

Federal Compliance Audit

Town of Vassalboro, Maine

June 30, 2023



Proven Expertise & Integrity

TOWN OF VASSALBORO, MAINE

CONTENTS

JUNE 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	20
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 74

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	75
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	76

SCHEDULE 2 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - SCHOOL FUND	77
SCHEDULE 3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	78
SCHEDULE 4 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	79
SCHEDULE 5 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET	80
SCHEDULE 6 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT	81
SCHEDULE 7 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MMEHT	82
SCHEDULE 8 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT	83
SCHEDULE 9 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT	84
SCHEDULE 10 - SCHEDULE OF CONTRIBUTIONS - OPEB	85
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	86
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	87
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	88 - 89
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	90
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	91
SPECIAL REVENUE FUNDS DESCRIPTION	92
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	93
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	94

CAPITAL PROJECTS FUNDS DESCRIPTION	95
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	96
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	97
PERMANENT FUNDS DESCRIPTION	98
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	99
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	100
GENERAL CAPITAL ASSETS DESCRIPTION	101
SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	102
SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	103

FEDERAL COMPLIANCE

FEDERAL COMPLIANCE DESCRIPTION	104
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	105
NOTES TO SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS	106
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	107 - 108
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROLS OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	109 - 111
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	112

STATE COMPLIANCE

STATE COMPLIANCE DESCRIPTION	113
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INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS	114
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM	115



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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Vassalboro
Vassalboro, Maine

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Vassalboro, 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Vassalboro, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 12 and 76 through 86 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 Vassalboro, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and

schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2025, on our consideration of the Town of Vassalboro, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Vassalboro, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vassalboro, Maine's internal control over financial reporting and compliance.

Other Reporting Required by Maine Revised Statutes

In accordance with Maine Revised Statutes, we have also issued our report dated July 11, 2025, on our consideration of Town of Vassalboro, Maine's budgetary controls that are in place, the accuracy of the annual financial report that was submitted to the Maine Department of Education and Town of Vassalboro, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051. The purpose of that report is to describe the scope of our testing over the Town of Vassalboro, Maine's other information, as described above and provide an opinion on the Town of Vassalboro, Maine's internal control and compliance with the provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051 and not to provide an opinion on the effectiveness of the Town of Vassalboro, Maine's internal control over financial reporting. That report is an integral part of an audit performed in accordance with Maine Revised Statutes in considering the Town of Vassalboro, Maine's internal control and compliance over the applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051.

RHR Smith & Company

Buxton, Maine
July 11, 2025

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

(UNAUDITED)

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

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, culture and recreation, social services, education, solid waste and other.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Vassalboro, Maine, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Vassalboro, Maine can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

The general fund and the school fund are the only funds for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund and the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - School Fund provide comparisons of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Vassalboro, Maine. These 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 accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$708,875 from \$9,026,535 to \$9,735,410.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$1,106,642 at the end of this year.

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

	2023	2022 (Restated)
Assets:		
Current Assets	\$ 5,060,175	\$ 5,019,063
Noncurrent Assets-Capital Assets	7,717,334	7,168,788
Total Assets	<u>12,777,509</u>	<u>12,187,851</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	557,239	454,087
Deferred Outflows Related to OPEB	400,476	209,054
Total Deferred Outflows of Resources	<u>957,715</u>	<u>663,141</u>
Liabilities:		
Current Liabilities	812,712	609,506
Noncurrent Liabilities	2,681,640	2,122,700
Total Liabilities	<u>3,494,352</u>	<u>2,732,206</u>
Deferred Inflows of Resources:		
Prepaid Taxes	-	6,214
Deferred Revenue	138,471	443,380
Deferred Inflows Related to Pensions	172,316	474,961
Deferred Inflows Related to OPEB	194,675	167,696
Total Deferred Inflows of Resources	<u>505,462</u>	<u>1,092,251</u>
Net Position:		
Net Investment in Capital Assets	7,402,307	6,734,308
Restricted	1,226,461	1,364,325
Unrestricted	1,106,642	927,902
Total Net Position	<u><u>\$ 9,735,410</u></u>	<u><u>\$ 9,026,535</u></u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.59%, while total expenses increased by 11.00%. The increase in revenues was primarily due to operating grants and contributions. The increase in expenses was primarily due to general government and other.

