

TOWN OF SOUTH THOMASTON, MAINE

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

JUNE 30, 2022

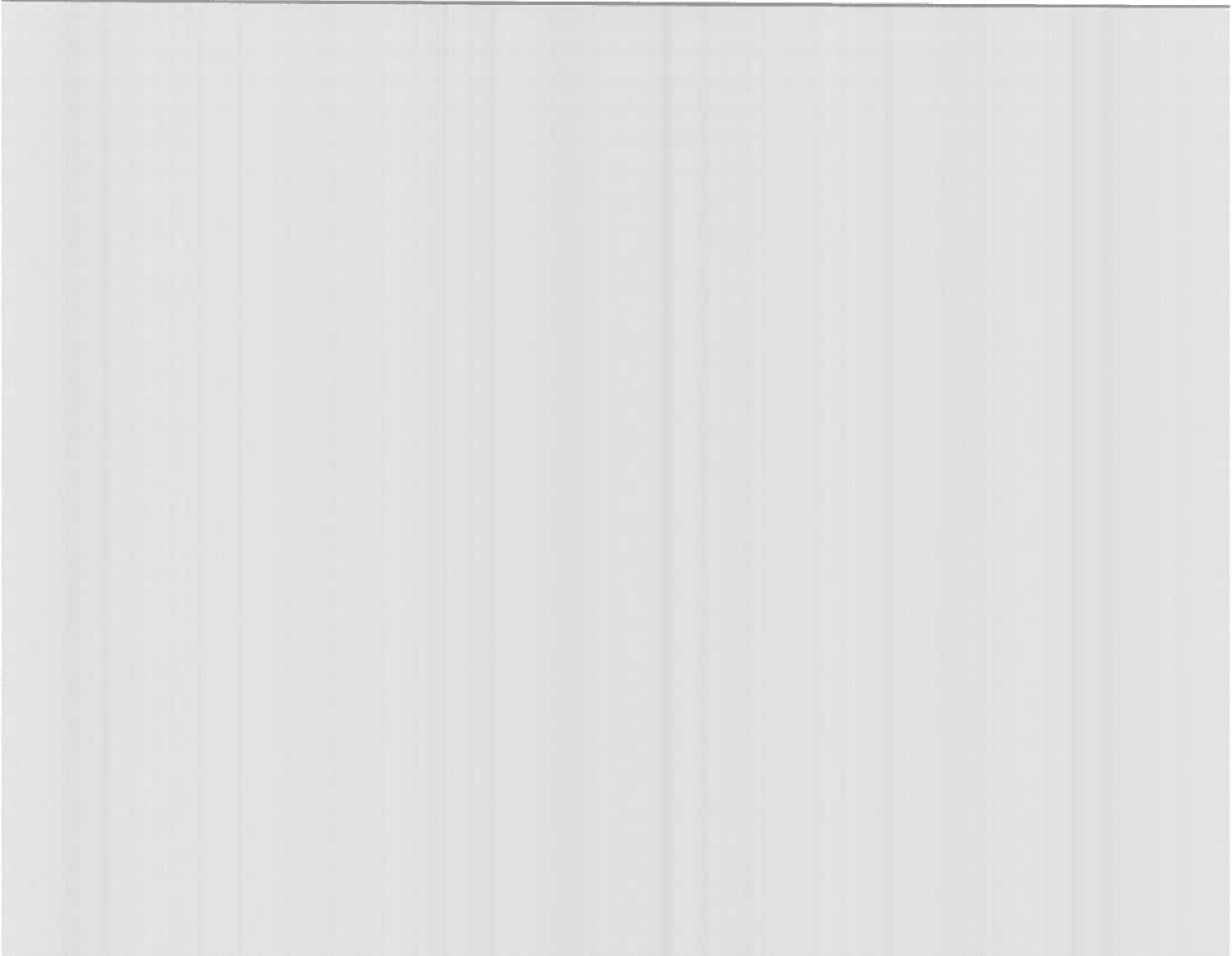


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Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Board of Selectmen
Town of South Thomaston
South Thomaston, Maine

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of South Thomaston, Maine, as of and for the 18-month period ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of South Thomaston, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of South Thomaston, Maine, as of June 30, 2022, and the respective changes in financial position 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. 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 South Thomaston, Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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 preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Town of South Thomaston, 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 THE 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 generally accepted 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 aggregate, they would influence the judgment made by a reasonable user based on financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 control 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 Town of South Thomaston, 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 substantial doubt about Town of South Thomaston, 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, schedule of changes in net OPEB liability and related ratios, and budgetary comparison schedule, on pages 5-10, 34, and 35 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 South Thomaston, Maine's basic financial statements. The combining nonmajor fund financial statements, schedule of property valuation, assessments, and appropriations, schedule of taxes receivable and schedule of departmental operations 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 related 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 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 combining nonmajor financial statements, schedule of property valuation, assessments, and appropriations, schedule of taxes receivable and schedule of departmental operations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Meane Municipal Audit Service, PA

Town of South Thomaston

Management's Discussion and Analysis

For the 18-Month Period ending June 30, 2022

Management of the Town of South Thomaston offers this management's discussion and analysis report that will provide information that should be used in conjunction with the outside audit report for 18-month period ending June 30, 2022.

Overview of the Financial Statements:

The discussion and analysis report is intended to serve as an introductory to the full audit report. The audit report consists of three components: government-wide financial statements; fund financial statements, and the notes to the financial statements. This report is intended to explain some of these financial statements in a concise and non-financial terminology.

Government-wide Financial Statements:

The government-wide financial statements present the financial picture of the Town as a whole and are designed to provide readers with a long-term overview of the Town's finances, in a manner similar to the private sector. They include a Statement of Net Position, which shows information on all the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event occurs, regardless of when cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Governmental Activities – The Town's basic functions are reported here which include general government, public health and sanitation, public safety, public works, debt service, and culture and recreation. Property taxes, intergovernmental revenues, permits and fees, and state and federal grants finance most of these activities.

The government wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or major funds, rather than the Town as a whole. A fund is a group of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities. The Town's funds are divided into two fund categories: governmental and fiduciary.

Governmental Funds (*Statements 3 and 4*) – Most of the Town's basic functions are reported in the governmental funds, which focus on near-term inflows and outflows of spendable resources and balances remaining at year end that are available for spending. These funds use the modified accrual basis of accounting, which measures cash and other financial assets that can

Town of South Thomaston
Management's Discussion and Analysis
For the 18-Month Period ending June 30, 2022

readily be converted to cash. The governmental fund statements are designed to show a short-term view of the Town's general government operations and the services it provides. The differences between the governmental activities as reported in the government-wide financial statements and the fund financial statements are itemized in reconciliations to the fund financial statements.

