

TOWN OF POWNAL, 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 Select Board
Town of Pownal
Pownal, 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 Pownal, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Pownal, 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 Pownal, 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 Pownal, 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 Pownal, 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.

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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 Pownal, 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 Pownal, 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, 31, and 32 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 Pownal, Maine's basic financial statements. The combining statements 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 statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Levant, Maine
August 25, 2022

Town of Pownal

Management's Discussion and Analysis

Fiscal Year ending June 30, 2022

Management of the Town of Pownal offers this management's discussion and analysis report that will provide information that should be used in conjunction with the outside audit report for year 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 Pownal

Management's Discussion and Analysis

Fiscal Year 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.

The fund financial statements can be found on pages 13-15 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 16-30 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 31-32 of this report.

In addition to the required elements, we have included a section with a schedule of activity for the capital projects fund and the permanent fund that provide details about those funds. 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 33-34 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 \$5,983,111 – this is referred to as “Net Position”. Of that amount, \$3,148,027 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 \$854,078, which can be seen on Statement 2 of the financial statements.

Fund balance – The Town's governmental funds reported on a current financial resources basis, had a combined ending fund balances of \$3,010,306 and increase of \$55,700 from the prior year.

Town of Pownal
Management's Discussion and Analysis
Fiscal Year ending June 30, 2022

The total unassigned fund balance for the general fund was \$2,162,293, which represents 37.6% of the total general fund expenditures.

Government Wide Financial Analysis:

Approximately 47% 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	6/30/2021
Current Assets	\$ 3,355,458	\$ 3,295,543
Capital Assets	5,113,573	4,579,145
<i>Total Assets</i>	8,469,031	7,874,688
<i>Deferred Outflows of Resources</i>	7,580	8,774
<i>Total Assets & Deferred Outflows of Resources</i>	\$ 8,476,611	\$ 7,883,462
Current Liabilities	\$ 425,230	\$ 451,056
Other Liabilities	2,019,998	2,249,431
Net OPEB Obligations	8,954	23,273
<i>Total Liabilities</i>	2,454,182	2,723,760
Property Taxes Collected in Advance	10,093	16,259
Related to OPEB	29,226	14,411
<i>Total Deferred Inflows of Resources</i>	39,319	30,670
NET POSITION:		
Net Investment in Capital Assets	2,835,084	2,050,806
Unrestricted	3,148,027	3,078,226
<i>Total Net Position</i>	5,983,111	5,129,032
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	\$ 8,476,611	\$ 7,883,462

Town of Pownal
Management's Discussion and Analysis
Fiscal Year ending June 30, 2022

Approximately 85% of the Town's total revenue was made up by taxes – property and excise, approximately 11% was from State revenues and grants, and approximately 4% was made up of interest, charges for services (agent fees and ambulance service fees), and other miscellaneous revenues.

	Governmental Activities	
	6/30/2022	6/30/2021
Revenues:		
<i>Program Revenues:</i>		
Charges for Services	\$ 44,037	\$ 57,668
Operating Grants and Contributions	40,064	34,152
<i>General Revenues:</i>		
Taxes	4,954,683	4,875,268
Licenses and permits	30,359	20,737
Interest and investment earnings	11,619	13,779
Grants and contributions	582,310	334,054
Miscellaneous	158,832	69,380
TOTAL REVENUES	5,821,904	5,405,038
 Expenses:		
General government	727,818	622,113
Protection	149,032	118,141
Health and sanitation	102,191	112,787
Public works	490,476	481,459
Social services	9,662	9,380
Special assessments	3,404,978	3,290,290
Interest	54,270	58,168
Other	29,398	51,991
TOTAL EXPENSES	4,967,825	4,744,329
 Changes in Net Position		
	854,078	660,709
Beginning Net Position – restated (see footnotes)	5,129,032	4,468,323
Ending Net Position	\$ 5,983,111	\$ 5,129,032

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.

At the end of the year, the Town's governmental funds reported a combined ending fund balance of \$ 3,010,306, an increase of \$55,700 from the prior year. Approximately 72% of the

Town of Pownal
Management's Discussion and Analysis
Fiscal Year ending June 30, 2022

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 and other revenues collected during the fiscal year.

Actual revenues and other financing sources were more than the budgetary estimated by approximately \$411 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 \$544 thousand due to savings in all departments and the utilization of carry forward balances.

