$ 2,257	\$ -	\$ 3,265	\$ -	\$ 5,522
Attorneys fees	-	25,153	-	-	25,153
Ballfield	1,949	(1,949)	-	-	-
Beach	6,936	(2,936)	-	(4,000)	-
Capital Equip. Leases	5,874	-	2	-	5,876
Capital equipment	36,595	8,824	-	-	45,419
Cemeteries	14,609	6,492	-	-	21,101
Cemeteries - living fence	14	(14)	-	-	-
Cemetery capital	19,290	14	5,000	-	24,304
Conservation land	9,552	697	2,955	(2,900)	10,304
Dispatching	5,525	(5,525)	-	-	-
Dog vaccination fund	535	-	33	-	568
Enterprise fund	54,288	-	-	(14,830)	39,458
Equipment replacement	-	-	833	-	833
FD reserve	61,336	24,040	250	-	85,626
Fire station addition	498,209	11,351	-	(509,560)	-
Fire station improvement	9,205	-	-	(9,205)	-
Forestry	697	(697)	-	-	-
Gile hall	17,507	-	20,000	-	37,507
Grant writing	8,942	-	2,000	-	10,942
Heating assistance	6,462	-	2,503	-	8,965
Heritage days	4,082	-	2,000	-	6,082
Library operations	15,251	-	-	(2,026)	13,225
Library improvements	42,314	18,963	-	(61,277)	-
Local tax relief	49,617	-	10,000	(10,000)	49,617
Mill stream bridge	369	-	-	-	369
Open space	6,815	-	-	-	6,815
Recreation	20,121	(817)	2,746	(3,000)	19,050
Revaluation	105,000	-	10,000	-	115,000
Road bond 13-14	454	(454)	-	-	-
Roads	81,868	-	78,014	(35,000)	124,882
Roads capital	190,948	454	-	(211,042)	(19,640)
Sidewalk capital	45,000	-	5,000	-	50,000
Snowmobiling	1,479	-	92	-	1,571
Tower sites	-	-	2,381	-	2,381
Town buildings	-	(30,314)	73,680	-	43,366
Town properties	2,183	1,949	-	(1,124)	3,008
Trails	4,376	-	-	(912)	3,464
Transfer station ops	13,077	-	20,780	(13,077)	20,780
Transfer station cap	35,618	-	31,396	(38,123)	28,891
	<u>\$ 1,378,354</u>	<u>\$ 55,231</u>	<u>\$ 272,930</u>	<u>\$ (916,076)</u>	<u>\$ 790,439</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 13 - ASSIGNED FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule D)	<u>\$ 4,768</u>
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NOTE 14 - ACCRUED COMPENSATED ABSENCES

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time and sick time is granted in varying amounts according to length of service. As of June 30, 2021, the accrual for compensated absences was determined to be \$16,641.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

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

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2021, the following employees were covered by the benefit terms:

Active members	6
Retirees and spouses	-
Total	<u>6</u>

**Contributions**

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

**Retiree Premium Amounts**

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,064.91	\$2,388.71
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

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

At June 30, 2021, the Town reported a liability of \$38,925 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB revenue of \$3,563. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 39,918
Changes of assumptions	11,002	2,651
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	267	-
Total	<u>\$ 11,269</u>	<u>\$ 42,569</u>

\$267 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2022	\$ (6,860)
2023	(6,860)
2024	(6,860)
2025	(6,862)
2026	(1,490)
Thereafter	(2,635)

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Discount Rate**

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

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 46,116	\$ 38,925	\$ 33,203
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 46,116</u>	<u>\$ 38,925</u>	<u>\$ 33,203</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 32,495	\$ 38,925	\$ 47,413
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 32,495</u>	<u>\$ 38,925</u>	<u>\$ 47,413</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Actuarial Cost Method*

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

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

*Amortization*

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

*Assumptions*

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

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Trend Assumptions:

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

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

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

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

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

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

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



TOWN OF READFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Continuation Percentage:

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

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

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

**Changes in Net OPEB Liability**

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

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$39,918.