Fiduciary Funds (*Statements 5 and 6*) - Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs.

The fund financial statements can be found on pages 13-17 of this report.

Notes to the Financial Statements:

The notes provide the reader with additional information about the Town that will help understand the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-33 of this report.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule of the Town's General Fund. This section also includes the OPEB schedules required by GASB Statement # 75. Required supplementary information can be found on pages 34-35 of this report.

In addition to the required elements, we have included a section with combining statements that provide details about the nonmajor governmental funds, which is added together and presented in a single column in the basic financial statements. We have also presented a schedule of property valuation, assessments and appropriations, a schedule of unpaid taxes, and a schedule of departmental operations for additional analysis. The supplementary schedules can be found on pages 36-41 of this report.

Financial Highlights:

Net position – The assets and deferred outflows of resources of the town exceeded its liabilities and deferred inflows of resources at the period ending June 30, 2022 by \$3,114,330 – this is referred to as “Net Position”. Of that amount, \$1,198,361 was considered unrestricted net position. Unrestricted net position represents the amount available to be used to meet the Town's ongoing financial obligations.

The Town's net position increased by \$460,366, which can be seen on Statement 2 of the financial statements.

Town of South Thomaston
Management’s Discussion and Analysis
For the 18-Month Period ending June 30, 2022

Fund balance – The Town’s governmental funds reported on a current financial resources basis, had a combined ending fund balances of \$1,805,345, and increase of \$433,416 from the prior year.

The total unassigned fund balance for the general fund was \$828,329, which represents 10.6% of the total general fund expenditures.

Government Wide Financial Analysis:

Approximately 37.9% of the Town’s net position is its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, etc), less any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to the community; these capital assets are not available for future spending. While the Town’s investment in the capital assets is reported net of the related debt, it is important to note that the resources required to repay this debt must be provided from other sources, since the capital assets themselves are not liquid assets.

	Governmental Activities	
	6/30/2022	12/31/2020
Current Assets	\$ 2,047,035	\$ 1,674,040
Capital Assets	1,399,611	1,362,154
<i>Total Assets</i>	<i>3,446,646</i>	<i>3,036,194</i>
	1,797	1,579
<i>Deferred Outflows of Resources</i>		
<i>Total Assets & Deferred Outflows of Resources</i>	<i>\$ 3,448,443</i>	<i>\$ 3,037,773</i>

Current Liabilities	\$ 39,174	\$ 36,136
Other Liabilities	197,334	227,827
Net OPEB Obligations	44,139	43,209
<i>Total Liabilities</i>	<i>280,647</i>	<i>307,172</i>
Property Taxes Collected in Advance	46,345	41,551
Other	-	24,224
Related to OPEB	7,120	10,861
<i>Total Deferred Inflows of Resources</i>	<i>53,465</i>	<i>76,636</i>

NET POSITION:		
Net Investment in Capital Assets	1,183,245	1,115,824
Restricted	665,585	665,957
Unrestricted	1,265,500	872,184
<i>Total Net Position</i>	<i>3,114,330</i>	<i>2,653,965</i>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<i>\$ 3,448,443</i>	<i>\$ 3,037,773</i>

Town of South Thomaston
Management’s Discussion and Analysis
For the 18-Month Period ending June 30, 2022

Approximately 86% of the Town’s total revenue was made up by taxes – property and excise, approximately 8% was from State revenues and grants, and approximately 6% was made up of interest, charges for services (agent fees and ambulance service fees), and other miscellaneous revenues.

	Governmental Activities	
	6/30/2022	12/31/2020
	(18 Months)	(12 Months)
Revenues:		
<i>Program Revenues:</i>		
Charges for Services	\$ 192,330	\$ 111,846
Operating Grants and Contributions	69,693	13,139
<i>General Revenues:</i>		
Taxes	7,040,269	4,495,474
Licenses and permits	34,831	11,220
Interest and investment earnings	39,368	40,880
Grants and contributions	617,600	267,955
Miscellaneous	159,708	37,256
TOTAL REVENUES	8,153,799	4,977,770

Expenses:		
General government	817,089	470,869
Public health and sanitation	460,159	222,896
Public works	312,057	140,910
Public safety	586,759	415,624
County tax	312,664	300,765
Education	5,196,819	3,342,070
Interest	6,845	13,289
TOTAL EXPENSES	7,692,392	4,906,423
<i>Transfer (to) from Fiduciary Fund</i>	<i>(1,041)</i>	
<i>Changes in Net Position</i>	<i>460,364</i>	<i>71,347</i>
Beginning Net Position	2,653,966	2,582,618
Ending Net Position	\$ 3,114,330	\$ 2,653,965

Financial Analysis of the Fund Financial Statements:

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

Town of South Thomaston
Management's Discussion and Analysis
For the 18-Month Period ending June 30, 2022

At the end of the 18-month period, the Town's governmental funds reported a combined ending fund balance of \$ 1,805,345, an increase of \$433,416 from the prior year. Approximately 49% of the total is the Town's unassigned fund balance. The remainder is reserved to indicate that it is not available for spending due to being committed to liquidate contracts and commitments of the prior year, or for a variety of other purposes.

Differences between the original budget and the final amended budget include budget appropriations carried over from the prior year.

Actual revenues and other financing sources were more than the budgetary estimated by approximately \$282 thousand. This was primarily due to actual excise taxes and other revenues in excess of anticipated amounts.

Actual expenditures were below final budgeted estimates by approximately \$270 thousand due to savings in all departments.

For further detail, a budget to actual comparison for the General Fund can be found on Schedule A, page 35 of the financial statements.

Capital Assets:

The Town's investment in capital assets for the governmental activities is \$3,637,659, net of accumulated depreciation of \$2,238,049, giving a net book value of \$1,399,610. Additions to capital assets for the 18-month period include; work on the Island Road project, completion of the LED street lights installation, an exhaust removal system, SCBA airpacks, and various other public safety equipment.

The Town's capital asset activity for the year can be found in the footnotes on page 25 of this report.

Long-Term Debt:

At year end, the Town had \$216,365 of total debt outstanding, versus \$246,330 in the prior year, a decrease of (\$29,964) due to principal payments. This amount is made up of general obligation debt backed by the full faith and credit of the Town.

A short-term loan from the Reserves was issued and paid off during the year in the amount of \$900,000 as a tax anticipation loan between funds. The debt was paid off in full, with \$1,830 being paid in interest.

The Town's long-term debt activity for the year can be found in the footnotes on page 28 of this report.

