

Audited Financial Statements
and Other Financial Information

Town of Sabattus, Maine

June 30, 2023



Proven Expertise & Integrity

TOWN OF SABATTUS, MAINE

CONTENTS

JUNE 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
NOTES TO FINANCIAL STATEMENTS	20 - 53
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	54
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	55

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	56
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	57
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	58
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	59
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	60
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	62
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	63
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	64 - 65
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	66
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	67
SPECIAL REVENUE FUNDS DESCRIPTION	68
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	69 - 72
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	73 - 76
CAPITAL PROJECTS FUNDS DESCRIPTION	77
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	78 - 79

SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	80 - 81
GENERAL CAPITAL ASSETS DESCRIPTION	82
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	83
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	84
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	85 - 86



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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Sabattus
Sabattus, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine's basic financial statements as listed in the table of contents.

In our opinion, accompanying 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 Sabattus, Maine as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 pages 56 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sabattus, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024 on our consideration of the Town of Sabattus, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Sabattus, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sabattus, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
November 7, 2024

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

(UNAUDITED)

The following management's discussion and analysis of the Town of Sabattus, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *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, public works, sanitation, general assistance, recreation, education, overlay and unclassified.

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 Sabattus, 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 Sabattus are categorized as governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds 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 Sabattus 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 Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$285,668 from \$7,862,554 to \$8,148,222.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$5,269,491 at the end of this year.

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

	2023	2022
Assets		
Current Assets	\$ 4,963,956	\$ 4,973,827
Noncurrent Assets - Note Receivable	854,800	1,282,200
Noncurrent Assets - Capital Assets	4,380,404	4,645,655
Total Assets	10,199,160	10,901,682
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	172,437	159,770
Deferred Outflows Related to OPEB	56,431	65,943
Total Deferred Outflows of Resources	228,868	225,713
Liabilities		
Current Liabilities	717,322	839,949
Noncurrent Liabilities	1,398,172	1,987,896
Total Liabilities	2,115,494	2,827,845
Deferred Inflows of Resources		
Prepaid Taxes	18,342	22,045
Deferred Inflows Related to Pensions	111,309	394,907
Deferred Inflows Related to OPEB	34,661	20,044
Total Deferred Inflows of Resources	164,312	436,996
Net Position		
Net Investment in Capital Assets	2,770,246	4,645,655
Restricted	108,485	367,720
Unrestricted	5,269,491	2,849,179
Total Net Position	\$ 8,148,222	\$ 7,862,554

Revenues and Expenses

Revenues for the Town's governmental activities increased by 1.25%, while total expenses increased by 14.36%. The increase in revenues was mostly due to taxes. The increases in expenses was primarily due to increases in public safety and education.

Table 2
Town of Sabattus, Maine
Changes in Net Position
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 230,777	\$ 158,229
Operating grants and contributions	45,148	45,391
<i>General Revenues:</i>		
Taxes	6,725,732	6,317,484
Grants and contributions not restricted to specific programs	1,527,077	1,822,352
Investment income	28,787	10,578
Other income	125,918	222,286
Total Revenues	<u>8,683,439</u>	<u>8,576,320</u>
Expenses		
General government	1,368,883	1,442,641
Public safety	1,564,280	1,184,494
Public works	637,274	628,482
Sanitation	295,382	240,092
General assistance	4,037	2,272
Recreation	4,500	3,500
Education	3,883,435	3,343,282
County tax	428,703	405,300
Capital outlay	153,030	-
Overlay	639	8,429
Unclassified	-	12,541
Interest on long-term debt	8,851	23,768
Unallocated depreciation (Note 6)	48,757	48,757
Total Expenses	<u>8,397,771</u>	<u>7,343,558</u>
Change in Net Position	285,668	1,232,762
Net Position - July 1	<u>7,862,554</u>	<u>6,629,792</u>
Net Position - June 30	<u>\$ 8,148,222</u>	<u>\$ 7,862,554</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 Sabattus, Maine
Fund Balances - Governmental Funds
June 30,

	2023	2022	Increase (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 68,175	\$ 26,084	\$ 42,091
Assigned	15,416	199,339	(183,923)
Unassigned	3,557,002	3,265,577	291,425
Total Major Funds	\$ 3,640,593	\$ 3,491,000	\$ 149,593
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 108,485	\$ 367,720	\$ (259,235)
Committed	370,349	367,389	2,960
Unassigned	(255,185)	(133,684)	(121,501)
Capital Projects Funds:			
Assigned	883,760	769,677	114,083
Unassigned	(5,293)	(163,139)	157,846
Total Nonmajor Funds	\$ 1,102,116	\$ 1,207,963	\$ (105,847)

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

Budgetary Highlights

There was no difference between the original budget and final budget for the general fund.

The general fund actual revenues exceeded the budget by \$405,160. This was a result of all revenue categories being receipted in excess of the budgeted amounts with the exception of intergovernmental - homestead exemption and intergovernmental - other intergovernmental.

The general fund actual expenditures were under budget by \$156,329. Most expenditure categories were coming within or under budget with the exception of general general assistance, capital outlay and overlay.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023 decreased \$265,251 from the prior year. This increase was due to current year capital additions of \$142,632 less net disposals of \$11,533 and depreciation expense of \$396,350. Refer to Note 6 of Notes to Financial Statements for more detailed information.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 117,491	\$ 117,491
Construction in progress	-	494,640
Buildings, building improvements and land improvements	1,335,850	847,935
Machinery, equipment and vehicles	1,437,525	1,606,220
Infrastructure	<u>1,489,538</u>	<u>1,579,369</u>
Total	<u>\$ 4,380,404</u>	<u>\$ 4,645,655</u>

Debt

At June 30, 2023, the Town had \$1,610,158 in bonds payable and notes from direct borrowings payable outstanding versus \$2,562,020 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

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 more than five months, while also maintaining reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 190 Middle Road, Sabattus, Maine 04280.

TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,495,091
Investments	169,660
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	230,514
Other	516
Prepaid items	12,750
Inventory	13,334
Tax acquired property	42,091
Total current assets	<u>4,963,956</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	854,800
Capital assets:	
Land and other assets not being depreciated	117,491
Depreciable assets, net of accumulated depreciation	4,262,913
Total noncurrent assets	<u>5,235,204</u>
TOTAL ASSETS	<u>10,199,160</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	172,437
Deferred outflows related to OPEB	56,431
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>228,868</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,428,028</u>

STATEMENT A (CONTINUED)
TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 17,220
Accrued expenses	6,188
Current portion of long-term obligations	693,914
Total current liabilities	717,322
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	593,300
Notes from direct borrowings payable	329,852
Accrued compensated absences	131,257
Net pension liability (asset)	184,899
Net OPEB liability	158,864
Total noncurrent liabilities	1,398,172
TOTAL LIABILITIES	2,115,494
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	18,342
Deferred inflows related to pensions	111,309
Deferred inflows related to OPEB	34,661
TOTAL DEFERRED INFLOWS OF RESOURCES	164,312
NET POSITION	
Net investment in capital assets	2,770,246
Restricted	108,485
Unrestricted	5,269,491
TOTAL NET POSITION	8,148,222
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 10,428,028

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

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 1,368,883	\$ 135,618	\$ -	\$ -	\$ (1,233,265)
Public safety	1,564,280	314	-	-	(1,563,966)
Public works	637,274	32,863	43,116	-	(561,295)
Sanitation	295,382	61,982	-	-	(233,400)
General assistance	4,037	-	-	-	(4,037)
Recreation	4,500	-	2,032	-	(2,468)
Education	3,883,435	-	-	-	(3,883,435)
County tax	428,703	-	-	-	(428,703)
Capital outlay	153,030	-	-	-	(153,030)
Overlay	639	-	-	-	(639)
Interest on long-term debt	8,851	-	-	-	(8,851)
Unallocated depreciation (Note 6)*	48,757	-	-	-	(48,757)
Total government	<u>\$ 8,397,771</u>	<u>\$ 230,777</u>	<u>\$ 45,148</u>	<u>\$ -</u>	<u>(8,121,846)</u>

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(8,121,846)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,624,614
Excise taxes	1,101,118
Grants and contributions not restricted to specific programs	1,527,077
Investment income	28,787
Other income	125,918
Total general revenues	8,407,514
Change in net position	285,668
NET POSITION - JULY 1	7,862,554
NET POSITION - JUNE 30	\$ 8,148,222

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

TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,495,091	\$ -	\$ 4,495,091
Investments	169,660	-	169,660
Accounts receivable (net of allowance for uncollectibles):			
Taxes	161,961	-	161,961
Liens	68,553	-	68,553
Other	516	-	516
Prepaid items	12,750	-	12,750
Inventory	13,334	-	13,334
Tax acquired property	42,091	-	42,091
Due from other funds	260,478	1,362,594	1,623,072
TOTAL ASSETS	\$ 5,224,434	\$ 1,362,594	\$ 6,587,028
LIABILITIES			
Accounts payable	\$ 17,220	\$ -	\$ 17,220
Accrued expenses	6,188	-	6,188
Due to other funds	1,362,594	260,478	1,623,072
TOTAL LIABILITIES	1,386,002	260,478	1,646,480
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	18,342	-	18,342
Deferred revenue	179,497	-	179,497
TOTAL DEFERRED INFLOWS OF RESOURCES	197,839	-	197,839
FUND BALANCES			
Nonspendable	68,175	-	68,175
Restricted	-	108,485	108,485
Committed	-	370,349	370,349
Assigned	15,416	883,760	899,176
Unassigned (deficits)	3,557,002	(260,478)	3,296,524
TOTAL FUND BALANCES	3,640,593	1,102,116	4,742,709
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,224,434	\$ 1,362,594	\$ 6,587,028

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

TOWN OF SABATTUS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 4,742,709
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	4,380,404
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	172,437
OPEB	56,431
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 4	854,800
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	179,497
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,134,800)
Notes from direct borrowings payable	(475,358)
Accrued compensated absences	(138,165)
Net pension liability	(184,899)
Net OPEB liability	(158,864)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	(111,309)
OPEB	<u>(34,661)</u>
Net position of governmental activities	<u>\$ 8,148,222</u>

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

TOWN OF SABATTUS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 5,679,687	\$ -	\$ 5,679,687
Excise taxes	1,101,118	-	1,101,118
Intergovernmental revenues:			
State revenue sharing	970,813	-	970,813
Homestead exemption	284,865	-	284,865
Grants/other	18,434	298,113	316,547
Charges for services	230,777	-	230,777
Investment income	28,787	-	28,787
Other revenue	69,441	56,477	125,918
TOTAL REVENUES	8,383,922	354,590	8,738,512
EXPENDITURES			
Current:			
General government	1,406,667	-	1,406,667
Public safety	969,435	439,250	1,408,685
Public works	624,695	-	624,695
Sanitation	287,015	-	287,015
General assistance	4,037	-	4,037
Recreation	4,500	-	4,500
County tax	428,703	-	428,703
Education	3,883,435	-	3,883,435
Overlay	639	-	639
Debt service			
Principal	-	341,877	341,877
Interest	-	8,851	8,851
Capital outlay	245,784	49,878	295,662
TOTAL EXPENDITURES	7,854,910	839,856	8,694,766
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	529,012	(485,266)	43,746
OTHER FINANCING SOURCES (USES)			
Transfers in	-	379,419	379,419
Transfers (out)	(379,419)	-	(379,419)
TOTAL OTHER FINANCING SOURCES (USES)	(379,419)	379,419	-
NET CHANGE IN FUND BALANCES	149,593	(105,847)	43,746
FUND BALANCES - JULY 1	3,491,000	1,207,963	4,698,963
FUND BALANCES - JUNE 30	\$ 3,640,593	\$ 1,102,116	\$ 4,742,709

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

TOWN OF SABATTUS, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 43,746</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	142,632
Capital asset dispositions	(11,533)
Depreciation expense	<u>(396,350)</u>
	<u>(265,251)</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:	
Pension	12,667
OPEB	<u>(9,512)</u>
	<u>3,155</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(55,073)</u>
Payment of receivable for long-term debt obligations from RSU No. 4	<u>(427,400)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>951,862</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	283,598
OPEB	<u>(14,617)</u>
	<u>268,981</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(32,179)
Net pension liability	(210,079)
Net OPEB liability	<u>7,906</u>
	<u>(234,352)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 285,668</u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Sabattus was incorporated under the laws of the State of Maine. The Town operates under the Selectboard-town manager form of government and provides the following services: general government services, public safety, public works, sanitation, general assistance, recreation, education and unclassified.

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

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

Implementation of New Accounting Standards

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

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

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all 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 is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding 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 these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements 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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major Fund

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

Nonmajor Funds

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

The emphasis in fund financial statements is on the major funds in governmental activities categories. 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 SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 Sabattus has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies and local businesses. 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, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$516 for the year ended June 30, 2023.