For further detail, a budget to actual comparison for the General Fund can be found on Schedule A, page 32 of the financial statements.

Capital Assets:

The Town's investment in capital assets for the governmental activities is \$7,727,009, net of accumulated depreciation of \$2,613,436, giving a net book value of \$5,113,573. Additions to capital assets for the year include; wheel loader, freightliner dump truck, Poland Range multi place bridge, extrication equipment, refurbish of a fire engine, and a new copier lease.

The Town's capital asset activity for the year can be found in the footnotes on page 23 of this report.

Long-Term Debt:

At year end, the Town had \$2,256,717 of total debt outstanding, versus \$2,505,137 in the prior year, a decrease of \$257,208. A new capital lease was issued during the year for the purchase of a photocopier. The outstanding debt is made up of general obligation debt backed by the full faith and credit of the Town.

The Town's long-term debt activity for the year can be found in the footnotes on page 26-27 of this report.

Town of Pownal
Management's Discussion and Analysis
Fiscal Year ending June 30, 2022

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 429 Hallowell Road, Pownal, Maine 04069.

Town of Pownal, Maine
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS:	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 3,145,057
Taxes receivable	166,994
Tax liens receivable	43,407
<i>Total current assets</i>	3,355,458
<i>Non-current assets:</i>	
Capital assets, net of accumulated depreciation	5,113,573
<i>Total non-current assets</i>	5,113,573
<i>Deferred outflows of resources:</i>	
OPEB related outflows	7,580
<i>Total deferred outflows of resources</i>	7,580
TOTAL ASSETS	\$ 8,476,611
LIABILITIES:	
<i>Current liabilities:</i>	
Accounts payable	\$ 48,970
Accrued interest on long term debt	21,772
Escrow payable - <i>Meadowbrook subdivision</i>	117,768
Current portion of long-term debt - capital leases payable	1,578
Current portion of long-term debt - bonds	235,141
<i>Total current liabilities</i>	425,230
<i>Non-current liabilities:</i>	
<i>Non-current portion of long-term debt:</i>	
Bonds payable	2,014,289
Capital leases payable	5,708
OPEB liabilities	8,954
<i>Total non-current liabilities</i>	2,028,952
TOTAL LIABILITIES	2,454,182
DEFERRED INFLOWS OF RESOURCES:	
Taxes collected in advance	10,093
OPEB related inflows	29,226
TOTAL DEFERRED INFLOWS OF RESOURCES	39,319
NET POSITION:	
Net investment in capital assets	2,835,084
Unrestricted	3,148,027
TOTAL NET POSITION	5,983,111
TOTAL LIABILITIES AND NET POSITION	\$ 8,476,611

The accompanying notes are an integral part of this statement.

Town of Pownal, Maine
Statement of Activities
For the Year Ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Governmental activities:						
General government	\$ 383,757	\$ 10,777	\$ -	\$ -	\$ (372,980)	\$ (372,980)
Public safety	149,032	-	-	-	(149,032)	(149,032)
Public works	490,476	-	-	36,608	(453,868)	(453,868)
Health and sanitation	102,191	32,921	-	-	(69,271)	(69,271)
Education	3,222,790	-	-	-	(3,222,790)	(3,222,790)
County tax	182,188	-	-	-	(182,188)	(182,188)
Social services	9,662	-	-	-	(9,662)	(9,662)
Interest	54,270	-	-	-	(54,270)	(54,270)
Other	29,399	340	3,456	-	(25,604)	(25,604)
Depreciation	344,061	-	-	-	(344,061)	(344,061)
Total governmental activities	4,967,825	44,037	3,456	36,608	(4,883,724)	(4,883,724)
<i>General revenues:</i>						
Property taxes, levied for general purposes					4,556,973	4,556,973
Excise taxes					397,710	397,710
Interest					11,619	11,619
Licenses and permits					30,359	30,359
<i>Grants and contributions not restricted to specific programs:</i>						
State revenue sharing					278,250	278,250
Homestead exemption					138,976	138,976
Other					165,084	165,084
Miscellaneous revenues					158,832	158,832
Total general revenues and transfers					5,737,803	5,737,803
<i>Changes in net position</i>					854,078	854,078
NET POSITION - BEGINNING					5,129,032	5,129,032
NET POSITION - ENDING					\$ 5,983,111	\$ 5,983,111

The accompanying notes are an integral part of this statement.