Town of South Thomaston
Management's Discussion and Analysis
For the 18-Month Period ending June 30, 2022

Economic Factors:

The Town voted at the annual Town Meeting to change the fiscal year end from December 31 to June 30. This change went into effect for the period ending June 30, 2022. Therefore, the audit for June 30, 2022 is for the 18-month period of January 1, 2021 – June 30, 2022. Going forward the audits will be conducted for the period of July 1 – June 30 annually.

Contacting the Town's Management:

This financial report is designed to provide a general overview of the Town's finances for all interested parties. If you have any questions about this report or need additional financial information, contact the Town Office at 125 Spruce Head Road, South Thomaston, Maine 04858.

Town of South Thomaston, Maine
Statement of Net Position
June 30, 2022

Statement 1

	Total Governmental Activities
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 1,805,611
Accounts receivable, net of allowance	22,422
Tax acquired property	2,449
Taxes receivable	185,839
Tax liens receivable	30,715
Total current assets	\$ 2,047,035
Non-current assets:	
Capital assets, net of accumulated depreciation	1,399,611
Total non-current assets	1,399,611
Deferred outflows of resources:	
OPEB related outflows	1,797
Total deferred outflows of resources	1,797
TOTAL ASSETS	<u>\$ 3,448,443</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 15,327
Accrued liabilities	456
Due to other governments	4,360
Current portion of long-term debt	19,092
Total current liabilities	\$ 39,174
Non-current liabilities:	
Non-current portion of long-term debt:	
Bonds payable	197,334
OPEB liabilities	44,139
Total non-current liabilities	241,473
TOTAL LIABILITIES	280,647
DEFERRED INFLOWS OF RESOURCES:	
Taxes collected in advance	46,345
OPEB related inflows	7,120
TOTAL DEFERRED INFLOWS OF RESOURCES	53,465
NET POSITION:	
Net Investment in capital assets	1,183,245
Restricted - see footnotes	732,724
Unrestricted	1,198,361
TOTAL NET POSITION	3,114,330
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,448,443</u>

The accompanying notes are an integral part of this statement.

Town of South Thomaston, Maine
Statement of Activities
For the 18 Month Period Ended June 30, 2022

Net (Expense) revenue and Changes in Net Position					
		Primary Government			
		Governmental		Total	
	Expenses	Charges for services	Operating Grants and Contributions	Activities	
<i>Governmental activities:</i>					
General government	\$ 536,402	\$ 14,677	\$ -	\$ (521,725)	\$ (521,725)
Public health and sanitation	460,159	9,670	1,855	(448,634)	(448,634)
Public works	312,057	34,454	13,360	(264,243)	(264,243)
Public safety	586,759	126,896	53,810	(406,053)	(406,053)
County tax	312,664	-	-	(312,664)	(312,664)
Education	5,196,819	-	-	(5,196,819)	(5,196,819)
Interest expense	6,845	-	-	(6,845)	(6,845)
Unclassified	147,872	-	669	(147,203)	(147,203)
Depreciation	132,817	-	-	(132,817)	(132,817)
<i>Total government activities</i>	<i>7,692,393</i>	<i>185,698</i>	<i>69,693</i>	<i>(7,437,001)</i>	<i>(7,437,001)</i>
Total Primary Government	7,692,393	185,698	69,693	(7,437,001)	(7,437,001)
<i>General revenues:</i>					
Property taxes, levied for general purposes				6,359,992	6,359,992
Excise taxes				680,277	680,277
Interest income				4,760	4,760
Interest and charges on liens				34,608	34,608
Licenses and permits				41,463	41,463
<i>Grants and contributions not restricted to specific programs:</i>					
State revenue sharing				308,889	308,889
Tree growth				4,239	4,239
Homestead				131,040	131,040
Other state funds				173,432	173,432
Miscellaneous revenues				159,706	159,706
Transfers (to) from Fiduciary Fund				(1,041)	(1,041)
<i>Total general revenues and transfers</i>				<i>7,897,367</i>	<i>7,897,367</i>
<i>Change in net position</i>				460,366	460,366
NET POSITION - BEGINNING				2,653,964	2,653,964
NET POSITION - ENDING				\$ 3,114,330	\$ 3,114,330

The accompanying notes are an integral part of this statement.

Town of South Thomaston, Maine
Balance Sheet
Governmental Funds
June 30, 2022

Statement 3

		Major Funds		Other Non-Major		Total					
		General	Capital Projects -	Capital Projects -	Governmental	Governmental					
ASSETS		Fund	Fire Truck Reserve	Paving Reserve	Funds	Funds					
	Cash and cash equivalents	\$	1,065,236	\$	245,433	\$	156,170	\$	338,772	\$	1,805,611
	Accounts receivable, net of allowance		22,422		-		-		-		22,422
	Due from other funds		61,636		45,215		-		34,659		141,509
	Tax acquired property		2,449		-		-		-		2,449
	Taxes receivable, net		185,839		-		-		-		185,839
	Tax liens receivable		30,715		-		-		-		30,715
TOTAL ASSETS		\$	1,368,296	\$	290,648	\$	156,170	\$	373,430	\$	2,188,544
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities:											
	Accounts payable	\$	15,327	\$	-	\$	-	\$	-	\$	15,327
	Accrued liabilities		456		-		-		-		456
	Due to other funds		57,315		-		46,000		15,636		118,950
	Due to other governments		4,360		-		-		-		4,360
	Total liabilities		77,457		-		46,000		15,636		139,093
Deferred inflows of resources:											
	Taxes collected in advance		46,345		-		-		-		46,345
	Uncollected property taxes		175,202		-		-		-		175,202
	Total deferred inflows of resources		221,547		-		-		-		221,547
Fund balances:											
	Assigned - see footnotes		218,404		-		-		25,889		244,292
	Restricted - see footnotes		-		290,648		110,170		331,906		732,724
	Unassigned		828,329		-		-		-		828,329
	Total fund balances		1,046,733		290,648		110,170		357,795		1,805,345
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		\$	1,345,737	\$	290,648	\$	156,170	\$	373,430		
Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because:											
	Depreciable and non-depreciable capital assets as reported in Stmt. 1										1,399,611
	Long-term liabilities, including bonds payable, as reported on Stmt. 1										(216,365)
	Deferred property taxes not reported on Stmt. 1										175,202
	Deferred outflows of resources - OPEB related expenditures										1,797
	Deferred inflows of resources - OPEB related inflows										(7,120)
	OPEB liabilities										(44,139)
NET POSITION OF GOVERNMENTAL ACTIVITIES										\$	3,114,330

The accompanying notes are an integral part of this statement.