*Changes in Assumptions*

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

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 8 Old Kents Hill Road, Readfield, Maine 04355.

NOTE 16 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2021.

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

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 16 - RISK MANAGEMENT (CONTINUED)

program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - CONTINGENCIES

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

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

NOTE 18 - COMMITMENTS

The Town of Readfield, Maine has entered into a \$337,854 contract on March 31, 2021 for paving services with Mainely Paving Services, LLC. For the twelve months ended June 30, 2021, the Town paid \$355,062 for paving services. All future contract amounts are subject to annual appropriation by the Town of Readfield.

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

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

TOWN OF READFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 20 - OVERSPENT APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2021:

Capital improvements (Article 15)	\$ 530,817
Solid waste department (Article 16)	<u>23,150</u>
Total	<u>\$ 553,967</u>

NOTE 21 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2020 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$73,788. The resulting restatement decreased net position from \$22,646,378 to \$22,572,590.

## Required Supplementary Information

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

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

## TOWN OF READFIELD, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,763,717	\$ 2,763,717	\$ 2,763,717	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	4,616,130	4,616,130	4,638,954	22,824
Excise Taxes	524,500	524,500	712,113	187,613
Intergovernmental Revenues:				
Municipal Revenue Sharing	200,000	200,000	314,540	114,540
Homestead Exemption	236,072	236,072	240,493	4,421
Local Road Assistance	30,000	30,000	34,164	4,164
BETE Reimbursement	7,748	7,748	7,778	30
Tree Growth Reimbursement	9,000	9,000	8,302	(698)
Other	10,476	10,476	31,102	20,626
Licenses, Permits and Fees	22,900	22,900	60,389	37,489
Charges for Services	112,469	99,440	129,058	29,618
Interest Income	2,000	2,000	10,278	8,278
Tax Interest/Lien Costs	30,000	30,000	33,390	3,390
Miscellaneous Revenues	210,282	214,658	168,735	(45,923)
Transfers From Other funds	5,000	5,000	5,000	-
Amounts Available for Appropriation	<u>8,780,294</u>	<u>8,771,641</u>	<u>9,158,013</u>	<u>386,372</u>
Charges to Appropriations (Outflows):				
General Government	514,780	516,524	508,113	8,411
Municipal Maintenance	145,370	145,370	122,434	22,936
Community Service	69,770	72,421	67,733	4,688
Recreation, Parks and Activities	46,412	34,194	32,284	1,910
Education	3,634,908	3,634,908	3,634,908	-
County Tax	300,847	300,847	300,846	1
Protection	141,362	140,362	123,116	17,246
Cemeteries	22,500	22,500	16,009	6,491
Roads and Drainage	392,150	392,150	314,136	78,014
Capital Improvements	567,981	567,981	1,098,798	(530,817)
Solid Waste	312,650	312,650	335,800	(23,150)
Regional Assessments	48,550	48,550	47,034	1,516
Other Expenditures	131,011	131,573	40,588	90,985
Debt service:				
Principal	172,357	172,357	169,351	3,006
Interest	24,605	24,605	18,241	6,364
Total Charges to Appropriations	<u>6,525,253</u>	<u>6,516,992</u>	<u>6,829,391</u>	<u>(312,399)</u>
Budgetary Fund Balance, June 30	<u>\$ 2,255,041</u>	<u>\$ 2,254,649</u>	<u>\$ 2,328,622</u>	<u>\$ 73,973</u>
Budget - out of balance	<u>\$ (392)</u>			
Utilization of unassigned fund balance	<u>\$ 509,068</u>	<u>\$ 509,068</u>	<u>\$ -</u>	<u>\$ (509,068)</u>