Town of Pownal, Maine
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	MAJOR FUND Capital Reserves	NON-MAJOR Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,686,071	\$ 338,902	\$ 120,084	\$ 3,145,057
Taxes receivable, net	166,994	-	-	166,994
Tax liens receivable	43,407	-	-	43,407
Interfund receivables	86,375	-	209,324	295,699
TOTAL ASSETS	\$ 2,982,847	\$ 338,902	\$ 329,408	\$ 3,651,157
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts payable	\$ 48,970	-	-	\$ 48,970
Escrow payable - <i>Meadowbrook subdivision</i>	117,768	-	-	117,768
Interfund payables	209,324	86,375	-	209,324
<i>Total liabilities</i>	376,062	86,375	-	376,062
<i>Deferred inflows of resources:</i>				
Taxes collected in advance	10,093	-	-	10,093
Uncollected property taxes	168,321	-	-	168,321
<i>Total deferred inflows of resources</i>	178,414	-	-	178,414
<i>Fund balances: see footnotes</i>				
Non-spendable	-	-	64,154	64,154
Restricted	-	-	161,225	161,225
Committed	-	252,527	33,313	285,840
Assigned	266,078	-	70,715	336,793
Unassigned	2,162,293	-	-	2,162,293
<i>Total fund balances</i>	2,428,372	252,527	329,408	3,010,306
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,982,847	\$ 338,902	\$ 329,408	
<i>Amounts reported for governmental activities in the statement of net position (Stmnt. 1) are different because:</i>				
Depreciable and non-depreciable capital assets as reported in Stmt. 1				5,113,573
Long-term liabilities, including bonds payable and accrued interest, as reported on Stmt. 1				(2,278,489)
Deferred property taxes not reported on Stmt. 1				168,321
Deferred outflows of resources - OPEB related expenditures				7,580
Deferred inflows of resources - OPEB related inflows				(29,226)
OPEB liabilities				(8,954)
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 5,983,111

The accompanying notes are an integral part of this statement.

Town of Pownal, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	MAJOR FUND Capital Reserves	NON-MAJOR Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 4,541,182	\$ -	\$ -	\$ 4,541,182
Excise taxes	397,710	-	-	397,710
Intergovernmental revenue	622,374	-	-	622,374
Charges for services	44,037	-	-	44,037
Licenses and permits	30,359	-	-	30,359
Interest	11,113	437	69	11,619
Other revenues	140,699	-	18,133	158,832
<i>Total revenues</i>	5,787,473	437	18,202	5,806,113
EXPENDITURES:				
General government	392,569	-	-	392,569
Public safety	149,032	-	-	149,032
Public works	781,191	-	-	781,191
Health and sanitation	102,191	-	-	102,191
Social services	9,662	-	-	9,662
Education	3,222,790	-	-	3,222,790
County tax	182,188	-	-	182,188
Debt service	311,405	-	-	311,405
Unclassified	599,281	-	8,892	608,173
<i>Total expenditures</i>	5,750,309	-	8,892	5,759,201
<i>Excess (deficiency) of revenues over (under) expenditures</i>	37,164	437	9,310	46,912
OTHER FINANCING SOURCES (USES)				
Transfers in	606,798	277,000	1,469	885,267
Transfers (out)	(278,469)	(570,591)	(36,207)	(885,267)
Capital lease issuance	8,788	-	-	8,788
<i>Total other financing sources (uses)</i>	337,117	(293,591)	(34,738)	8,788
<i>Net change in fund balances</i>	374,281	(293,154)	(25,428)	55,700
FUND BALANCES - BEGINNING	2,054,090	545,681	354,836	2,954,607
FUND BALANCES - ENDING	\$ 2,428,372	\$ 252,527	\$ 329,408	\$ 3,010,306

The accompanying notes are an integral part of this statement.