Town of South Thomaston, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the 18 Month Period Ended June 30, 2022

	General Fund	Major Funds Capital Projects - Fire Truck Reserve	Capital Projects - Paving Reserve	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 6,403,493	\$ -	\$ -	\$ -	\$ 6,403,493
Excise taxes	680,277	-	-	-	680,277
Intergovernmental revenue	687,294	-	-	-	687,294
Interest income	1,836	772	521	1,632	4,760
Interest on taxes and lien fees	34,608	-	-	-	34,608
Licenses and permits	41,463	-	-	-	41,463
Charges for services	185,698	-	-	-	185,698
Other revenue	159,706	-	-	-	159,706
<i>Total revenues</i>	<i>8,194,376</i>	<i>772</i>	<i>521</i>	<i>1,632</i>	<i>8,197,300</i>
EXPENDITURES:					
General government	544,660	-	-	-	544,660
Public health and sanitation	460,159	-	-	-	460,159
Public works	343,356	-	-	-	343,356
Public safety	720,505	-	-	-	720,505
Special assessments	5,509,483	-	-	-	5,509,483
Unclassified	180,357	-	-	4,324	184,681
<i>Total expenditures</i>	<i>7,758,519</i>	<i>-</i>	<i>-</i>	<i>4,324</i>	<i>7,762,843</i>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>435,856</i>	<i>772</i>	<i>521</i>	<i>(2,692)</i>	<i>434,457</i>
OTHER FINANCING SOURCES (USES):					
Transfers in	128,087	87,532	50,000	53,100	318,719
Transfers (out)	(190,632)	-	-	(128,087)	(318,719)
Transfer in - TAN	900,000	113,045	76,008	199,568	1,288,621
Transfer out - TAN	(901,830)	(112,815)	(75,854)	(199,163)	(1,289,662)
<i>Total other financing sources (uses)</i>	<i>(64,374)</i>	<i>87,761</i>	<i>50,154</i>	<i>(74,583)</i>	<i>(1,041)</i>
<i>Net change in fund balances</i>	<i>371,483</i>	<i>88,533</i>	<i>50,675</i>	<i>(77,275)</i>	<i>433,416</i>
FUND BALANCES - BEGINNING - restated - see footnotes	675,250	202,115	59,495	412,510	1,349,370
FUND BALANCES - ENDING	\$ 1,046,733	\$ 290,648	\$ 110,170	\$ 335,236	\$ 1,782,786

The accompanying notes are an integral part of this statement.

Statement 4
(Continued)

Town of South Thomaston, Maine
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the 18 Month Period Ended June 30, 2022

Net change in fund balances - total governmental funds (Statement 4)	\$ 433,416
Amounts reported for governmental activities in the statement of activities (Stmnt. 2) are different due to the following items:	
Depreciation expense recorded on statement of activities, yet not required to be recorded as expenditures on governmental funds	(132,817)
Capital outlays expensed on the Governmental Funds report (Stmnt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmnt. 2)	170,274
Revenues in the Statement of Activities (Stmnt 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.	(43,501)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal reduction in debt service made during the fiscal year.	29,964
OPEB expenses under GASB #75 are not reported in the governmental fund statements	3,029
Changes in net position of governmental activities (see Stmnt. 2)	\$ 460,366

The accompanying notes are an integral part of this statement.

Town of South Thomaston, Maine
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

Private Purpose Trust Funds			
Assets:			
Cash and cash equivalents	\$		726,858
TOTAL ASSETS	\$		726,858
Net position:			
Non-spendable - see <i>footnotes</i>	\$		220,105
Restricted			506,753
TOTAL NET POSITION - FIDUCIARY FUND	\$		726,858

The accompanying notes are an integral part of this statement.

Town of South Thomaston, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Fiduciary Fund Type
For the 12 Month Period Ended June 30, 2022

Statement 6

REVENUES:	NON-EXPENDABLE TRUST FUNDS														Total Fiduciary Funds
	Horse Allen Municipal Fund	Ralph & Elia Rockliff Memorial Fund	Ambulance Trust Fund	Randall & Arlene Hopkins Memorial	Randall & Arlene Hopkins Library	Randall & Arlene Hopkins Historical	Randall & Arlene Hopkins Memorial	Forest Hills Cemetery	William Pierce Trust	Monroe Trust Fund	Ocean View Cemetery	Village Cemetery Trust	Thorncliff Cemetery Trust Fund	Williams Cemetery Trust	
Interest Income															
Total revenues	10	\$ 426	65	136	226	226	1,456	31	16	18	162	299	3	3	3,079
EXPENDITURES:															
Scholarships awarded															
Total expenditures							1,000								3,079
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES															
	10	426	65	136	226	226	456	31	16	18	162	299	3	3	1,000
OTHER FINANCING SOURCES (USES) OF FUNDS:															
Transfer (to) General Fund															
Transfer from General Fund - TAN	(1,727)	(72,223)		(23,209)	(38,565)	(38,565)	(246,953)	(5,290)	(2,760)	(3,007)	(27,769)	(51,002)	(530)	(548)	(512,168)
Transfer from General Fund - TAN and interest	3,731	72,370		23,256	38,644	38,644	247,455	5,301	2,765	3,013	27,825	51,106	531	569	513,209
Total other financing sources (uses)	4	147		47	78	78	502	11	8	6	56	104	1	1	1,041
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES															
	14	572	65	183	305	305	958	42	22	24	219	403	4	4	3,120
FUND BALANCE - BEGINNING OF YEAR															
	2,402	100,445	11,432	32,278	53,635	53,635	343,454	7,357	3,838	4,182	38,620	70,932	718	789	723,738
FUND BALANCE - END OF YEAR															
	\$ 2,416	\$ 101,018	\$ 11,498	\$ 32,461	\$ 53,940	\$ 53,940	\$ 344,412	\$ 7,399	\$ 3,860	\$ 4,206	\$ 38,838	\$ 71,335	\$ 742	\$ 794	\$ 726,858

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of South Thomaston, Maine (the Town) was incorporated in 1848. The Town operates under a selectmen/administrative assistant/town meeting form of government and is incorporated under the laws of the State of Maine.

The accounting policies of the Town conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by GASB.

B. Basis of Presentation

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position presents the financial condition of the governmental and business-type (if applicable) activities of the Town at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental and business-type (if applicable) activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major funds:

General Fund – 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.

Capital Projects Fund – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Fund Types

Fiduciary funds account for assets held by the Town in a trustee capacity. Non-expendable trust funds are held for investment with the interest only available for cemetery and other specified expenditures.