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

## TOWN OF READFIELD, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 32,881	\$ -	\$ 32,881
Changes for the year:			
Service cost	2,594	-	2,594
Interest	971	-	971
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	2,532	-	2,532
Contributions - employer	-	53	53
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(53)	(53)	(106)
Administrative expense	-	-	-
Net changes	<u>6,044</u>	<u>-</u>	<u>6,044</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 38,925</u>	<u>\$ -</u>	<u>\$ 38,925</u>

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

## TOWN OF READFIELD, MAINE

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

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	2,594	2,294	2,599	1,977
Interest (includes interest on service cost)	971	1,801	1,532	3,141
Changes of benefit terms	-	(604)	-	-
Differences between expected and actual experience	-	(20,873)	-	(46,439)
Changes of assumptions	2,532	8,712	(4,244)	3,509
Benefit payments, including refunds of member contributions	(53)	(178)	(171)	(2,569)
Net change in total OPEB liability	\$ 6,044	\$ (8,848)	\$ (284)	\$ (40,381)
Total OPEB liability - beginning	\$ 32,881	\$ 41,729	\$ 42,013	\$ 82,394
Total OPEB liability - ending	\$ 38,925	\$ 32,881	\$ 41,729	\$ 42,013
<u>Plan fiduciary net position</u>				
Contributions - employer	53	178	171	2,569
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(53)	(178)	(171)	(2,569)
Administrative expense	-	-	-	-
Net change in fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 38,925	\$ 32,881	\$ 41,729	\$ 42,013
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 223,750	\$ 223,750	\$ 248,509	\$ 248,509
Net OPEB liability as a percentage of covered payroll	17.4%	14.7%	16.8%	16.9%

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

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



TOWN OF READFIELD, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - MMEHT  
LAST 10 FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>				
Employer contributions	\$ 53	\$ 178	\$ 171	\$ 2,569
Benefit payments	<u>(53)</u>	<u>(178)</u>	<u>(171)</u>	<u>(2,569)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 223,750	\$ 223,750	\$ 248,509	\$ 248,509
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF READFIELD, MAINE

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

Changes of Assumptions

MMEHT OPEB Plan:

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

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

## Other Supplementary Information

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

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

## TOWN OF READFIELD, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 4,616,130	\$ 4,616,130	\$ 4,638,954	\$ 22,824
Excise taxes	517,500	517,500	702,922	185,422
Boat excise taxes	7,000	7,000	9,191	2,191
Intergovernmental Revenues:				
Municipal revenue sharing	200,000	200,000	314,540	114,540
Homestead exemption	236,072	236,072	240,493	4,421
Local Road Assistance	30,000	30,000	34,164	4,164
BETE reimbursement	7,748	7,748	7,778	30
Tree growth reimbursement	9,000	9,000	8,302	(698)
Veterans exemption	4,000	4,000	2,876	(1,124)
Snomobile fees	1,476	1,476	1,569	93
General assistance	5,000	5,000	-	(5,000)
Other intergovernmental funds	-	-	26,657	26,657
Licenses, Permits and Fees:				
General permits and fees	19,400	19,400	58,520	39,120
Animal control fees	3,500	3,500	1,869	(1,631)
Charges for Services				
Transfer station	52,900	52,900	79,512	26,612
Library	3,167	3,356	3,356	-
Cable TV franchise fees	29,000	29,000	32,006	3,006
Tower site	3,200	2,200	2,200	-
Beach	9,992	6,873	6,873	-
Conservation	-	15	15	-
Trails	-	600	600	-
Recreation	14,210	4,496	4,496	-
Other Revenue				
Investment income	2,000	2,000	10,278	8,278
Interest on taxes	30,000	30,000	33,390	3,390
Contributions	151,650	151,650	121,392	(30,258)
Other revenue	58,632	63,008	47,343	(15,665)
Transfers From Other Funds				
Trust funds	5,000	5,000	5,000	-
Amounts Available for Appropriation	<u>\$ 6,016,577</u>	<u>\$ 6,007,924</u>	<u>\$ 6,394,296</u>	<u>\$ 386,372</u>