(Continued)

Town of Pownal, 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, 2022

Net change in fund balances - total governmental funds (Statement 4)	\$	55,700
<p>Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:</p>		
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on Governmental Funds Report		(344,061)
Capital outlays expensed on the Governmental Funds Report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)		878,489
Revenues in the Statement of Activities (Stmt 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 and other deferred revenue.		15,791
Issuances of long-term debt are reported as other financing sources in the governmental funds, but debt issuances increase long-term liabilities in the Statement of Net Position. Issuances are as follows:		
Capital lease payable		(8,788)
Accrued interest expense on long-term debt is reported in the government wide Statement of Activities but does not require the use of current financial resources; therefore, is not reported as an expenditure in the Governmental Funds.		1,429
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.		257,208
OPEB expenses under GASB #75 are not reported in the governmental fund statements		(1,689)
<hr/>		
Changes in net position of governmental activities (see Stmt. 2)	\$	854,078
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The accompanying notes are an integral part of this statement.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town operates under a selectboard-town meeting form of government and was incorporated in 1808 under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 Select Board 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 and reports 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 POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

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 – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Capital outlays financed from the issuance of debt are accounted for in the capital projects fund.

Permanent Fund – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Special Revenue Fund – This fund is used for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR 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.

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.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR 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 Select Board. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Select Board or required by law.

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.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Compensated Absences

Vacation and sick pay benefits are substantially non-vesting and are not material. Therefore, no liability has been recorded in the financial statements for the year ended June 30, 2022.

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 \$5,000 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:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Infrastructure	40
Machinery and Equipment	10-20
Vehicles	10-20

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 POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR 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.

Committed – Funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governing body.

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

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 22, 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 September 15, 2021, December 15, 2021, March 15, 2022, and June 15, 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 \$19,411 for the year 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 POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR 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, certificates of deposit, and U.S. government obligations (through an investment group owned by a financial institution). 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 \$3,145,057, 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.

Custodial Credit Risk – Investments – the risk 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 the possession of an outside party. The Town does not have an investment policy. None of the Town's investments were subject to custodial credit risk.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments held by the Town are Level 1 inputs.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
<i>Capital assets:</i>				
Buildings & improvements	\$ 73,917	\$ -	\$ -	\$ 73,917
Vehicles	1,825,390	250,214	-	2,075,604
Equipment	150,332	205,899	-	356,231
Infrastructure	4,798,881	422,376	-	5,221,257
	<hr/>			<hr/>
Total capital assets	6,848,520	878,489	-	7,727,009
<i>Less accumulated depreciation</i>	<i>(2,269,375)</i>	<i>(344,061)</i>	<i>-</i>	<i>(2,613,436)</i>
	<hr/>			<hr/>
Governmental activities Capital assets, net	\$ 4,578,875	\$ 534,428	\$ -	\$ 5,113,573

Depreciation expense has not been charged as a direct expense for any department of the Town.

4. 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.

5. 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.

6. INTERFUND BALANCES AND TRANSFERS

Interfund balances as of June 30, 2022 consisted of the following:

<i>Due to:</i>	<i>General Fund</i>	<i>Due from: Major Fund – Capital Reserve Fund</i>	<i>Totals</i>
General Fund	\$ -	\$ 86,375	\$ 86,375
Capital Project – Road Bond	47,184	-	47,184
Permanent Fund	14,785	-	14,785
Special Revenue Fund	147,355	-	147,355
	<hr/>		<hr/>
	\$ 209,324	\$ 86,375	\$ 265,699

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

6. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

		<i>Transfer from:</i>			
General Fund	Major Fund – Capital Reserve Fund	Capital Project Funds	Special Revenue Fund	Totals	
<i>Transfer to:</i>					
General Fund	\$ -	\$ 570,591	\$ 7,218	\$ 28,989	\$ 606,798
Major Fund – Capital Reserve Fund	277,000	-	-	-	277,000
Special Revenue Fund	269	-	-	-	269
Permanent Fund	1,200	-	-	-	1,200
	<u>\$ 278,469</u>	<u>\$ 570,591</u>	<u>\$ 7,218</u>	<u>\$ 28,989</u>	<u>\$ 885,267</u>

7. DEFERRED COMPENSATION PLAN

The Town offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan allows employees to defer a portion of their salary, plus town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Town contributes 6% of the annual gross pay of employees who work an average of 36 hours per week. Employees are eligible to participate after 90 days of services. Employee's interest in Town contribution vests 20% for each year of service. Employee is 100% vested after 5 years of service. This applies to employees hired after 5/1/2008. Any employees hired prior to 5/1/2008 are grandfathered under earlier vesting schedules, which allows the employee's interest in the Town's contribution to vest at 1/3 each year of full employment service. If the employee terminates, non-vested portions revert back to the Town. The Town contributes at the end of the year based on the Town's payroll records.