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 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	20 - 50 years
Infrastructure	50 - 100 years
Machinery and 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 resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

payable, notes from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

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 Town has long-term debt in its name that was incurred for school purposes. Although the assets were transferred to the new RSU, the Town still maintains this debt in its name. According to the new RSU agreement, the RSU will take over the payment of this debt. Hence, an offsetting receivable has been recorded in the amount of debt outstanding.

Pensions

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

OPEB

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

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

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assigned funds and then unassigned funds, as needed.

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as inflows 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 2, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on September 6, 2022 and March 1, 2023. Interest on unpaid taxes commenced on September 7, 2022 and March 2, 2023, at 4% 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$565 for the year ended June 30, 2023.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At June 30, 2023, the Town's cash balance amounting to \$4,664,751 was comprised of bank deposits of \$4,723,277. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. All of these deposits were fully covered by federal depository insurance and not exposed to custodial credit risk or were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 125,000
Insured sweep account	<u>4,598,277</u>
	<u>\$ 4,723,277</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.

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 of \$169,660 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, 2023, the Town's investments of \$169,660 of certificated of deposit were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 various insured certificates of deposit.

NOTE 3 - LONG-TERM RECEIVABLE

As of July 1, 2010, the Sabattus School Department became a member of Regional School Unit (RSU) No. 4. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2023, a long-term receivable has been recorded for \$854,800, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 100 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 260,478	\$ 1,362,594
Nonmajor special revenue funds	478,834	255,185
Nonmajor capital projects funds	883,760	5,293
	<u>\$ 1,623,072</u>	<u>\$ 1,623,072</u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ -	\$ 379,419
Nonmajor capital projects funds	379,419	-
	<u>\$ 379,419</u>	<u>\$ 379,419</u>

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

NOTE 6 - CAPITAL ASSETS

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

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Construction in progress	494,640	-	(494,640)	-
	<u>612,131</u>	<u>-</u>	<u>(494,640)</u>	<u>117,491</u>
Depreciated assets:				
Land improvements	191,683	-	-	191,683
Buildings and improvements	1,791,751	519,527	-	2,311,278
Machinery, equipment and vehicles	4,712,507	117,745	(36,728)	4,793,524
Infrastructure	2,059,090	-	-	2,059,090
	<u>8,755,031</u>	<u>637,272</u>	<u>(36,728)</u>	<u>9,355,575</u>
Less: accumulated depreciation:				
Land improvements	(188,083)	(225)	-	(188,308)
Buildings and improvements	(925,027)	(53,776)	-	(978,803)
Machinery, equipment and vehicles	(3,128,676)	(252,518)	25,195	(3,355,999)
Infrastructure	(479,721)	(89,831)	-	(569,552)
	<u>(4,721,507)</u>	<u>(396,350)</u>	<u>25,195</u>	<u>(5,092,662)</u>
Net depreciated assets	<u>4,033,524</u>	<u>240,922</u>	<u>(11,533)</u>	<u>4,262,913</u>
Net capital assets	<u>\$ 4,645,655</u>	<u>\$ 240,922</u>	<u>\$ (506,173)</u>	<u>\$ 4,380,404</u>
<u>Current year depreciation:</u>				
Fire				\$ 89,284
Police				54,778
Public works				195,164
Transfer station				8,367
Town-wide				48,757
Total depreciation expense				<u>\$ 396,350</u>

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

NOTE 7 - LONG-TERM DEBT

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

	Balance 7/1/22	Additions	Reductions	Balance 6/30/23	Current Portion
Bonds payable	\$ 1,830,200	\$ -	\$ (695,400)	\$ 1,134,800	\$ 541,500
Notes from direct borrowings payable	731,820	-	(256,462)	475,358	145,506
	<u>\$ 2,562,020</u>	<u>\$ -</u>	<u>\$ (951,862)</u>	<u>\$ 1,610,158</u>	<u>\$ 687,006</u>

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

Bonds payable:

\$5,128,800, 2005 Series B Elementary School Bond Payable. Interest at a fixed rate ranging from 3% to 7% per annum with annual principal payments of \$427,400. Matures in October of 2024.	854,800
\$360,000, 2021 Series General Obligation Bond Payable with Key Government Financing, Inc. Interest at a fixed rate of 1.90% per annum with an initial annual principal payment of \$45,000, then \$35,000 until August of 2030.	<u>280,000</u>
Total bonds payable	<u>\$ 1,134,800</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

Note payable for the rehabilitation and construction of the Williams Road. The note is for five years with annual payments of \$78,592. The effective interest rate is fixed at 2.95% per annum. Maturity in September of 2023. \$ 76,310

Note payable for the lease of 2021 Police Cruiser. The note is for three years with annual payment of \$6,701. The effective interest rate is fixed at 2.50% per annum. Maturity in February of 2025. 4,831

Note payable for the lease of Police Cruiser. The note is for three years with one payment of \$12,750 and two annual payments of \$13,179. The effective interest rate is fixed at 3.57% per annum. Maturity in July of 2024. 25,009

Total notes from direct borrowings payable \$ 475,358

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

	Bonds Payable		Notes from Direct Borrowings Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 541,400	\$ 31,358	\$ 137,421	\$ 8,759	\$ 718,938
2025	462,400	10,918	70,513	5,160	548,991
2026	35,000	3,996	51,982	3,811	94,789
2027	35,000	3,330	52,723	3,070	94,123
2028	35,000	2,664	53,474	2,319	93,457
2029-2033	105,000	3,996	109,245	2,341	220,582
	<u>\$ 1,213,800</u>	<u>\$ 56,262</u>	<u>\$ 475,358</u>	<u>\$ 25,460</u>	<u>\$ 1,770,880</u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

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

	Balance 7/1/22	Additions	Reductions	Balance 6/30/23	Current Portion
Accrued compensated absences	\$ 105,986	\$ 32,179	\$ -	\$ 138,165	\$ 6,908
Net pension liability	(25,180)	310,625	(100,546)	184,899	-
Net OPEB liability	166,770	18,711	(26,617)	158,864	-
Total	<u>\$ 247,576</u>	<u>\$ 361,515</u>	<u>\$ (127,163)</u>	<u>\$ 481,928</u>	<u>\$ 6,908</u>

Please see Notes 9, 16 and 17 for more detailed information on each of these other long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Town's liability for compensated absences is \$138,165.