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

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 182,099	\$ 153,415
Operating grants and contributions	6,569,367	5,997,499
Capital grants and contributions	66,636	67,000
<i>General revenues:</i>		
Taxes	5,932,619	5,814,628
Grants and contributions not restricted to specific programs	2,005,943	2,503,272
Other income	191,574	34,882
Total Revenues	<u>14,948,238</u>	<u>14,570,696</u>
Expenses		
General government	762,849	469,764
Public safety	101,771	315,505
Public works	426,645	618,949
Culture and recreation	115,674	56,777
Social services	8,633	15,259
Education	9,594,186	9,600,624
County tax	411,433	379,363
Solid waste	381,044	208,162
Other	1,455,830	613,517
Interest on long-term debt	11,799	189
State of Maine on-behalf payments	948,526	529,043
Unallocated depreciation (Note 5)	20,973	20,973
Total Expenses	<u>14,239,363</u>	<u>12,828,125</u>
Change in Net Position	708,875	1,742,571
Net Position - July 1, Restated	<u>9,026,535</u>	<u>7,283,964</u>
Net Position - June 30	<u>\$ 9,735,410</u>	<u>\$ 9,026,535</u>

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Vassalboro, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2023</u>	<u>2022 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Committed	\$ 27,871	\$ 30,544	\$ (2,673)
Assigned	208,738	412,986	(204,248)
Unassigned	1,322,025	1,300,022	22,003
School Fund:			
Nonspendable	49,613	47,093	2,520
Restricted	618,519	812,529	(194,010)
Assigned	135,000	-	135,000
Community School:			
Restricted	361,042	352,336	8,706
Committed	46,865	-	46,865
Total Major Funds	<u>\$ 2,769,673</u>	<u>\$ 2,955,510</u>	<u>\$ (185,837)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 12,168	\$ 8,675	\$ 3,493
Restricted	298,003	143,648	154,355
Assigned	67,288	66,951	337
Unassigned	-	(8,675)	8,675
Capital Projects Funds:			
Committed	571,630	346,068	225,562
Permanent Funds:			
Nonspendable	126,536	126,536	-
Assigned	5,735	5,735	-
Unassigned (deficit)	(10,407)	(10,407)	-
Total Nonmajor Funds	<u>\$ 1,070,953</u>	<u>\$ 678,531</u>	<u>\$ 392,422</u>

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

Budgetary Highlights

The significant differences between the original and final budget for the general fund were due to the use of fund balances as well as applied receipts. There was no difference between the original and final budget for the school fund.

The general fund actual revenues exceeded budget amounts by \$91,889. This was the result of all revenue categories being receipted within or in excess of budgeted amounts with the exception of intergovernmental revenues - local road assistance, interest income, interest/fees on taxes, miscellaneous revenue and transfers from other funds.

The general fund actual expenditures were under budgeted amounts by \$120,693. All expenditure categories were within or under budgeted amounts with the exception of general government and solid waste.

The school fund actual revenues were receipted in excess of budgeted amounts by \$44,957. All revenues were receipted within or in excess of budgeted amounts.

The school fund actual expenditures exceeded budgeted amounts by \$21,447. All expenditure categories were within or under budgeted amounts with the exception of other instruction, transportation and buses, system administration and facilities maintenance.

Capital Asset and Long-Term Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$548,546. This increase is the result of current year additions of \$1,221,316, less current year depreciation of \$672,770.

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

	2023	2022 (Restated)
Land and non-depreciable assets	\$ 152,700	\$ 152,700
Buildings	2,565,360	2,411,229
Equipment and vehicles	2,015,738	1,950,952
Infrastructure	2,983,536	2,653,907
Total	<u>\$ 7,717,334</u>	<u>\$ 7,168,788</u>

Debt

At June 30, 2023, the Town had \$315,027 in notes from direct borrowings payable compared to \$434,480 in the prior year. For more detailed information, refer to Note 6 of Notes to Financial Statements.

Currently Known Facts, Decisions or Conditions

The 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 as of the date this report was issued.