TOWN OF SOUTH THOMSTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements, proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

F. Budgets and Budgetary Accounting

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

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair market value.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Compensated Absences

The Town awards vacation and sick benefits based on length of employment. Employees are permitted to carry five days of vacation benefits and thirty days of sick leave. Special exceptions can be made by the Selectboard to carry over additional vacation days.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Assets	Years
Land & land improvements		15-50
Infrastructure		10-20
Buildings		20-50
Equipment & vehicles		5-10

Net Position and Fund Balances

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position is the residual 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 the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that are restricted for use by an external party, constitutional provision, or enabling legislation.

Assigned – Funds intended to be used for specific purposes set by the Board of Selectmen.

Unassigned – Funds available for any purpose.

When an expenditure is incurred for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue arises when resources are received by the Town before the Town has legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Property Taxes

Property taxes for the current year were committed on July 20, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Payment of taxes was due October 1, 2021 and April 1, 2022, with interest at 6% on all tax bills unpaid as of the due date.

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 \$12,132 for the 18-month period ended June 30, 2022.

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.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Typically, the Town invests funds in checking accounts, savings accounts, and certificates of deposit. From time to time the Town's deposits and investments may be subject to risks, such as the following:

Custodial Credit Risk -- *Deposits* - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2022, cash deposits had a carrying value of \$1,805,611, all of which was covered by FDIC or collateralized.

Interest Rate Risk -- The Town does not currently have a deposit policy for interest rate risk.

Credit Risk -- The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, and U.S. Agencies and certain bonds, securities and real assets.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

3. CAPITAL ASSETS

Governmental activities:	Balance 1/1/21	Additions	Deletions	Balance 6/30/22
Capital assets not being depreciated:				
Land & improvements	\$ 294,695	\$ -	\$ -	\$294,695
Capital assets being depreciated:				
Buildings	671,589	-	-	671,589
Vehicles	908,914	-	-	908,914
Equipment	445,304	138,975	-	584,279
Infrastructure	1,146,884	31,299	-	1,178,183
Total capital assets being depreciated	3,172,691	170,274	-	3,342,965
Less accumulated depreciation	(2,105,232)	(132,817)	-	(2,238,049)
Total capital assets being depreciated, net	1,067,459	37,457	-	1,104,916
Governmental activities Capital assets, net	\$ 1,362,154	\$ 37,457	\$ -	\$ 1,399,611

Depreciation expense is allocated to the following departments of the town:

General govern	\$17,985
Public works	30,567
Public safety	76,272
Transfer station	2,718
Recreation & culture	5,275

Total \$ 132,817

4. ACCOUNTS RECEIVABLE

The accounts receivable is shown net of the estimated allowance for doubtful accounts:

Northern Borders reimbursement	\$ 1,432
Ambulance billing	65,489
Estimated uncollectible	(44,499)
	\$ 22,422

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

5. RESTRICTED NET POSITION

Net position of the governmental activities is restricted for specific purposes as of June 30, 2022 as follows:

Ambulance reserve	\$ 119
Ambulance equipment (defibrillator)	16,716
Emergency disaster reserve	15,857
Town landings	150,628
Fire truck	290,648
Fire pond maintenance	4,171
Fire SCBA reserve	14,215
Revaluation	73,210
Fire equipment	18,084
Paving reserve	110,170
Cemetery reserve	10,962
Building reserve	27,944
	<u>\$ 732,724</u>

Net position - Fiduciary Fund:

	<i>Non-spendable:</i>	<i>Restricted:</i>	<i>Total:</i>
Horace Allen scholarship	\$ 500	\$ 1,916	\$ 2,416
Ralph & Ella Rackliff Memorial Fund	100,000	1,018	101,018
Ambulance Trust Fund	-	11,498	11,498
Randall & Arlene Hopkins Memorial Fund	-	32,461	32,461
Randall & Arlene Hopkins Library Fund	-	53,940	53,940
Randall & Arlene Hopkins Historical Fund	-	53,940	53,940
Randall & Arlene Hopkins Memorial Fund	-	344,412	344,412
Forest Hills Cemetery Trust	7,000	399	7,399
Miriam Pierce Cemetery Trust	2,000	1,860	3,860
Monroe Cemetery Trust	4,000	206	4,206
Ocean View Cemetery Trust	37,115	1,723	38,838
Village Cemetery Trust	68,190	3,145	71,335
Thorndike Cemetery Trust	600	142	742
Williams Cemetery Trust	700	93	793
Total	\$ 220,105	\$ 506,753	\$ 726,858

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

6. FUND BALANCES

Assigned Fund Balance:

General Fund – ARPA funds	\$ 74,099
General Fund – Tennis & basketball court repair	6,404
General Fund – Skateboard park fund	417
General Fund - Lives lost at sea memorial	1,040
General Fund - Fuel assistance donations	387
General Fund – King grant	597
General Fund – Conservation committee donations	69
General Fund – Library donations	3,033
General Fund – Beautification project	26
General Fund – Fire department donations	2,670
General Fund – Ambulance savings	20,457
General Fund – Library relocation	18,895
General Fund – Tennis court project	10,000
General Fund – Island Road project	80,309
Capital Project Fund – Fire truck repair reserve	25,889
	<u>\$ 244,292</u>

Restricted Fund Balance:

Capital Projects Fund:

Ambulance reserve	\$ 119
Ambulance equipment	16,716
Emergency disaster reserve	15,857
Town landings	150,628
Fire truck – Major fund	290,648
Fire pond maintenance	4,171
Fire SCBA reserve	14,215
Revaluation	73,210
Fire equipment	18,084
Paving reserve – Major fund	110,170
Cemetery reserve	10,962
Building reserve	27,944
	<u>\$ 732,724</u>

6. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2022 are as follows:

	Due from:		Due to:		Totals
	General Fund	Major Fund – Fire Truck	Major Fund - Paving	Non-Major Funds	
General Fund	\$ 67,774	\$ -	\$ 46,000	\$ 15,000	\$ 128,774
MF – Fire Truck	-	45,215	-	-	45,215
Non-Major Funds	12,100	22,559	-	-	34,659
	<u>\$ 79,874</u>	<u>\$ 67,774</u>	<u>\$ 46,000</u>	<u>\$ 15,000</u>	<u>\$ 208,648</u>

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

6. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

During 2020, funds from the reserve funds were borrowed for the purchase of an ambulance. The funds were approved to be paid back with payments to 2023. As of June 30, 2022, \$45,215 remains due to the Fire Truck Reserve fund, and \$22,559 due to the Revaluation Reserve fund.