NOTE 10 - NET INVESTMENTS IN CAPITAL ASSETS

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

Invested in capital assets	\$ 9,473,066
Accumulated depreciation	(5,092,662)
Outstanding capital related debt	<u>(1,610,158)</u>
	<u>\$ 2,770,246</u>

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCE

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

Nonmajor Special Revenue Funds (See Schedule E)	<u>\$ 108,485</u>
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TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 - NONSPENDABLE FUND BALANCES

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

General fund:	
Prepaid items	\$ 12,750
Inventory	13,334
Tax acquired property	42,091
	<u>68,175</u>
	<u>\$ 68,175</u>

NOTE 13 - COMMITTED FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	<u>\$ 370,349</u>
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NOTE 14 - ASSIGNED FUND BALANCES

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

General fund:	
Planning board carryforward	\$ 2,254
Capital equipment	5,181
Fleet maintenance	7,981
Nonmajor capital projects funds (Schedule G)	883,760
	<u>899,176</u>
	<u>\$ 899,176</u>

NOTE 15 - DEFICIT FUND BALANCES

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

MMA safety grant	\$ 2,905
Highway safety	23,875
Fire grant	178,693
Police grants	46,800
Webster Mill	2,912
Nonmajor capital projects funds (Schedule G)	
Municipal office equipment	5,293
	<u>260,478</u>
	<u>\$ 260,478</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFERRED COMPENSATION PLAN

MissionSquare Retirement

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all Town employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Selectboard. The Town will contribute 10% of normal compensation for the plan year, exclusive of overtime compensation for employees that participate in the Town's defined benefit plan. The employee's and the Town's matching contribution vests 100% with the employee when contributed. The Town's contributions to the plan including employee contributions for 2023, 2022 and 2021 were \$54,696, \$51,851 and \$56,582, respectively.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and related earnings on plan assets are not included in the financial statements of the Town.

NOTE 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

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

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's AC plan members are required to contribute 7.6% and 3C plan members are required to contribute 9.7% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The current rate for the AC plan is 10.2% and the 3C plan is 13.4% of covered payroll. The contribution rates of plan members and the Town are established and may

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2023 was \$100,546.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2023, the Town reported a liability of \$184,899 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the Town's proportion was 0.06955%, which was a decrease of 0.00880% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the Town recognized total pension revenue of \$86,186. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,363	\$ 77,603
Changes of assumptions	37,528	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	33,706
Contributions subsequent to the measurement date	100,546	-
Total	\$ 172,437	\$ 111,309

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$100,546 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Year ended June 30:	
2023	\$ (2,198)
2024	(25,458)
2025	(48,211)
2026	36,449
2027	-
Thereafter	-

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Valuation Method

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

Amortization

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

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

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

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

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

Cost of Living Benefit Increases - 1.91%

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Discount Rate

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

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

	1% Decrease	Discount Rate	1% Increase
PLD Plan:			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 546,245	\$ 184,899	\$ (113,766)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2022 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

Changes in Assumptions

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

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

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

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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, 2023, the following employees were covered by the benefit terms:

Active members	16
Retirees and spouses	<u>1</u>
Total	<u>17</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>
PPO 500	\$1,050.27	\$2,355.90
<u>Medicare</u>		
Medicare-Eligible Retirees	\$600.50	\$1,201.00

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

At June 30, 2023, the Town reported a liability of \$158,864 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$16,223. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,297	\$ 12,430
Changes of assumptions	30,646	22,231
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	<u>2,488</u>	<u>-</u>
Total	<u>\$ 56,431</u>	<u>\$ 34,661</u>

\$2,488 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2024	\$ 3,338
2025	3,342
2026	3,019
2027	4,132
2028	4,132
Thereafter	1,319

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2023. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 186,752	\$ 158,864	\$ 136,441
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 186,752</u>	<u>\$ 158,864</u>	<u>\$ 136,441</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	\$ 133,574	\$ 158,864	\$ 191,052
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 133,574</u>	<u>\$ 158,864</u>	<u>\$ 191,052</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2023, using the following methods and assumptions applied to all periods included in the measurement:

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Assumptions

The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. As of January 1, 2023, they are as follows:

Discount Rate - 3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2023_fl was used for this valuation. The following assumptions were input into this model:

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

The trends selected from 2023 to 2026 were based on plan design, population weighting, renewal projections and market analysis. For years 2027 to 2031, these are interpolated from 2026 to 2032 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense: 3% per annum

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

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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:

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

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

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

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

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

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

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, 2022 was \$10,867.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 190 Middle Road, Sabattus, Maine 04280.

NOTE 19 - EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2023, the Town had an overdraft in the following line item:

General assistance	\$ 2,037
Capital outlay	162,841
Overlay	<u>74</u>
	<u><u>\$ 164,952</u></u>

NOTE 20 - RISK MANAGEMENT

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

The Town is a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town has its liability insurance through the Kyes Agency Inc. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after the \$1,000 deductible is met, to \$4,377,412. Under the general liability portion of the policy, coverage is provided after the deductible is met, to \$1,000,000 per occurrence and \$3,000,000 in total. For the law enforcement liability, the coverage is \$1,000,000 per occurrence and in total with a \$2,500 deductible. For the public official liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible. Under the employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 21 - 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.

Required Supplementary Information

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

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

TOWN OF SABATTUS, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,491,000	\$ 3,491,000	\$ 3,491,000	\$ -
Resources (Inflows):				
Property taxes	5,625,569	5,625,569	5,679,687	54,118
Excise taxes	934,500	934,500	1,101,118	166,618
Intergovernmental:				
State revenue sharing	800,000	800,000	970,813	170,813
Homestead exemption	402,128	402,128	284,865	(117,263)
Other intergovernmental	19,848	19,848	18,434	(1,414)
Charges for services	115,967	115,967	230,777	114,810
Investment income	12,500	12,500	28,787	16,287
Other revenue	68,250	68,250	69,441	1,191
Amounts Available for Appropriation	11,469,762	11,469,762	11,874,922	405,160
Charges to Appropriations (Outflows):				
General government	1,551,748	1,551,748	1,406,667	145,081
Public safety	1,040,169	1,040,169	969,435	70,734
Public works	633,365	633,365	624,695	8,670
Sanitation	298,848	298,848	287,015	11,833
General assistance	2,000	2,000	4,037	(2,037)
Recreation	4,500	4,500	4,500	-
County tax	428,703	428,703	428,703	-
Education	3,927,513	3,927,513	3,883,435	44,078
Capital outlay	82,943	82,943	245,784	(162,841)
Overlay	565	565	639	(74)
Contingency	25,000	25,000	-	25,000
Transfers to other funds	395,304	395,304	379,419	15,885
Total Charges to Appropriations	8,390,658	8,390,658	8,234,329	156,329
Budgetary Fund Balance, June 30	\$ 3,079,104	\$ 3,079,104	\$ 3,640,593	\$ 561,489
Utilization of assigned fund balance	\$ 411,896	\$ 411,896	\$ -	\$ (411,896)
	\$ 411,896	\$ 411,896		\$ (411,896)