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance is at a level to sustain government operations for a period of approximately two months. The Town also maintains reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at P.O. Box 129, Vassalboro, Maine 04962.

STATEMENT A

TOWN OF VASSALBORO, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,751,831
Investments	1,201,333
Accounts receivable (net of allowance for uncollectibles):	
Taxes	348,428
Liens	126,706
Other	60,808
Due from other governments	509,288
Inventory	12,168
Prepaid items	49,613
Total current assets	<u>5,060,175</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure and other assets not being depreciated	152,700
Buildings and equipment, net of accumulated depreciation	<u>7,564,634</u>
Total noncurrent assets	<u>7,717,334</u>
TOTAL ASSETS	<u>12,777,509</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	557,239
Deferred outflows related to OPEB	<u>400,476</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>957,715</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,735,224</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 83,664
Due to other governments	5,272
Accrued expenses	592,084
Current portion of long-term obligations	<u>131,692</u>
Total current liabilities	<u>812,712</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable	207,422
Accrued compensated absences	216,781
Net pension liability	604,428
Net OPEB liability	<u>1,653,009</u>
Total noncurrent liabilities	<u>2,681,640</u>
TOTAL LIABILITIES	<u>3,494,352</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	138,471
Deferred inflows related to pensions	172,316
Deferred inflows related to OPEB	<u>194,675</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>505,462</u>
NET POSITION	
Net investment in capital assets	7,402,307
Restricted	1,226,461
Unrestricted	<u>1,106,642</u>
TOTAL NET POSITION	<u>9,735,410</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 13,735,224</u>

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

STATEMENT B

TOWN OF VASSALBORO, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 762,849	\$ 101,568	\$ -	\$ -	\$ (661,281)
Public safety	101,771	-	-	-	(101,771)
Public works	426,645	-	-	66,636	(360,009)
Culture and recreation	115,674	-	-	-	(115,674)
Social services	8,633	-	-	-	(8,633)
Education	9,594,186	6,373	5,620,841	-	(3,966,972)
County tax	411,433	-	-	-	(411,433)
Solid waste	381,044	45,002	-	-	(336,042)
Other	1,455,830	29,156	-	-	(1,426,674)
Interest on long-term debt	11,799	-	-	-	(11,799)
State of Maine on-behalf payments	948,526	-	948,526	-	-
Unallocated depreciation (Note 5)*	20,973	-	-	-	(20,973)
Total government	<u>\$ 14,239,363</u>	<u>\$ 182,099</u>	<u>\$ 6,569,367</u>	<u>\$ 66,636</u>	<u>(7,421,261)</u>

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

STATEMENT B (CONTINUED)

TOWN OF VASSALBORO, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(7,421,261)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	4,944,694
Excise taxes	987,925
Grants and contributions not restricted to specific programs	2,005,943
Other revenues	<u>191,574</u>
Total general revenues	<u>8,130,136</u>
Change in net position	708,875
NET POSITION - JULY 1, RESTATED	<u>9,026,535</u>
NET POSITION - JUNE 30	<u><u>\$ 9,735,410</u></u>

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

STATEMENT C

TOWN OF VASSALBORO, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	School Fund	Community School	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,361,230	\$ 1,201,769	\$ 47,665	\$ 141,167	\$ 2,751,831
Investments	1,201,333	-	-	-	1,201,333
Accounts receivable (net of allowance for uncollectibles):					
Taxes	348,428	-	-	-	348,428
Liens	126,706	-	-	-	126,706
Other	60,808	-	-	-	60,808
Due from other governments	-	310,334	179,554	19,400	509,288
Inventory	-	-	-	12,168	12,168
Prepaid items	-	49,613	-	-	49,613
Due from other funds	-	-	180,688	1,036,689	1,217,377
TOTAL ASSETS	\$ 3,098,505	\$ 1,561,716	\$ 407,907	\$ 1,209,424	\$ 6,277,552
LIABILITIES					
Accounts payable	\$ 83,664	\$ -	-	-	\$ 83,664
Due to other governments	792	4,480	-	-	5,272
Accrued expenses	131,745	460,339	-	-	592,084
Accrued compensated absences	-	14,809	-	-	14,809
Due to other funds	938,421	278,956	-	-	1,217,377
TOTAL LIABILITIES	1,154,622	758,584	-	-	1,913,206
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	138,471	138,471
Deferred tax revenues	385,249	-	-	-	385,249
TOTAL DEFERRED INFLOWS OF RESOURCES	385,249	-	-	138,471	523,720
FUND BALANCES					
Nonspendable	-	49,613	-	138,704	188,317
Restricted	-	618,519	361,042	298,003	1,277,564
Committed	27,871	-	46,865	571,630	646,366
Assigned	208,738	135,000	-	73,023	416,761
Unassigned (deficit)	1,322,025	-	-	(10,407)	1,311,618
TOTAL FUND BALANCES	1,558,634	803,132	407,907	1,070,953	3,840,626
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,098,505	\$ 1,561,716	\$ 407,907	\$ 1,209,424	\$ 6,277,552