During the year, several interfund transactions occurred between funds, including a tax anticipation loan in the amount of \$ 900,000 that was paid back in full, with interest. Interfund transfers for the 18-month period ended June 30, 2022 are as follows:

	<i>Transfer from:</i>					Totals
	General Fund	Fiduciary Fund	Major Fund – Fire Truck Reserve	Major Fund - Paving	Non-Major Funds	
<i>Transfer to:</i>						
General Fund	\$ -	\$ 512,168	\$ 112,815	\$ 75,854	\$ 326,615	\$ 1,027,452
Fiduciary Fund	513,209	-	-	-	-	513,209
Major Fund – Fire Truck	200,577	-	-	-	-	200,577
Major Fund - Paving	126,008	-	-	-	-	126,008
Non-Major Funds	252,668	-	-	-	-	252,668
	<u>\$ 1,092,462</u>	<u>\$ 512,168</u>	<u>\$ 112,815</u>	<u>\$ 75,854</u>	<u>\$ 326,615</u>	<u>\$ 2,119,914</u>

7. LONG-TERM OBLIGATIONS

Long-term liability activity for the 18-month period ended June 30, 2022 was as follows:

	Collateral Pledged	1/1/2021	Additions	Payments	6/30/2022
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Notes payable – direct borrowings:

The First, NA, building renovations, dated 10/1/2015, 2.86%	N/A	\$ 210,091	\$ -	\$ (18,416)	\$ 191,675
Machias Savings Bank, LED lights, dated 8/26/20, 2.75%	N/A	36,239	-	(11,549)	24,690
		<u>\$ 246,330</u>	<u>\$ -</u>	<u>\$ (29,965)</u>	<u>\$ 216,365</u>

Payments on bonds payable, notes payable and capital leases of the governmental activities are paid out of the General Fund.

Note payable from direct borrowings include provisions that in the event the Town defaults on the note for any reason, the holder may demand immediate payment of all principal and accrued unpaid interest.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

7. LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to retire the notes payable outstanding for governmental activities at June 30, 2022 are as follows:

Year ending June 30,	Principal	Interest	Total
2023	\$ 26,473	\$ 6,189	\$ 32,662
2024	27,227	5,434	32,661
2025	28,002	4,659	32,661
2026	22,445	3,865	26,310
2027	21,304	3,202	24,506
2028-2031	90,914	7,198	98,112
Total	<u>\$ 216,365</u>	<u>\$ 30,547</u>	<u>\$ 246,912</u>

8. CONTINGENCIES

There may be various claims and suits pending against the Town, which arise in the normal course of the Town’s activities. According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

9. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

10. BEGINNING BALANCE ADJUSTMENT

The beginning balance of the General Fund has been restated due to the reclassification of assigned fund balances. Prior to this year, the assigned fund balances were classified as Special Revenue Funds. Due to definitions in GASB Statement No. 54, those assigned balances do not qualify as Special Revenue Funds and should instead be accounted for as assigned fund balances of the General Fund. This adjustment resulted in an increase of the beginning fund balance of the General Fund of \$ 1,794.

The beginning balance of the General Fund, Fire Truck Reserve – Major Fund, and Capital Projects Fund were adjusted to account for the interfund loan approved in 2020. This adjustment resulted in the beginning fund balance of the Fire Truck Reserve to increase by \$45,215, the Capital Projects Fund to increase by \$22,559 and the General Fund decrease by \$67,774.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

11. OPEB OBLIGATIONS

Plan Description
The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT).

Accounting Policies

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 2 years.

The table below shows changes in the change in Net OPEB Liability during the 2021 measurement year:

	<i>Increase (Decrease)</i>	
	Net OPEB Liability Plan Fiduciary Net Position (a)	Net OPEB Liability (a)-(b)
Balances 1/1/2020		
(Reporting 12/31/2020)	\$ 43,209	\$ 43,209
Changes for the year:		
Service cost	1,546	1,546
Interest	1,181	1,181
Differences between expected and actual experience	-	-
Changes of assumptions	1,510	1,510
Contributions – employer	-	3,307
Benefit payments	(3,307)	(3,307)
Net changes	930	930
Balances 1/1/2021		
(Reporting 06/30/2022)	\$ 44,139	\$ 44,139

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next 5 years, and thereafter:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,344
Changes in assumptions	1,797	-
Contributions subsequent to measurement date	-	3,776
Total	\$ 1,797	\$ 7,120

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

11. OPEB OBLIGATIONS (CONTINUED)

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

Year ended June 30:	
2023	(2,051)
2024	504
2025	0
2026	0
2027	0
Thereafter	0

As of January 1, 2021, the plan membership data is comprised of 1 active members with only an implicit benefit.

Key Economic Assumptions:

Measurement date: January 1, 2021

Discount rates: 2.12% per annum for year end 2021 reporting
2.74% per annum for year end 2020 reporting

Trend assumptions: Pre-Medicare Medical – Initial trend of 8.50% applied in FYE 2020 grading over 20 years to 3.28% per annum.
Pre-Medicare Drug – Initial trend of 8.75% applied in FYE 2020 grading over 20 years to 3.53% per annum.
Medicare Medical – Initial trend of 5.00% applied in FYE 2020 grading over 20 years to 3.28% per annum.
Medicare Drug – Initial trend of 8.75% applied in FYE 2020 grading over 20 years to 3.28% per annum.

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.

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

11. OPEB OBLIGATIONS (CONTINUED)

Demographic Assumptions:

Retiree continuation: Retirees who are current Medicare participants – 100%
Retirees who are Pre-medicare, active participants – 75%
Spouses who are Pre-medicare, spouse is active participant – 50%

Rate of mortality: Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Marriage assumptions: A husband is assumed to be 3-years older than his wife.

Assumed rate of retirement: For employees hired prior to July 1, 2014
Age 55-58 – 5%
Age 59-64 – 20%
Age 65-69 - 25%
Age 70+ - 100%
For employees hired after July 1, 2014
Age 55-63 – 5%
Age 64-69 – 20%
Age 70+ - 100%

Salary increases: 2.75% per year

Discount Rate

The discount rate used to measure the TOL was 2.12% based on a measurement date of January 1, 2021. This rate is assumed to be an Index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB 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 2.12%.

	1% Decrease	Current Rate	1% Increase
	1.12%	2.12%	3.12%
	\$ 47,522	\$ 44,139	\$ 41,179

TOWN OF SOUTH THOMASTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

11. OPEB OBLIGATIONS (CONTINUED)

Changes in the healthcare trend affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rates.

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 40,943	\$ 44,139	\$ 47,759

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 7.2%. A 1% increase in the healthcare trend rate increases the NOL by approximately 8.2%.