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

TOWN OF SABATTUS, MAINE

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Proportion of the net pension liability (asset)	0.07%	0.08%	0.09%	0.11%	0.10%	0.07%	0.08%	0.09%	0.09%
Proportionate share of the net pension liability (asset)	\$ 184,899	\$ (25,180)	\$ 369,950	\$ 327,201	\$ 277,610	\$ 302,357	\$ 434,852	\$ 278,636	\$ 132,670
Covered payroll	\$ 483,349	\$ 473,399	\$ 519,774	\$ 556,587	\$ 516,452	\$ 419,734	\$ 457,679	\$ 459,815	\$ 420,588
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.25%	-5.32%	71.18%	58.79%	53.75%	72.04%	95.01%	60.60%	31.54%
Plan fiduciary net position as a percentage of the total pension liability	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.60%	88.27%	94.10%

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

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD Plan:									
Contractually required contribution	100,546	\$ 54,748	\$ 53,607	\$ 60,146	\$ 56,310	\$ 55,034	\$ 37,743	\$ 37,356	\$ 35,699
Contributions in relation to the contractually required contribution	(100,546)	(54,748)	(53,607)	(60,146)	(56,310)	(55,034)	(37,743)	(37,356)	(35,699)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 859,367	\$ 483,349	\$ 473,399	\$ 519,774	\$ 556,587	\$ 516,452	\$ 419,734	\$ 457,679	\$ 459,815
Contributions as a percentage of covered payroll	11.70%	11.33%	11.32%	11.57%	10.12%	10.66%	8.99%	8.16%	7.76%

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

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

TOWN OF SABATTUS, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/22 (Reporting December 31, 2022)	\$ 166,770	\$ -	\$ 84,375
Changes for the year:			
Service cost	11,713	-	11,713
Interest	3,660	-	3,660
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(21,596)	-	(21,596)
Contributions - employer	-	1,683	(1,683)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(1,683)	(1,683)	-
Administrative expense	-	-	-
Net changes	<u>(7,906)</u>	<u>-</u>	<u>(7,906)</u>
Balances at 1/1/23 (Reporting December 31, 2023)	<u>\$ 158,864</u>	<u>\$ -</u>	<u>\$ 158,864</u>

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

TOWN OF SABATTUS, MAINE

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

	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 11,713	\$ 12,442	\$ 10,870	\$ 8,202	\$ 9,065
Interest (includes interest on service cost)	3,660	2,481	2,606	3,351	2,748
Changes of benefit terms	-	-	-	(1,627)	-
Differences between expected and actual experience	-	31,063	-	(18,293)	-
Changes of assumptions	(21,596)	16,359	7,117	19,310	(8,890)
Benefit payments, including refunds of member contributions	(1,683)	(277)	(266)	(206)	(198)
Net change in total OPEB liability	<u>\$ (7,906)</u>	<u>\$ 62,068</u>	<u>\$ 20,327</u>	<u>\$ 10,737</u>	<u>\$ 2,725</u>
Total OPEB liability - beginning	\$ 166,770	\$ 104,702	\$ 84,375	\$ 73,638	\$ 70,913
Total OPEB liability - ending	\$ 158,864	\$ 166,770	\$ 104,702	\$ 84,375	\$ 73,638
<u>Plan fiduciary net position</u>					
Contributions - employer	1,683	277	266	206	198
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(1,683)	(277)	(266)	(206)	(198)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 158,864</u>	<u>\$ 166,770</u>	<u>\$ 104,702</u>	<u>\$ 84,375</u>	<u>\$ 73,638</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 841,140	\$ 841,140	\$ 755,055	\$ 755,055	\$ 734,129
Net OPEB liability as a percentage of covered payroll	18.9%	19.8%	13.9%	11.2%	10.0%

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

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
<u>MMEHT:</u>						
Employer contributions	\$ 1,683	\$ 277	\$ 266	\$ 206	\$ 198	\$ 281
Benefit payments	(1,683)	(277)	(266)	(206)	(198)	(281)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 841,140	\$ 841,140	\$ 755,055	\$ 755,055	\$ 734,129	\$ 734,129
Contributions as a percentage of covered payroll	0.00%	0.00%	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 auditor's report and notes to financial statements.

TOWN OF SABATTUS, MAINE

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

Changes of Assumptions

MEPERS PLD Plan:

There were changes of assumptions.

MMEHT OPEB Plan:

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

Other Supplementary Information

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

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

TOWN OF SABATTUS, MAINE

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,625,569	\$ 5,625,569	\$ 5,679,687	\$ 54,118
Motor vehicle excise	930,000	930,000	1,095,733	165,733
Boat excise	4,500	4,500	5,385	885
Intergovernmental revenues:				
State revenue sharing	800,000	800,000	970,813	170,813
Homestead exemption	402,128	402,128	284,865	(117,263)
Snowmobile	2,000	2,000	2,032	32
Tree growth	5,745	5,745	4,355	(1,390)
General assistance	-	-	-	-
Veterans' reimbursement	5,180	5,180	5,124	(56)
FEMA/MEMA	-	-	-	-
Other state/federal funds	6,923	6,923	6,923	-
Charges for services:				
Town clerk fees	725	725	1,006	281
Permits and fees	25,295	25,295	33,601	8,306
Code enforcement	19,000	19,000	96,754	77,754
Planning board	500	500	4,257	3,757
Transfer station	40,000	40,000	61,982	21,982
Public safety	100	100	314	214
Public works	30,347	30,347	32,863	2,516
Investment income:				
Regular investment income	12,500	12,500	28,787	16,287
Other revenues:				
Fees/interest on taxes	31,500	31,500	20,482	(11,018)
Gain sale of fuel	1,750	1,750	2,339	589
SSD administration	35,000	35,000	36,500	1,500
Miscellaneous	-	-	10,120	10,120
Amounts Available for Appropriation	<u>\$ 7,978,762</u>	<u>\$ 7,978,762</u>	<u>\$ 8,383,922</u>	<u>\$ 405,160</u>