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

TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government					
Administration	\$ 270,625	\$ -	\$ 270,625	\$ 276,720	\$ (6,095)
Insurance	140,150	-	140,150	126,139	14,011
Office equipment	6,720	-	6,720	6,429	291
Assessing	23,675	-	23,675	21,221	2,454
CEO/LPI/BI	35,110	-	35,110	67,016	(31,906)
Grant writing	2,000	-	2,000	-	2,000
Heating assistance	1,500	1,744	3,244	741	2,503
Attorney fees	35,000	-	35,000	9,847	25,153
Subtotal General Government	514,780	1,744	516,524	508,113	8,411
Municipal Maintenance					
General maintenance	95,220	-	95,220	75,781	19,439
Building maintenance	42,400	-	42,400	33,418	8,982
Vehicle maintenance	7,750	-	7,750	13,235	(5,485)
Subtotal Municipal Maintenance	145,370	-	145,370	122,434	22,936
Community Services					
Age friendly initiatives	2,100	2,429	4,529	1,264	3,265
Animal control	14,180	-	14,180	11,910	2,270
Animal donations	-	33	33	-	33
Kennebec land trust	250	-	250	250	-
KVCOG	4,500	-	4,500	4,325	175
Library services	36,405	189	36,594	38,620	(2,026)
Readfield television	5,415	-	5,415	6,821	(1,406)
Street lights	6,500	-	6,500	3,433	3,067
Maran Dam	420	-	420	1,110	(690)
Subtotal Community Services	69,770	2,651	72,421	67,733	4,688
Recreation, Parks and Activities					
Beach	13,992	(3,119)	10,873	14,628	(3,755)
Recreation	18,086	(9,714)	8,372	5,626	2,746
Town properties	3,680	-	3,680	4,804	(1,124)
Conservation	3,850	15	3,865	909	2,956
Trails	1,804	600	2,404	3,317	(913)
Heritage days	5,000	-	5,000	3,000	2,000
Subtotal Recreation, Parks and Activities	46,412	(12,218)	34,194	32,284	1,910

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

TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Education	3,634,908	-	3,634,908	3,634,908	-
County Tax	300,847	-	300,847	300,846	1
Protection					
Fire department operations	67,900	-	67,900	54,219	13,681
Ambulance	32,162	-	32,162	32,162	-
Tower sites	4,550	(1,000)	3,550	1,168	2,382
Dispatching	36,750	-	36,750	35,567	1,183
Subtotal Protection Department	141,362	(1,000)	140,362	123,116	17,246
Cemeteries	22,500	-	22,500	16,009	6,491
Roads and Drainage					
Summer road maintenance	121,500	-	121,500	49,804	71,696
Winter road maintenance	270,650	-	270,650	264,332	6,318
Subtotal Roads and Drainage	392,150	-	392,150	314,136	78,014
Capital Improvements					
Capital Equipment - Technology	14,000	-	14,000	13,167	833
Fire Department	10,000	-	10,000	6,100	3,900
Fire Station Addition	42,351	-	42,351	543,764	(501,413)
Gile Hall	20,000	-	20,000	-	20,000
Cemetery	5,000	-	5,000	-	5,000
Sidewalks	5,000	-	5,000	-	5,000
Road Maintenance	293,500	-	293,500	431,041	(137,541)
Capital Equipment	15,000	-	15,000	6,177	8,823
Bobcat Lease	16,150	-	16,150	16,148	2
Transfer Station	20,780	-	20,780	-	20,780
Transfer Station Capital	51,200	-	51,200	19,804	31,396
Municipal Building	75,000	-	75,000	1,320	73,680
Library Building	-	-	-	61,277	(61,277)
Subtotal Capital Improvements	567,981	-	567,981	1,098,798	(530,817)