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

TOWN OF VASSALBORO, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 3,840,626
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,717,334
Other long-term assets are not available to pay for current-period expenditures therefore are deferred in the funds shown above:	
Taxes and liens receivable	385,249
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	557,239
OPEB	400,476
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Notes from direct borrowings payable	(315,027)
Accrued compensated absences	(226,059)
Net pension liability	(604,428)
Net OPEB liability	(1,653,009)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	(172,316)
OPEB	(194,675)
Net position of governmental activities	<u>\$ 9,735,410</u>

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

TOWN OF VASSALBORO, MAINE

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

	General Fund	School Fund	Community School	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 4,944,694	\$ -	\$ -	\$ -	\$ 4,944,694
Excise	987,925	-	-	-	987,925
Intergovernmental revenues	1,059,125	4,919,818	1,013,454	701,023	7,693,420
Charges for services	175,726	-	-	6,373	182,099
State of Maine on-behalf payments	-	438,000	-	-	438,000
Other revenues	109,696	43,305	35,540	3,033	191,574
TOTAL REVENUES	7,277,166	5,401,123	1,048,994	710,429	14,437,712
EXPENDITURES					
Current:					
General government	695,385	-	-	-	695,385
Public safety	206,147	-	-	-	206,147
Public works	1,072,573	-	-	-	1,072,573
Culture and recreation	110,621	-	-	-	110,621
Social services	8,633	-	-	-	8,633
Education	-	8,713,623	-	680,484	9,394,107
County tax	411,433	-	-	-	411,433
Solid waste	366,407	-	-	-	366,407
Other	61,539	-	993,423	400,868	1,455,830
State of Maine on-behalf payments	-	438,000	-	-	438,000
Debt service:					
Principal	60,192	-	-	-	60,192
Interest	11,799	-	-	-	11,799
TOTAL EXPENDITURES	3,004,729	9,151,623	993,423	1,081,352	14,231,127
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,272,437	(3,750,500)	55,571	(370,923)	206,585
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,724,010	-	763,345	4,487,355
Transfers (out)	(4,457,355)	(30,000)	-	-	(4,487,355)
TOTAL OTHER FINANCING SOURCES (USES)	(4,457,355)	3,694,010	-	763,345	-
NET CHANGE IN FUND BALANCES	(184,918)	(56,490)	55,571	392,422	206,585
FUND BALANCES - JULY 1, RESTATED	1,743,552	859,622	352,336	678,531	3,634,041
FUND BALANCES - JUNE 30	\$ 1,558,634	\$ 803,132	\$ 407,907	\$ 1,070,953	\$ 3,840,626

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

TOWN OF VASSALBORO, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 206,585</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,221,316
Depreciation expense	<u>(672,770)</u>
	<u>548,546</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	103,152
OPEB	<u>191,422</u>
	<u>294,574</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>119,453</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	302,645
OPEB	<u>(26,979)</u>
	<u>275,666</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(84,190)
Net pension liability	(460,883)
Net OPEB liability	<u>(190,876)</u>
	<u>(735,949)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 708,875</u>