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

TOWN OF SABATTUS, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 426,603	\$ -	\$ 426,603	\$ 422,787	\$ 3,816
Social security and medicare	272,157	-	272,157	258,869	13,288
Insurance	464,340	-	464,340	341,521	122,819
Boards and committees	19,600	-	19,600	19,958	(358)
Animal control officer	27,028	-	27,028	26,528	500
Code enforcement officer	72,950	-	72,950	59,317	13,633
Androscoggin Valley Council of Gov.	5,646	-	5,646	5,645	1
MMA dues	5,093	-	5,093	5,329	(236)
Non-profit	6,700	-	6,700	6,700	-
Veterans Memorial Park	1,500	-	1,500	858	642
Professional services	92,661	-	92,661	88,130	4,531
Operational utilities	157,470	-	157,470	171,025	(13,555)
Total	1,551,748	-	1,551,748	1,406,667	145,081
PUBLIC SAFETY					
Police department	630,519	-	630,519	554,102	76,417
Fire department	315,860	-	315,860	328,743	(12,883)
EMS	23,000	-	23,000	19,574	3,426
Emergency management	1,950	-	1,950	1,300	650
Dispatch and E911/PSAP	68,840	-	68,840	65,716	3,124
Total	1,040,169	-	1,040,169	969,435	70,734
PUBLIC WORKS					
Public works	621,575	-	621,575	610,522	11,053
Stormwater management	11,790	-	11,790	14,173	(2,383)
Total	633,365	-	633,365	624,695	8,670
SANITATION					
S.R.S.W. T.S.	298,848	-	298,848	287,015	11,833
Total	298,848	-	298,848	287,015	11,833
GENERAL ASSISTANCE					
	2,000	-	2,000	4,037	(2,037)
RECREATION					
Sabattus Lake Dam Commission	3,000	-	3,000	3,000	-
Sabattus Mountaineers Snowmobile	1,500	-	1,500	1,500	-
Total	4,500	-	4,500	4,500	-

SCHEDULE B (CONTINUED)
TOWN OF SABATTUS, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
TRANSFERS TO OTHER FUNDS					
Nonmajor capital projects funds	395,304	-	395,304	379,419	15,885
Total	<u>395,304</u>	<u>-</u>	<u>395,304</u>	<u>379,419</u>	<u>15,885</u>
OTHER GOVERNMENTAL APPROPRIATIONS					
School appropriations	3,927,513	-	3,927,513	3,883,435	44,078
County tax	428,703	-	428,703	428,703	-
Contingency	25,000	-	25,000	-	25,000
Total	<u>4,381,216</u>	<u>-</u>	<u>4,381,216</u>	<u>4,312,138</u>	<u>69,078</u>
CAPITAL OUTLAY	<u>82,943</u>	<u>-</u>	<u>82,943</u>	<u>245,784</u>	<u>(162,841)</u>
OVERLAY/ABATEMENTS	<u>565</u>	<u>-</u>	<u>565</u>	<u>639</u>	<u>(74)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 8,390,658</u>	<u>\$ -</u>	<u>\$ 8,390,658</u>	<u>\$ 8,234,329</u>	<u>\$ 156,329</u>

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Due from other funds	\$ 478,834	\$ 883,760	\$ 1,362,594
TOTAL ASSETS	<u>\$ 478,834</u>	<u>\$ 883,760</u>	<u>\$ 1,362,594</u>
LIABILITIES			
Due to other funds	\$ 255,185	\$ 5,293	\$ 260,478
TOTAL LIABILITIES	<u>255,185</u>	<u>5,293</u>	<u>260,478</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	108,485	-	108,485
Committed	370,349	-	370,349
Assigned	-	883,760	883,760
Unassigned (deficits)	<u>(255,185)</u>	<u>(5,293)</u>	<u>(260,478)</u>
TOTAL FUND BALANCES	<u>223,649</u>	<u>878,467</u>	<u>1,102,116</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 478,834</u>	<u>\$ 883,760</u>	<u>\$ 1,362,594</u>

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

TOWN OF SABATTUS, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 4,997	\$ 293,116	\$ 298,113
Other income	56,477	-	56,477
TOTAL REVENUES	<u>61,474</u>	<u>293,116</u>	<u>354,590</u>
EXPENDITURES			
Public safety	439,250	-	439,250
Capital outlay	-	49,878	49,878
Debt service:			
Principal	-	341,877	341,877
Interest	-	8,851	8,851
TOTAL EXPENDITURES	<u>439,250</u>	<u>400,606</u>	<u>839,856</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(377,776)</u>	<u>(107,490)</u>	<u>(485,266)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	379,419	379,419
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>379,419</u>	<u>379,419</u>
NET CHANGE IN FUND BALANCES	(377,776)	271,929	(105,847)
FUND BALANCES - JULY 1	<u>601,425</u>	<u>606,538</u>	<u>1,207,963</u>
FUND BALANCES - JUNE 30	<u>\$ 223,649</u>	<u>\$ 878,467</u>	<u>\$ 1,102,116</u>

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

Special Revenue Funds

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

TOWN OF SABATTUS, MAINE

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

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
ASSETS							
Due from other funds	\$ -	\$ 47,899	\$ -	\$ 7,025	\$ -	\$ 777	\$ -
TOTAL ASSETS	\$ -	\$ 47,899	\$ -	\$ 7,025	\$ -	\$ 777	\$ -
LIABILITIES							
Due to other funds	\$ 2,905	\$ -	\$ 23,875	\$ -	\$ 178,693	\$ -	\$ 46,800
TOTAL LIABILITIES	2,905	-	23,875	-	178,693	-	46,800
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	47,899	-	7,025	-	777	-
Assigned	-	-	-	-	-	-	-
Unassigned	(2,905)	-	(23,875)	-	(178,693)	-	(46,800)
TOTAL FUND BALANCES (DEFICITS)	(2,905)	47,899	(23,875)	7,025	(178,693)	777	(46,800)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 47,899	\$ -	\$ 7,025	\$ -	\$ 777	\$ -