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

TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Solid Waste					
Transfer station	310,450	-	310,450	334,092	(23,642)
Backhoe operation	2,200	-	2,200	1,708	492
Subtotal Solid Waste Department	<u>312,650</u>	<u>-</u>	<u>312,650</u>	<u>335,800</u>	<u>(23,150)</u>
Regional Assessments					
Cobbossee watershed	23,550	-	23,550	22,797	753
First park	25,000	-	25,000	24,237	763
Subtotal Regional Assessments	<u>48,550</u>	<u>-</u>	<u>48,550</u>	<u>47,034</u>	<u>1,516</u>
Other Expenditures					
Tax relief	10,000	-	10,000	-	10,000
Snomobile club	1,476	-	1,476	1,476	-
Non-profit agencies	14,535	-	14,535	14,285	250
Readfield enterprise fund	10,000	170	10,170	15,000	(4,830)
Real estate prop. revaluation	10,000	-	10,000	-	10,000
General assistance	10,000	-	10,000	211	9,789
Abatements/Overlay	50,000	392	50,392	3,267	47,125
Contingency	25,000	-	25,000	6,349	18,651
Subtotal Community Services	<u>131,011</u>	<u>562</u>	<u>131,573</u>	<u>40,588</u>	<u>90,985</u>
Debt Service					
Principal	172,357	-	172,357	169,351	3,006
Interest	24,605	-	24,605	18,241	6,364
Subtotal Debt Service	<u>196,962</u>	<u>-</u>	<u>196,962</u>	<u>187,592</u>	<u>9,370</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u>\$ 6,525,253</u>	<u>\$ (8,261)</u>	<u>\$ 6,516,992</u>	<u>\$ 6,829,391</u>	<u>\$ (312,399)</u>

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

## TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 4,342	\$ 4,342
Investments	-	344,549	344,549
Due from other funds	4,768	3,377	8,145
<b>TOTAL ASSETS</b>	<u>\$ 4,768</u>	<u>\$ 352,268</u>	<u>\$ 357,036</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ 560	\$ 560
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>560</u>	<u>560</u>
<b>FUND BALANCES</b>			
Nonspendable	-	133,358	133,358
Restricted	-	218,350	218,350
Committed	-	-	-
Assigned	4,768	-	4,768
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>4,768</u>	<u>351,708</u>	<u>356,476</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,768</u>	<u>\$ 352,268</u>	<u>\$ 357,036</u>

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



TOWN OF READFIELD, MAINE

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ -	\$ 50,678	\$ 50,678
Other	-	3,200	3,200
TOTAL REVENUES	<u>-</u>	<u>53,878</u>	<u>53,878</u>
EXPENDITURES			
Other	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>53,878</u>	<u>53,878</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCES	-	48,878	48,878
FUND BALANCES - JULY 1	<u>4,768</u>	<u>302,830</u>	<u>307,598</u>
FUND BALANCES - JUNE 30	<u>\$ 4,768</u>	<u>\$ 351,708</u>	<u>\$ 356,476</u>

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

## Special Revenue Funds

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

TOWN OF READFIELD, MAINE

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

	Town Boundry Line	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Total
<b>ASSETS</b>					
Due from other funds	\$ 656	\$ 1,705	\$ 2,400	\$ 7	\$ 4,768
<b>TOTAL ASSETS</b>	<b>\$ 656</b>	<b>\$ 1,705</b>	<b>\$ 2,400</b>	<b>\$ 7</b>	<b>\$ 4,768</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	656	1,705	2,400	7	4,768
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>656</b>	<b>1,705</b>	<b>2,400</b>	<b>7</b>	<b>4,768</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 656</b>	<b>\$ 1,705</b>	<b>\$ 2,400</b>	<b>\$ 7</b>	<b>\$ 4,768</b>