Employees who work an average of less than 36 hours, but more than 20 hours per week are eligible to defer pay into the plan, but the Town does not contribute. An employee is eligible to participate after ninety days of service. Employees are fully vested in their deferred contribution.

The Town's contributions to the plan including employee contributions for the year ended June 30, 2022 totaled \$13,218.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

8. FUND BALANCES

Non-spendable:

Permanent fund – <i>reserve for endowments</i>	<u>\$ 64,154</u>
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Restricted:

Capital Project Fund	
Road bonds	\$ 47,184
Special Revenue Fund	
Impact fees	<u>114,041</u>
TOTAL RESTRICTED	<u>\$ 161,225</u>

Committed:

Capital Project Fund	
Capital Reserves	\$ 252,527
Special Revenue Fund	
PWCA	11,773
Fire station	6,881
Veteran’s memorial	3,353
Fire department EMS	4,145
Formatted ordinances	3,000
Mallet Hall improvements	3,045
Stewardship fund for town owned land	<u>1,116</u>
	<u>33,313</u>
TOTAL COMMITTED	<u>\$ 285,840</u>

Assigned:

Permanent Fund	\$ 70,715
General Fund	
Fire department	\$ 36,554
General government	14,349
Community events sign	34,070
General government FY23 expenses	3,250
Fire department FY23 expenses	9,680
Comprehensive plan	915
Mallet Hall operations	3,472
ARPA funds	<u>163,788</u>
	<u>266,078</u>
TOTAL ASSIGNED	<u>\$ 336,793</u>
UNASSIGNED	<u>\$ 2,162,293</u>

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

9. LONG-TERM OBLIGATIONS

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

Description	Balance 7/1/21	Additions	(Reductions)	Balance 6/30/22	Due within one year
Bonds payable	\$ 2,484,572	\$ -	\$ (235,141)	\$ 2,249,431	\$ 235,141
Capital leases payable	20,565	8,788	(22,067)	7,286	1,578
Total	\$ 2,505,137	\$ 8,788	\$ (257,208)	\$ 2,256,717	\$ 236,719

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

General Obligation Bonds

Bonds payable at June 30, 2022 are comprised of the following:

	Interest <u>Rate</u>	Maturity <u>Date</u>	Balance at <u>6/30/2022</u>
Governmental Activities:			
Maine Municipal Bond Bank	2-6%	11/2033	\$ 630,672
Maine Municipal Bond Bank	2.02-5.52%	11/2041	868,759
Maine Municipal Bond Bank	1.16-2.13%	11/2026	<u>750,000</u>
Total governmental activities			<u>\$ 2,249,431</u>

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

Year ending June 30,	Governmental Activities		Total
	Principal	Interest	
2023	\$ 235,141	\$ 76,806	\$ 311,947
2024	235,141	70,152	305,293
2025	235,140	64,111	299,251
2026	235,140	57,582	292,722
2027	235,140	50,910	286,050
2028-2032	425,701	167,822	593,523
2033-2037	425,701	132,478	558,179
2038-2041	<u>222,327</u>	<u>34,539</u>	<u>256,866</u>
Total	<u>\$ 2,249,431</u>	<u>\$ 654,400</u>	<u>\$ 2,903,831</u>

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

9. LONG-TERM OBLIGATIONS (CONTINUED)

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

The following are the individual capital lease obligations outstanding for governmental activities at June 30, 2022:

	Interest Rate	Final Maturity Date	Balance at 6/30/2022
Governmental activities:			
Copier	5.0%	07/2027	\$ 7,287
			<u>\$ 7,287</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2022 are as follows:

Year ending June 30,	Principal	Governmental Activities Interest	Total
2023	\$ 1,578	\$ 329	\$ 1,907
2024	1,659	248	1,907
2025	1,744	163	1,907
2026	1,833	74	1,907
2027	473	4	477
Total	<u>\$ 7,287</u>	<u>\$ 818</u>	<u>\$ 8,105</u>

10. ECONOMIC DEPENDENCY

The Town of Pownal's largest taxpayer is Central Maine Power. CMP represents approximately 22.9% of the total assessed valuation of the Town as of June 30, 2022.