TOWN OF SABATTUS, MAINE

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

	Police OUI Detail Grant	Comprehensive Plan	Surplus Bids	Veterans Memorial Park	Homeland Security 2016	Charter Commission
ASSETS						
Due from other funds	\$ 30,569	\$ 15,502	\$ 16,575	\$ 2,362	\$ 14,248	\$ 1,422
TOTAL ASSETS	\$ 30,569	\$ 15,502	\$ 16,575	\$ 2,362	\$ 14,248	\$ 1,422
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	30,569	15,502	16,575	2,362	14,248	1,422
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	30,569	15,502	16,575	2,362	14,248	1,422
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 30,569	\$ 15,502	\$ 16,575	\$ 2,362	\$ 14,248	\$ 1,422

TOWN OF SABATTUS, MAINE

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

	Police Emp-E Reimbursement	Keep ME Healthy Grant	Fire Donations	ARPA	Public Works	Police Donations
ASSETS						
Due from other funds	\$ 32,653	\$ -	\$ 1,336	\$ 108,485	\$ 132,200	\$ 800
TOTAL ASSETS	\$ 32,653	\$ -	\$ 1,336	\$ 108,485	\$ 132,200	\$ 800
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	108,485	-	-
Committed	32,653	-	1,336	-	132,200	800
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	32,653	-	1,336	108,485	132,200	800
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 32,653	\$ -	\$ 1,336	\$ 108,485	\$ 132,200	\$ 800

TOWN OF SABATTUS, MAINE

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

	Webster Mill	Riley Road	General Assistance	Sale of Assets	MePERS Reimbursement	Police Forfeiture	Total
ASSETS							
Due from other funds	\$ -	\$ 4,265	\$ 21,748	\$ 8,450	\$ 32,518	\$ -	\$ 478,834
TOTAL ASSETS	\$ -	\$ 4,265	\$ 21,748	\$ 8,450	\$ 32,518	\$ -	\$ 478,834
LIABILITIES							
Due to other funds	\$ 2,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,185
TOTAL LIABILITIES	2,912	-	-	-	-	-	255,185
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	108,485
Committed	-	4,265	21,748	8,450	32,518	-	370,349
Assigned	-	-	-	-	-	-	-
Unassigned	(2,912)	-	-	-	-	-	(255,185)
TOTAL FUND BALANCES (DEFICITS)	(2,912)	4,265	21,748	8,450	32,518	-	223,649
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 4,265	\$ 21,748	\$ 8,450	\$ 32,518	\$ -	\$ 478,834

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

TOWN OF SABATTUS, MAINE

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

	MMA Safety Grant	Police Training Reimbursement	Highway Safety	Health/PTO Reimbursement Plan	Fire Grant	SRO Grants	Police Grants
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
Public safety	-	-	-	6,000	119,731	-	1,770
TOTAL EXPENDITURES	-	-	-	6,000	119,731	-	1,770
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	(6,000)	(119,731)	-	(1,770)
FUND BALANCES (DEFICITS) - JULY 1	(2,905)	47,899	(23,875)	13,025	(58,962)	777	(45,030)
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,905)</u>	<u>\$ 47,899</u>	<u>\$ (23,875)</u>	<u>\$ 7,025</u>	<u>\$ (178,693)</u>	<u>\$ 777</u>	<u>\$ (46,800)</u>

TOWN OF SABATTUS, MAINE

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

	Police OUI Detail Grant	Comprehensive Plan	Surplus Bids	Veterans Memorial Park	Homeland Security 2016	Charter Commission
REVENUES						
Intergovernmental	\$ 1,461	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	650	-	-	-
TOTAL REVENUES	<u>1,461</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Public safety	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,461	-	650	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>29,108</u>	<u>15,502</u>	<u>15,925</u>	<u>2,362</u>	<u>14,248</u>	<u>1,422</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 30,569</u>	<u>\$ 15,502</u>	<u>\$ 16,575</u>	<u>\$ 2,362</u>	<u>\$ 14,248</u>	<u>\$ 1,422</u>

TOWN OF SABATTUS, MAINE

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

	Police Emp-E Reimbursement	Keep ME Healthy Grant	Fire Donations	ARPA	Public Works	Police Donations
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	53,577	-	-	500
TOTAL REVENUES	-	-	53,577	-	-	500
EXPENDITURES						
Public safety	-	-	52,514	259,235	-	-
TOTAL EXPENDITURES	-	-	52,514	259,235	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	1,063	(259,235)	-	500
FUND BALANCES (DEFICITS) - JULY 1	32,653	-	273	367,720	132,200	300
FUND BALANCES (DEFICITS) - JUNE 30	\$ 32,653	\$ -	\$ 1,336	\$ 108,485	\$ 132,200	\$ 800

TOWN OF SABATTUS, MAINE

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

	Webster Mill	Riley Road	General Assistance	Sale of Assets	MePERS Reimbursement	Police Forfeiture	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 3,536	\$ -	\$ -	\$ -	\$ 4,997
Other income	-	-	-	1,750	-	-	56,477
TOTAL REVENUES	-	-	3,536	1,750	-	-	61,474
EXPENDITURES							
Public safety	-	-	-	-	-	-	439,250
TOTAL EXPENDITURES	-	-	-	-	-	-	439,250
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	3,536	1,750	-	-	(377,776)
FUND BALANCES (DEFICITS) - JULY 1	(2,912)	4,265	18,212	6,700	32,518	-	601,425
FUND BALANCES (DEFICITS) - JUNE 30	\$ (2,912)	\$ 4,265	\$ 21,748	\$ 8,450	\$ 32,518	\$ -	\$ 223,649

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases. Projects are generally segregated by the related Town department managing the project.

TOWN OF SABATTUS, MAINE

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

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Marsh Road	Downtown Project
ASSETS							
Due from other funds	\$ -	\$ 117,209	\$ -	\$ 55,146		\$ 67,267	\$ 523
TOTAL ASSETS	\$ -	\$ 117,209	\$ -	\$ 55,146	\$ -	\$ 67,267	\$ 523
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 5,293	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	5,293	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	117,209	-	55,146	-	67,267	523
Unassigned	-	-	-	-	(5,293)	-	-
TOTAL FUND BALANCES (DEFICITS)	-	117,209	-	55,146	(5,293)	67,267	523
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 117,209	\$ -	\$ 55,146	\$ -	\$ 67,267	\$ 523