TOWN OF SOUTH THOMASTON, MAINE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022

Schedules of Required Supplementary Information start with one year of information as of the implementation of GASB No. 75, but eventually will build up to 10 years of information. The schedule below shows changes in total OPEB liability and related ratios required by GASB No. 75.

	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Total OPEB liability				
Service cost (BOY)	\$ 1,546	\$ 2,959	\$ 3,158	\$ 2,766
Interest (includes interest on service cost)	1,181	2,118	1,833	2,052
Changes of benefit terms	0	(1,021)	0	0
Differences between expected and actual experience	0	(10,030)	0	3,002
Changes of assumptions	1,510	2,368	(2,744)	(5,778)
Benefit payments, including refunds of member contributions	(3,307)	(3,741)	(3,597)	(3,298)
Net change in total OPEB liability	\$ 930	\$ (7,347)	\$ (1,350)	\$ (1,256)
Total OPEB liability – beginning	\$ 43,209	\$ 50,556	\$ 51,906	\$ 53,162
Total OPEB liability – ending	\$ 44,139	\$ 43,209	\$ 50,556	\$ 51,906
Plan fiduciary net position				
Contributions – employer	3,307	3,741	3,597	3,298
Contributions – member	0	0	0	0
Net investment income	0	0	0	0
Benefit payments, including refunds of member contributions	(3,307)	(3,741)	(3,597)	(3,298)
Administrative expenses	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0
Plan fiduciary net position – beginning	0	0	0	0
Plan fiduciary net position – ending	0	0	0	0
Net OPEB liability – endings	\$ 44,139	\$ 43,209	\$ 50,556	\$ 51,906
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 29,922	\$ 95,148	\$ 95,148	\$ 95,148
Net OPEB liability as a percentage of covered employee payroll	147.5%	144.4%	53.1%	54.6%

Town of South Thomaston, Maine
General Fund
Budgetary Comparison Schedule
For the 18 Month Period Ended June 30, 2022

Schedule A

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (negative)
REVENUES:				
Property taxes	\$ 6,367,708	\$ 6,367,708	\$ 6,403,493	\$ 35,785
Excise taxes	536,558	548,658	680,277	131,620
Intergovernmental revenue	416,430	640,902	687,294	46,392
Interest income	3,875	3,875	1,836	(2,039)
Interest on taxes and lien fees	32,391	32,391	34,608	2,217
Licenses and permits	14,956	14,956	41,463	26,507
Charges for services	139,393	180,364	185,698	5,334
Other revenues	65,714	123,238	159,706	36,468
Total revenues	7,577,025	7,912,092	8,194,376	282,284
EXPENDITURES:				
General government	594,973	594,973	544,660	50,313
Public health and sanitation	465,111	465,111	460,159	4,952
Public works	292,643	413,146	343,356	69,790
Public safety	625,015	747,380	720,505	26,875
Special assessments	5,509,483	5,509,483	5,509,483	0
Unclassified	111,059	298,287	180,357	117,929
Total expenditures	7,598,284	8,028,380	7,758,519	269,860
Excess (deficiency) of revenues over (under) expenditures	(21,259)	(116,288)	435,856	12,424
OTHER FINANCING SOURCES (USES)				
Transfers in	132,631	132,631	128,087	(4,544)
Transfers (out)	(178,532)	(190,632)	(190,632)	-
Transfer in - Proceeds from issuance of tax anticipation note	-	900,000	900,000	-
Transfer (out) - Pay-off of tax anticipation note	-	(901,830)	(901,830)	-
Total other financing sources	(45,901)	(59,830)	(64,374)	(4,544)
Net changes in fund balances			371,483	
TOTAL FUND BALANCES - BEGINNING - RESTATED - see footnotes			675,250	
TOTAL FUND BALANCES - ENDING			\$ 1,046,733	

Town of South Thomaston, Maine
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2022

	Capital Reserve Funds	Total Other Governmental Funds
ASSETS:		
Cash and cash equivalents	\$ 338,772	\$ 338,772
Due from the General Fund	34,659	34,659
TOTAL ASSETS	\$ 373,430	\$ 373,430
LIABILITIES AND FUND BALANCES:		
Liabilities:		
Due to the General Fund	\$ 15,636	\$ 15,636
Total liabilities	15,636	15,636
Fund Balance:		
Restricted:		
Ambulance reserve	119	119
Ambulance equipment	16,716	16,716
Town landing	150,628	150,628
Revaluation	73,210	73,210
Fire equipment	18,084	18,084
Cemetery reserve	10,962	10,962
Building reserve	27,943	27,943
Emergency disaster reserve	15,857	15,857
Fire pond maintenance reserve	4,171	4,171
Fire SCBA reserve	14,215	14,215
Assigned:		
Fire truck repair reserve	25,889	25,889
Total fund balance	357,795	357,795
TOTAL LIABILITIES AND FUND BALANCES	\$ 373,430	\$ 373,430

**The Fire Truck Reserve Fund and Paving Reserve Fund were considered Major Funds for FY22 and can be found on Statements 3 and 4.

Town of South Thomaston, Maine
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Reserve Funds
For the 18 Month Period Ended June 30, 2022

Schedule C

CAPITAL RESERVE FUNDS														Total Other Governmental Funds
REVENUES:	Ambulance Reserve	Ambulance Equipment	Town Landing	Revolution	Fire Equipment	Cemetery Reserve	Building Reserve	Fire Truck Repair Reserve	Fire SCBA Reserve	Fire Pond Main. Reserve	Transfer Station Reserve	Emergency Disaster Reserve		
Interest Income														
Total Revenues	1	1	57	581	186	41	43	117	109	81	46	102	1,632	1,632
			57	581	186	41	43	117	109	81	46	102	1,632	1,632

EXPENDITURES:														
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1	57	581	186	41	43	117	109	81	46	102	102	102	102
	1	57	581	186	41	43	117	109	81	46	102	102	102	102

OTHER FINANCING SOURCES (USES) OF FUNDS:														
Transfer from General Fund	-	5,000	12,100	10,000	15,000	1,000	-	-	-	-	-	10,000	53,100	53,100
Transfer (to) General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer (to) General Fund - TAN	-	(8,371)	(99,043)	(29,053)	(2,185)	(7,121)	(19,979)	(18,509)	-	(1,156)	(126,932)	(14,902)	(128,087)	(128,087)
Transfer from General Fund - TAN	-	8,371	99,043	29,053	2,185	7,121	19,979	18,509	-	-	-	14,902	199,163	199,163
Transfer from General Fund - Interest	-	17	201	39	4	14	41	38	-	-	-	30	408	408
Total other financing sources (uses)	-	5,017	12,201	10,059	15,004	1,014	41	38	-	(1,156)	(126,932)	10,030	(74,583)	(74,583)