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

## TOWN OF READFIELD, MAINE

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

	Town Boundry Line	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Total
REVENUES					
Other	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	<u>656</u>	<u>1,705</u>	<u>2,400</u>	<u>7</u>	<u>4,768</u>
FUND BALANCES - JUNE 30	<u>\$ 656</u>	<u>\$ 1,705</u>	<u>\$ 2,400</u>	<u>\$ 7</u>	<u>\$ 4,768</u>

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

## Permanent Funds

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

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2021

	Perpetual Care Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	173,820	4,254	23,448	24,333	1,142	3,210	3,054
Due from other funds	-	600	-	2,551	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 178,162</b>	<b>\$ 4,854</b>	<b>\$ 23,448</b>	<b>\$ 26,884</b>	<b>\$ 1,142</b>	<b>\$ 3,210</b>	<b>\$ 3,054</b>
<b>LIABILITIES</b>							
Due to other funds	\$ 336	\$ -	\$ -	\$ -	\$ 66	\$ 83	\$ -
<b>TOTAL LIABILITIES</b>	<b>336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>83</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	84,900	500	4,910	-	300	500	500
Restricted	92,926	4,354	18,538	26,884	776	2,627	2,554
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>177,826</b>	<b>4,854</b>	<b>23,448</b>	<b>26,884</b>	<b>1,076</b>	<b>3,127</b>	<b>3,054</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 178,162</b>	<b>\$ 4,854</b>	<b>\$ 23,448</b>	<b>\$ 26,884</b>	<b>\$ 1,142</b>	<b>\$ 3,210</b>	<b>\$ 3,054</b>

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

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2021

	Walker Fund	Townsend Fund	Couture Fund	War Memorial Fund	Beach Improvement Fund	Trails Fund	Governor Huntoon Fund	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,342
Investments	3,191	3,760	44,617	4,682	48,094	-	6,944	344,549
Due from other funds	-	-	-	-	-	25	201	3,377
<b>TOTAL ASSETS</b>	<b>\$ 3,191</b>	<b>\$ 3,760</b>	<b>\$ 44,617</b>	<b>\$ 4,682</b>	<b>\$ 48,094</b>	<b>\$ 25</b>	<b>\$ 7,145</b>	<b>\$ 352,268</b>
<b>LIABILITIES</b>								
Due to other funds	\$ 75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560
<b>TOTAL LIABILITIES</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>560</b>
<b>FUND BALANCES</b>								
Nonspendable	600	1,738	20,000	2,156	16,915	-	339	133,358
Restricted	2,516	2,022	24,617	2,526	31,179	25	6,806	218,350
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,116</b>	<b>3,760</b>	<b>44,617</b>	<b>4,682</b>	<b>48,094</b>	<b>25</b>	<b>7,145</b>	<b>351,708</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,191</b>	<b>\$ 3,760</b>	<b>\$ 44,617</b>	<b>\$ 4,682</b>	<b>\$ 48,094</b>	<b>\$ 25</b>	<b>\$ 7,145</b>	<b>\$ 352,268</b>

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

TOWN OF READFIELD, MAINE

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

	Perpetual Care Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
<b>REVENUES</b>							
Investment income, net of unrealized gains/(losses)	\$ 25,879	\$ 618	\$ 3,406	\$ 3,534	\$ 166	\$ 467	\$ 443
Other	2,400	-	-	800	-	-	-
<b>TOTAL REVENUES</b>	<b>28,279</b>	<b>618</b>	<b>3,406</b>	<b>4,334</b>	<b>166</b>	<b>467</b>	<b>443</b>
<b>EXPENDITURES</b>							
Other	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>28,279</b>	<b>618</b>	<b>3,406</b>	<b>4,334</b>	<b>166</b>	<b>467</b>	<b>443</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	(5,000)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>23,279</b>	<b>618</b>	<b>3,406</b>	<b>4,334</b>	<b>166</b>	<b>467</b>	<b>443</b>
<b>FUND BALANCES - JULY 1</b>	<b>154,547</b>	<b>4,236</b>	<b>20,042</b>	<b>22,550</b>	<b>910</b>	<b>2,660</b>	<b>2,611</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 177,826</b>	<b>\$ 4,854</b>	<b>\$ 23,448</b>	<b>\$ 26,884</b>	<b>\$ 1,076</b>	<b>\$ 3,127</b>	<b>\$ 3,054</b>