11. OPEB OBLIGATIONS

Plan Description

The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Town does not provide postemployment or postretirement health benefits, but it is subject to an implicit benefit for its members in MMEHT.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. OPEB OBLIGATIONS (CONTINUED)

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 10 years.

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	\$ 263	\$ 26,625
Changes in assumptions	7,317	2,601
Net difference between projected & actual earnings on OPEB plan investments	-	-
Total	\$ 7,580	\$ 29,226

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

Year ended June 30:

2023	(2,353)
2024	(2,353)
2025	(2,353)
2026	(2,351)
2027	(2,888)
Thereafter	(9,348)

As of January 1, 2022, the plan membership data is comprised of 4 active members with only an implicit benefit.

Key Economic Assumptions:

Measurement date: January 1, 2022
Discount rates: 2.06% per annum for year end 2022 reporting
 2.124% per annum for year end 2021 reporting
Trend assumptions: *Pre-Medicare Medical* – Initial trend of 6.25% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Pre-Medicare Drug – Initial trend of 13.10% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Medicare Medical – Initial trend of 5.00% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Medicare Drug – Initial trend of 9.90% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Administrative and claims expense – 3% per annum.

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. OPEB OBLIGATIONS (CONTINUED)

Future Plan Changes

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

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 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 include 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.

Assumed rate of retirement: For employees hired prior to July 1, 2014
Age 57-58 – 6%
Age 59 – 10%
Age 60-61 - 12%
Age 62-63 - 16%
Age 64 – 20%
Age 65-66 – 30%
Age 67-69 – 25%
Age 70+ - 100%

For employees hired after July 1, 2014
Age 55-61 – 6%
Age 62 – 10%
Age 63-64 – 12%
Age 65 – 20%
Age 66-68 – 16%
Age 69 – 20%
Age 70-74 - 25%
Age 75+ - 100%

Salary increases: 2.75% per year

**TOWN OF POWNAL, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. OPEB OBLIGATIONS (CONTINUED)

Discount Rate

The discount rate used to measure the TOL was 2.06% based on a measurement date of January 1, 2022. 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 2.06%.

1% Decrease 1.06%	Current Rate 2.06%	1% Increase 3.06%
\$ 11,037	\$ 8,954	\$ 7,336

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
\$ 6,977	\$ 8,954	\$ 11,764

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 22.1%. A 1% increase in the healthcare trend rate increases the NOL by approximately 31.4%.

TOWN OF POWNAL, MAINE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR 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 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Total OPEB Liability					
Service cost (BOY)	\$ 3,475	\$ 3,015	\$ 3,002	\$ 3,321	\$ 1,743
Interest (includes interest on service cost)	567	574	1,101	895	658
Changes of benefit terms	0	0	(310)	0	0
Differences between expected and actual experience	(2,993)	0	(15,183)	0	588
Changes of assumptions	(1,049)	1,769	5,499	(2,981)	4,211
Benefit payments, including refunds of member contributions	0	0	(80)	(77)	(282)
Net change in total OPEB liability	\$ (14,320)	\$ 5,358	\$ (5,971)	\$ 1,158	\$ 6,918
Total OPEB liability – beginning	\$ 23,274	\$ 17,916	\$ 23,887	\$ 22,729	\$ 15,811
Total OPEB liability – ending	\$ 8,954	\$ 23,274	\$ 17,916	\$ 23,887	\$ 22,729
Plan fiduciary net position					
Contributions – employer	0	0	80	77	282
Contributions – member	0	0	0	0	0
Net investment income	0	0	0	0	0
Benefit payments, including refunds of member contributions	0	0	(80)	(77)	(282)
Administrative expenses	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0
Plan fiduciary net position – beginning	0	0	0	0	0
Plan fiduciary net position – ending	0	0	0	0	0
Net OPEB liability – endings	\$ 8,954	\$ 23,274	\$ 17,916	\$ 23,887	\$ 22,729
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$162,892	\$ 240,302	\$ 240,302	\$ 226,372	\$ 226,372
Net OPEB liability as a percentage of covered employee payroll	5.5%	9.7%	7.5%	10.6%	10.0%