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES

FUND BALANCE - BEGINNING OF YEAR	118	11,643	137,746	62,965	3,038	9,904	22,786	25,742	14,135	9,605	126,663	10,132	435,069	(77,275)
	118	11,643	137,746	62,965	3,038	9,904	22,786	25,742	14,135	9,605	126,663	10,132	435,069	(77,275)
FUND BALANCE - END OF YEAR	119	16,716	150,628	73,210	18,084	10,962	27,943	28,889	14,215	4,171	-	15,857	357,795	357,795
	119	16,716	150,628	73,210	18,084	10,962	27,943	28,889	14,215	4,171	-	15,857	357,795	357,795

Town of South Thomaston, Maine
Schedule of Property Valuation, Assessment and Appropriations
General Fund
For the 18 Month Period Ended June 30, 2022

Assessed Valuation:	
Real estate valuation	\$ 269,499,869
Personal property valuation	891,132

Total valuation	270,391,001
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Tax Commitment:	
Tax assessment at \$23.55 per thousand	6,367,708

Reconciliation of Commitment with Appropriation:	
Current year tax commitment, as above	6,367,708
Estimated revenues:	
Excise taxes	536,558
State revenue sharing	215,000
LRAP	12,468
Homestead exemption reimbursement	181,747
Snowmobile	742
Tree growth	2,806
Veteran's exemption	1,900
BETE reimbursement	642
General assistance	1,125
Charges for services	146,188
Investment interest	3,875
Interest and lien fees	32,391
Building permit and fees	7,461
Other income	66,414
Transfers in	132,631
Appropriated from fund balance	79,292

Municipal appropriations	\$ 7,788,948
County tax	2,267,333
Education	312,664
	5,196,819
	\$ 7,776,816

OVERLAY	\$ 12,132
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Town of South Thomaston, Maine
Schedule of Taxes Receivable
General Fund
June 30, 2022

Taxes receivable:			
Real	\$	183,853	
Personal property		<u>1,986</u>	
	\$		185,839
Tax liens receivable:			
2020		<u>30,715</u>	30,715
Tax acquired property		<u>2,449</u>	<u>2,449</u>
TOTAL TAXES AND TAX LIENS RECEIVABLE			<u>\$ 219,003</u>

Town of South Thomaston, Maine
Schedule of Expenditures - Departmental Operations
For the 18 Month Period Ended June 30, 2022

Schedule F

	Balance 1/1/2021	Appropriations	Budget Adjustments	Total Available	Expenditures	Lapsed	Balances Carried
GENERAL GOVERNMENT:							
Administration	\$ -	\$ 391,085	\$ -	\$ 391,085	\$ 364,335	\$ 26,750	\$ -
Assessors	-	72,894	-	72,894	72,508	386	-
Building and grounds	-	89,760	-	89,760	75,530	14,230	-
Planning board/board of appeals	-	2,470	-	2,470	519	1,951	-
Code enforcement	-	38,764	-	38,764	31,768	6,996	-
<i>Total</i>	-	594,973	-	594,973	544,660	50,313	-
PUBLIC HEALTH AND SANITATION:							
General assistance	-	2,250	-	2,250	1,025	1,225	-
Solid waste	-	462,861	-	462,861	459,134	3,727	-
<i>Total</i>	-	465,111	-	465,111	460,159	4,952	-
PUBLIC WORKS:							
Town roads/snow removal	-	286,365	-	286,365	301,158	(14,793)	-
Island Road project	89,151	-	31,352	120,503	40,195	-	80,308
Town landings and harbors	-	6,278	-	6,278	2,004	4,274	-
<i>Total</i>	89,151	292,643	31,352	413,146	343,356	(10,519)	80,308
PUBLIC SAFETY:							
Street lights	-	5,248	-	5,248	2,393	2,855	-
LED street light project	-	-	16,428	16,428	13,574	2,854	-
Ambulance department	-	352,177	40,971	393,148	387,778	5,370	-
General public safety - animal control, dispatch, etc	-	64,650	-	64,650	61,014	3,636	-
King grant	-	-	10,000	10,000	9,403	-	597
Fire department	-	202,940	54,965	257,905	246,343	11,562	-
<i>Total</i>	-	625,015	122,365	747,380	720,505	26,278	597

Town of South Thomaston, Maine
Schedule of Expenditures - Departmental Operations
For the 18 Month Period Ended June 30, 2022

Schedule F

	Balance 1/1/2021	Appropriations	Budget Adjustments	Total Available	Expenditures	Lapsed	Balances Carried
SPECIAL ASSESSMENTS:							
County Tax	-	312,664	-	312,664	312,664	0	-
Education	-	5,196,819	-	5,196,819	5,196,819	-	-
<i>Total</i>	-	5,509,483	-	5,509,483	5,509,483	0	-
UNCLASSIFIED:							
Debt service	-	45,747	-	45,747	36,809	8,938	-
Recreation	-	5,505	-	5,505	5,505	-	-
Cemeteries	-	28,070	-	28,070	21,703	6,367	-
ARPA funds	-	-	170,662	170,662	96,563	-	74,099
Beautification/landscaping project	26	-	-	26	-	-	26
Library relocation	-	20,000	-	20,000	1,105	-	18,895
Library	-	3,505	-	3,505	3,739	(234)	-
Library donations	-	-	8,287	8,287	5,254	-	3,033
Tennis & basketball court repair	-	-	7,617	7,617	1,213	-	6,404
Skateboard fund	367	-	50	417	-	-	417
Conservation committee donations	-	-	219	219	150	-	69
Unclassified	-	8,232	-	8,232	8,317	(85)	-
<i>Total</i>	393	111,059	186,835	298,287	180,357	14,986	102,943
CAPITAL RESERVES:							
Town landing reserve	-	-	12,100	12,100	12,100	-	-
Fire truck reserve	-	87,532	-	87,532	87,532	-	-
Town revaluation reserve	-	10,000	-	10,000	10,000	-	-
Fire equipment reserve	-	15,000	-	15,000	15,000	-	-
Paving reserve	-	50,000	-	50,000	50,000	-	-
Cemetery reserve	-	1,000	-	1,000	1,000	-	-
Ambulance defibrillator reserve	-	5,000	-	5,000	5,000	-	-
Emergency disaster reserve	-	10,000	-	10,000	10,000	-	-
<i>Total</i>	-	178,532	12,100	190,632	190,632	-	-
TOTAL EXPENDITURES	\$ 89,544	\$ 7,776,816	\$ 352,651	\$ 8,219,011	\$ 7,949,151	\$ 86,011	\$ 183,849