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



TOWN OF READFIELD, MAINE

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

	Walker Fund	Townsend Fund	Couture Fund	War Memorial Fund	Beach Improvement Fund	Trails Fund	Governor Huntton Fund	Total
<b>REVENUES</b>								
Investment income, net of unrealized gains/(losses)	\$ 463	\$ 546	\$ 6,481	\$ 680	\$ 6,986	\$ -	\$ 1,009	\$ 50,678
Other	-	-	-	-	-	-	-	3,200
<b>TOTAL REVENUES</b>	<b>463</b>	<b>546</b>	<b>6,481</b>	<b>680</b>	<b>6,986</b>	<b>-</b>	<b>1,009</b>	<b>53,878</b>
<b>EXPENDITURES</b>								
Other	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>463</b>	<b>546</b>	<b>6,481</b>	<b>680</b>	<b>6,986</b>	<b>-</b>	<b>1,009</b>	<b>53,878</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>463</b>	<b>546</b>	<b>6,481</b>	<b>680</b>	<b>6,986</b>	<b>-</b>	<b>1,009</b>	<b>48,878</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,653</b>	<b>3,214</b>	<b>38,136</b>	<b>4,002</b>	<b>41,108</b>	<b>25</b>	<b>6,136</b>	<b>302,830</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,116</b>	<b>\$ 3,760</b>	<b>\$ 44,617</b>	<b>\$ 4,682</b>	<b>\$ 48,094</b>	<b>\$ 25</b>	<b>\$ 7,145</b>	<b>\$ 351,708</b>

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

## General Capital Assets

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

## TOWN OF READFIELD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Machinery, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 2,865,844	\$ 449,995	\$ 23,838	\$ 13,272	\$ 3,352,949
Protection	-	859,659	1,166,901	-	2,026,560
Recreation, Parks and Activities	-	341,761	9,615	-	351,376
Roads and Drainage	-	69,337	459,560	25,643,499	26,172,396
Solid Waste	-	151,772	24,000	-	175,772
Total General Capital Assets	2,865,844	1,872,524	1,683,914	25,656,771	32,079,053
Less: Accumulated Depreciation	-	(930,893)	(1,106,229)	(9,079,712)	(11,116,834)
Net General Capital Assets	<u>\$ 2,865,844</u>	<u>\$ 941,631</u>	<u>\$ 577,685</u>	<u>\$ 16,577,059</u>	<u>\$ 20,962,219</u>

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

## TOWN OF READFIELD, MAINE

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

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
General Government	\$ 3,339,677	\$ 13,272	\$ -	\$ 3,352,949
Protection	1,471,130	555,430	-	2,026,560
Recreation, Parks and Activities	295,336	56,040	-	351,376
Roads and Drainage	25,806,371	366,025	-	26,172,396
Solid Waste	175,772	-	-	175,772
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Capital Assets	31,088,286	990,767	-	32,079,053
Less: Accumulated Depreciation	<u>(10,487,255)</u>	<u>(629,579)</u>	<u>-</u>	<u>(11,116,834)</u>
Net General Capital Assets	<u>\$ 20,601,031</u>	<u>\$ 361,188</u>	<u>\$ -</u>	<u>\$ 20,962,219</u>

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



*Proven Expertise & Integrity*

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

Selectboard  
Town of Readfield  
Readfield, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Readfield, Maine as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Readfield, Maine's basic financial statements and have issued our report thereon dated September 7, 2022.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Readfield, Maine in a separate letter dated June 3, 2022.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
September 7, 2022