Town of Pownal, Maine
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,557,399	\$ 4,557,399	\$ 4,541,182	\$ (16,217)
Excise taxes	231,000	231,000	397,710	166,710
Intergovernmental revenue	232,059	395,848	622,374	226,526
Charges for services	33,180	33,180	44,037	10,857
Licenses and permits	12,450	12,450	30,359	17,909
Interest	9,100	9,100	11,113	2,013
Other revenues	137,007	137,007	140,699	3,692
<i>Total revenues</i>	<u>5,212,195</u>	<u>5,375,984</u>	<u>5,787,473</u>	<u>411,490</u>
EXPENDITURES:				
General government	421,835	470,734	392,569	78,165
Public safety	144,892	201,132	149,032	52,100
Public works	754,401	896,888	781,191	115,697
Health and sanitation	113,047	113,047	102,191	10,856
Social services	12,350	12,350	9,662	2,688
Education	3,222,790	3,222,790	3,222,790	-
County tax	182,188	182,188	182,188	-
Debt service	339,760	339,760	311,405	28,355
Unclassified	602,021	855,735	599,281	256,454
<i>Total expenditures</i>	<u>5,793,284</u>	<u>6,294,624</u>	<u>5,750,309</u>	<u>544,314</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(581,089)</u>	<u>(918,640)</u>	<u>37,164</u>	
OTHER FINANCING SOURCES (USES):				
Transfer (to) other funds	(152,000)	(152,000)	(278,469)	(126,469)
Transfer from other funds	616,798	616,798	606,798	(10,000)
Capital lease issuance	-	-	8,788	8,788
<i>Total other financing sources</i>	<u>464,798</u>	<u>464,798</u>	<u>337,117</u>	<u>(127,681)</u>
<i>Net changes in fund balances</i>			<u>374,281</u>	
FUND BALANCES - BEGINNING			<u>2,054,090</u>	
FUND BALANCES - ENDING			<u>\$ 2,428,372</u>	

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

	Capital Projects Road Bond	Permenant Fund	Special Revenue Fund	Total Non-Major Governmental Funds
ASSETS:				
Cash	\$ -	\$ 120,084	\$ -	\$ 120,084
Interfund receivable	47,184	14,785	147,355	209,324
TOTAL ASSETS	\$ 47,184	\$ 134,869	\$ 147,355	\$ 329,408
LIABILITIES AND FUND BALANCE:				
<i>Fund Balance: - see footnotes</i>				
Non-spendable	\$ -	\$ 64,154	\$ -	\$ 64,154
Restricted	47,184	-	114,041	161,225
Committed	-	-	33,313	33,313
Assigned	-	70,715	-	70,715
<i>Total fund balance</i>	47,184	134,869	147,355	329,408
TOTAL LIABILITIES AND FUND BALANCES	\$ 47,184	\$ 134,869	\$ 147,355	\$ 329,408

Town of Pownal, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Other Non-Major Governmental Funds
For the Year Ended June 30, 2022

	CAPITAL PROJECTS			SPECIAL REVENUE		TOTAL NON-MAJOR
	FUND	ROAD BOND	PERMENANT FUND	FUND	GOVERNMENTAL FUNDS	
REVENUES:						
Interest income	\$ -	\$ -	\$ 69	\$ -	\$ 69	
Other revenue	-	-	-	18,133	18,133	
<i>Total revenues</i>	-	-	69	18,133	18,202	
EXPENDITURES:						
Special projects	-	-	-	8,892	8,892	
<i>Total expenditures</i>	-	-	-	8,892	8,892	
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	-	-	69	9,241	9,310	
OTHER FINANCING SOURCES (USES) OF FUNDS:						
Transfers (to) general fund	(7,218)	-	-	(28,989)	(36,207)	
Transfers from general fund	-	-	1,200	269	1,469	
<i>Total other financing sources (uses)</i>	(7,218)	-	1,200	(28,720)	(34,738)	
<i>NET CHANGE IN FUND BALANCES</i>	(7,218)	-	1,269	(19,479)	(25,428)	
FUND BALANCE - BEGINNING OF YEAR	7,218	47,184	133,600	166,834	354,836	
FUND BALANCE - END OF YEAR	\$ -	\$ 47,184	\$ 134,869	\$ 147,355	\$ 329,408	