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

TOWN OF VASSALBORO, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	Private- Purpose Trust Funds
ASSETS	
Cash and cash equivalents	\$ 2,434
TOTAL ASSETS	<u>\$ 2,434</u>
LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<u>\$ -</u>
NET POSITION	
Held in trust for other purposes	\$ 2,434
TOTAL NET POSITION	<u>\$ 2,434</u>

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

TOWN OF VASSALBORO, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private- Purpose Trust Funds
ADDITIONS	
Investment income, net of unrealized gains (losses)	\$ 100
TOTAL ADDITIONS	<u>100</u>
DEDUCTIONS	
Scholarships	<u>30</u>
TOTAL DEDUCTIONS	<u>30</u>
Change in net position	70
NET POSITION - JULY 1	<u>2,364</u>
NET POSITION - JUNE 30	<u>\$ 2,434</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Vassalboro, Maine was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, public works, culture and recreation, solid waste, education, social services and other.

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

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

Implementation of New Accounting Standards

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

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the Town as governmental.

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Fund

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The School Fund is the general operating fund of the school department. It is used to account for all financial resources of the school department except those required to be accounted for in another fund. The major source of revenue for this fund is intergovernmental revenue.
- c. The Community School fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes for the school. The major source of revenue for this fund is intergovernmental revenue.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

Basis of Accounting

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

1. Accrual

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the school fund.

Revenues per budgetary basis	\$ 8,687,133
Add: On-behalf payments	<u>438,000</u>
Total GAAP basis	<u>\$ 9,125,133</u>
Expenditures per budgetary basis	\$ 8,743,623
Add: On-behalf payments	<u>438,000</u>
Total GAAP basis	<u>\$ 9,181,623</u>

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

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

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

The Town of Vassalboro, Maine has a formal investment policy and also follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$32,285 as of June 30, 2023. Accounts receivable netted with the allowance for uncollectibles were \$570,096 for the year ended June 30, 2023.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The school lunch fund inventory consists of school lunch supplies and food on hand at the end of the year.

Prepaid Items

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

All long-term obligations to be repaid from governmental resources is reported as liabilities in government-wide statements. The long-term obligations consist of notes from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

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

Pensions

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

Other Post-Employment Benefits (OPEB)

For purposes of measuring the District's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan, the Maine Municipal Employees Health Trust (MMEHT) (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

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

Fund Balance

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on August 17, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due in four installments on September 26, 2022, November 28, 2022, February 27, 2023 and April 24, 2023. Interest on unpaid taxes commenced on October 3, 2022 at 4% per annum.

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

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 \$49,696 for the year ended June 30, 2023.

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

Program Revenues

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

Encumbrance Accounting

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

At June 30, 2023, the Town's cash balances amounting to \$2,754,265 were comprised of bank deposits of \$3,616,424. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$500,000 was fully insured by NCUSIF and consequently was not exposed to custodial credit risk, \$3,030,025 was collateralized with an irrevocable stand-by letter of credit and \$86,399 was covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,586,197
Savings accounts	148
Money market accounts	943,680
Cash and cash equivalents	86,399
	<u>\$ 3,616,424</u>

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

At June 30, 2023, the Town had investments of \$1,201,333. Of these investments \$382,491 was covered by the Securities Investor Protection Corporation (SIPC) and \$250,000 was insured by NCUSIF and consequently was not exposed to custodial credit risk. Investments of 534,732 in open-ended mutual funds were registered in the Town's name with the issuer through the Direct Registration System to serve as evidence of ownership and there is no exposure of custodial credit risk. The remaining deposits of \$34,110 were uninsured and uncollateralized.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$284,110 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1-5 Years	> 5 Years
Debt securities:					
Corporate bonds	\$ 382,491	\$ -	\$ 124,926	\$ 257,565	\$ -
Fixed income:					
Mutual funds	266,925	266,925	-	-	-
Equity securities:					
Mutual funds	267,807	267,807	-	-	-
	<u>\$ 917,223</u>	<u>\$ 534,732</u>	<u>\$ 124,926</u>	<u>\$ 257,565</u>	<u>\$ -</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2023:

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
	Total			
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 382,491	\$ -	\$ 382,491	\$ -
Fixed income:				
Mutual funds	266,925	-	266,925	-
Total debt securities	649,416	-	649,416	-
Equity securities:				
Mutual funds - domestic and foreign	267,807	267,807	-	-
Total equity securities	267,807	267,807	-	-
Total investments by fair value level	917,223	<u>\$ 267,807</u>	<u>\$ 649,416</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	86,399			
Total cash equivalents measured at the NAV	86,399			
Total investments and cash equivalents measured at fair value	\$ 1,003,622			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2023 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$284,110 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town has an investment policy on credit risk. As of June 30, 2023, 10.1% of the Town's investments in corporate bonds were rated BBB+, and 7.7% were rated A-.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ -	\$ 938,421
School Fund	-	278,956
Community School	180,688	-
Nonmajor Special Revenue Funds	343,195	-
Nonmajor Capital Projects Funds	571,630	-
Nonmajor Permanent Funds	121,864	-
	<u>\$ 1,217,377</u>	<u>\$ 1,217,377</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 4,457,355
School Fund	3,724,010	30,000
Nonmajor Special Revenue Funds	136,915	-
Nonmajor Capital Projects Funds	626,430	-
	<u>\$ 4,487,355</u>	<u>\$ 4,487,355</u>

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

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

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/22 (Restated)	Additions	Disposals/ Transfers	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 152,700	\$ -	\$ -	\$ 152,700
	<u>152,700</u>	<u>-</u>	<u>-</u>	<u>152,700</u>
Depreciated assets:				
Buildings and improvements	8,813,131	117,313	-	8,930,444
Furniture and fixtures	25,501	-	-	25,501
Equipment and vehicles	4,916,894	624,346	-	5,541,240
Infrastructure	12,548,988	479,657	-	13,028,645
	<u>26,304,514</u>	<u>1,221,316</u>	<u>-</u>	<u>27,525,830</u>
Less: accumulated depreciation	(19,288,426)	(672,770)	-	(19,961,196)
	<u>7,016,088</u>	<u>548,546</u>	<u>-</u>	<u>7,564,634</u>
Net capital assets	<u>\$ 7,168,788</u>	<u>\$ 548,546</u>	<u>\$ -</u>	<u>\$ 7,717,334</u>
<u>Current year depreciation:</u>				
Town-wide				\$ 20,973
Public safety				78,803
Public works				205,841
Culture and recreation				5,053
Solid waste				14,637
Education				347,463
Total depreciation expense				<u>\$ 672,770</u>

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

NOTE 6 - LONG-TERM DEBT

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

	Balance, 7/1/22	Additions	Deletions	Balance 6/30/23	Current Portion
Notes from direct borrowings payable	\$ 434,480	\$ -	\$ (119,453)	\$ 315,027	\$ 107,605

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

2020 School Bus lease with Gorham Savings Leasing Group, LLC due in annual payments of \$21,853. Fixed interest rate is 3.29% per annum and maturity in January of 2024.	\$ 21,157
2020 School Bus lease with Gorham Savings Leasing Group, LLC due in annual payments of \$20,722. Fixed interest rate is 3.29% per annum and maturity in January of 2024.	20,062
2021 Fire truck lease with Tax-Exempt Leasing Corp due in annual payments of \$71,990. Fixed interest rate is 2.047% per annum and maturity in July 2026.	<u>273,808</u>
Total Notes from Direct Borrowings Payable	<u>\$ 315,027</u>

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

	Principal	Interest	Total Debt Service
2024	\$ 107,605	\$ 5,605	\$ 113,210
2025	67,745	4,246	71,991
2026	69,131	2,859	71,990
2027	70,546	1,444	71,990
	<u>\$ 315,027</u>	<u>\$ 14,154</u>	<u>\$ 329,181</u>

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/22	Additions	Deletions	Balance 6/30/23	Current Portion
Accrued compensated					
absences	\$ 224,439	\$ 17,378	\$ (949)	\$ 240,868	\$ 24,087
Net pension liability	143,545	617,432	(156,549)	604,428	-
Net OPEB liability	1,462,133	275,520	(84,644)	1,653,009	-
Total	<u>\$1,830,117</u>	<u>910,330</u>	<u>(242,142)</u>	<u>\$2,498,305</u>	<u>\$ 24,087</u>