TOWN OF SABATTUS, MAINE

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

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
ASSETS							
Due from other funds	\$ 266,403	\$ 5,293	\$ 59,482	\$ 9,608	\$ 202,829	\$ 100,000	\$ 883,760
TOTAL ASSETS	\$ 266,403	\$ 5,293	\$ 59,482	\$ 9,608	\$ 202,829	\$ 100,000	\$ 883,760
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,293
TOTAL LIABILITIES	-	-	-	-	-	-	5,293
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	266,403	5,293	59,482	9,608	202,829	100,000	883,760
Unassigned	-	-	-	-	-	-	(5,293)
TOTAL FUND BALANCES (DEFICITS)	266,403	5,293	59,482	9,608	202,829	100,000	878,467
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 266,403	\$ 5,293	\$ 59,482	\$ 9,608	\$ 202,829	\$ 100,000	\$ 883,760

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

TOWN OF SABATTUS, MAINE

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

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Marsh Road	Downtown Project
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
EXPENDITURES							
Capital outlay	24,991	-	-	-	-	24,887	-
Debt service:							
Principal	-	49,822	-	-	-	-	-
Interest	-	5,971	-	-	-	-	-
TOTAL EXPENDITURES	<u>24,991</u>	<u>55,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,887</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(24,991)</u>	<u>(55,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,113</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	24,991	57,953	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,991</u>	<u>57,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	2,160	-	-	-	225,113	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>115,049</u>	<u>-</u>	<u>55,146</u>	<u>(5,293)</u>	<u>(157,846)</u>	<u>523</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 117,209</u>	<u>\$ -</u>	<u>\$ 55,146</u>	<u>\$ (5,293)</u>	<u>\$ 67,267</u>	<u>\$ 523</u>

TOWN OF SABATTUS, MAINE

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

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 43,116	\$ -	\$ 293,116
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,116</u>	<u>-</u>	<u>293,116</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	49,878
Debt service:							
Principal	-	32,085	63,667	-	196,303	-	341,877
Interest	-	1,021	1,859	-	-	-	8,851
TOTAL EXPENDITURES	<u>-</u>	<u>33,106</u>	<u>65,526</u>	<u>-</u>	<u>196,303</u>	<u>-</u>	<u>400,606</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(33,106)</u>	<u>(65,526)</u>	<u>-</u>	<u>(153,187)</u>	<u>-</u>	<u>(107,490)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	33,106	65,526	-	197,843	-	379,419
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>33,106</u>	<u>65,526</u>	<u>-</u>	<u>197,843</u>	<u>-</u>	<u>379,419</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	44,656	-	271,929
FUND BALANCES - JULY 1	<u>266,403</u>	<u>5,293</u>	<u>59,482</u>	<u>9,608</u>	<u>158,173</u>	<u>100,000</u>	<u>606,538</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 266,403</u>	<u>\$ 5,293</u>	<u>\$ 59,482</u>	<u>\$ 9,608</u>	<u>\$ 202,829</u>	<u>\$ 100,000</u>	<u>\$ 878,467</u>

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

General Capital Assets

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ -	\$ -	\$ 19,570	\$ -	\$ 19,570
Fire	-	54,240	1,052,861	-	1,107,101
Police	-	4,500	373,327	-	377,827
Public Works	-	38,659	1,020,552	2,578,617	3,637,828
Transfer Station	-	-	126,705	-	126,705
Town-wide	117,491	1,886,035	2,200,509	-	4,204,035
Total General Capital Assets	117,491	1,983,434	4,793,524	2,578,617	9,473,066
Less: Accumulated Depreciation	-	(1,167,111)	(3,355,999)	(569,552)	(5,092,662)
Net General Capital Assets	\$ 117,491	\$ 816,323	\$ 1,437,525	\$ 2,009,065	\$ 4,380,404

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
General Government	\$ 19,570	\$ -	\$ -	\$ 19,570
Fire	1,118,634	-	(11,533)	1,107,101
Police	403,022	-	(25,195)	377,827
Public Works	3,538,238	99,590	-	3,637,828
Transfer Station	83,663	43,042	-	126,705
Town-wide	4,204,035	-	-	4,204,035
Total General Capital Assets	9,367,162	142,632	(36,728)	9,473,066
Less: Accumulated Depreciation	<u>(4,721,507)</u>	<u>(396,350)</u>	<u>25,195</u>	<u>(5,092,662)</u>
Net General Capital Assets	<u>\$ 4,645,655</u>	<u>\$ (253,718)</u>	<u>\$ (11,533)</u>	<u>\$ 4,380,404</u>

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



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

Selectboard
Town of Sabattus
Sabattus, 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 Sabattus, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine's basic financial statements and have issued our report thereon dated November 7, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Sabattus, 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 Sabattus, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sabattus, 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 Sabattus, 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 Sabattus, Maine in a separate letter dated November 7, 2024.

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
November 7, 2024



Proven Expertise & Integrity

November 7, 2024

Selectboard
Town of Sabattus
190 Middle Road
Sabattus, ME 04280

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Sabattus's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town of Sabattus's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Town of Sabattus. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Selectboard, management, and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2023, where we expressed an unmodified opinion on our independent auditors' report dated November 7, 2024.

Bank Reconciliations:

While performing the audit for the above-mentioned fiscal year, we noted that bank reconciliations are not reviewed and signed off on by an employee other than the preparer. We recommend that all bank reconciliations be reviewed, dated, and signed off on by another employee with knowledge of the fiscal operations to provide complete oversight.

We would like to thank Amy and all of the staff at the Town of Sabattus for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

RHR Smith & Company, CPAs



Proven Expertise & Integrity

November 7, 2024

Selectboard
Town of Sabattus, Maine
190 Middle Road
Sabattus, Maine 04280

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 27, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Sabattus, Maine are described in Note 1 of Notes to Financial Statements. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Town of Sabattus, Maine changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", No. 96, "*Subscription-Based Information Technology Arrangements*" and No. 99, "*Omnibus 2022*" in 2023. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine's financial statements were:

- Depreciation expense which is based on the estimated useful lives of capital assets
- Pension and OPEB related assets, liabilities and revenues/expenses which are based on actuarial valuations
- Accrued compensated absences
- Deferred property tax revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the capital assets and other long-term obligations footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 23, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Sabattus, Maine's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Sabattus, Maine's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to management of the Town of Sabattus, Maine in a separate letter dated November 7, 2024.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of Contributions - OPEB and Notes to Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining

and individual nonmajor fund financial statements and capital asset schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Selectboard and management of the Town of Sabattus, Maine and is not intended to be and should not be, used by anyone other than these specified parties.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The letters are cursive and fluidly connected.

RHR Smith & Company, CPAs