Please see Notes 8, 16 and 19 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Town's liability for compensated absences is \$90,612 and the School Department's liability is \$150,256 for a total liability of \$240,868.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

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

Invested in capital assets	\$ 27,678,530
Accumulated depreciation	(19,961,196)
Outstanding capital related debt	<u>(315,027)</u>
	<u>\$ 7,402,307</u>

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

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2023, the Town has the following restricted net position:

School fund	\$ 618,519
Community school	361,042
Nonmajor special revenue funds:	
School lunch	117,668
ARPA	2,696
Nonmajor permanent funds:	
Perpetual care cemetery	126,536
	<u>\$ 1,226,461</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

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

School fund:	
Prepaid items	\$ 49,613
Nonmajor special revenue funds (Schedule D)	12,168
Nonmajor permanent funds (Schedule H)	126,536
	<u>\$ 188,317</u>

NOTE 12 - RESTRICTED FUND BALANCES

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

School fund	\$ 618,519
Community school	361,042
Nonmajor special revenue funds (Schedule D):	
School lunch	117,668
ARPA	2,696
Natural Gas Pipeline (TIF)	177,639
	<u>\$ 1,277,564</u>

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 - COMMITTED FUND BALANCES

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

General fund:	
Accrued compensation	\$ 27,871
Community school	46,865
Nonmajor capital projects funds (Schedule F)	571,630
	<u>\$ 646,366</u>

NOTE 14 - ASSIGNED FUND BALANCES

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

General fund:	
Recreation accounts	\$ 8,738
FY 24 budget	200,000
School fund	135,000
Nonmajor special revenue funds (Schedule D)	73,023
	<u>\$ 416,761</u>

NOTE 15 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2023, the County of Kennebec had no outstanding debt.

NOTE 16 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (207) 512-3100.

Benefits Provided

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

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are required to contribute 7.6% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 10.2% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2023 was \$55,560.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. As of June 30, 2022, there were 239 employers, including the State of Maine, participating in the plan.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Town's teachers are required to contribute 7.65% of their compensation to the retirement system. The Town's payroll for teachers covered by this program was approximately \$3,465,466 for the year ended June 30, 2023. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Town's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$438,000 for the year ended June 30, 2023. Title 5 of the Maine Revised Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$133,074 for 2023. In addition, the Town is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled approximately \$59,986 the year ended June 30, 2023.

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

PLD Consolidated Plan

At June 30, 2023, the Town reported a liability of \$165,770 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the Town's proportion was 0.062358%, which was an increase of 0.00667% from its proportion measured as of June 30, 2021.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

SET Plan

At June 30, 2023, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 438,658
State's proportionate share of the net pension liability associated with the Town	<u>2,872,264</u>
Total	<u><u>\$ 3,310,922</u></u>

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2022, the Town's proportion was 0.029541%, which was an increase of 0.01045% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the Town recognized total pension expense of \$8,031 for the PLD plan and pension revenue of \$493,811 and expense of \$540,866 for support provided by the State of Maine for the SET plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,808	\$ -	\$ 21,852	\$ -
Changes of assumptions	33,645	-	85,177	-
Net difference between projected and actual earnings on pension plan investments	-	69,574	-	86,395
Changes in proportion and differences between contributions and proportionate share of contributions	12,412	1,490	124,725	14,857
Contributions subsequent to the measurement date	55,560	-	193,060	-
Total	<u>\$ 132,425</u>	<u>\$ 71,064</u>	<u>\$ 424,814</u>	<u>\$ 101,252</u>

\$55,560 for the PLD plan and \$193,060 for the SET plan were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Plan year ended June 30:		
2023	\$ 25,618	\$ 102,506
2024	(9,272)	2,405
2025	(43,224)	(15,157)
2026	32,678	40,748
2027	-	-
Thereafter	-	-

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Investment Rate of Return - For the PLD and State Employee and Teacher Plans, 6.50% per annum for the year ended June 30, 2022 and 2021, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% - 11.48%; teachers, 2.80 - 13.03% % per year.

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

Cost of Living Benefit Increases - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2022.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

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

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

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 489,731	\$ 165,770	\$ (101,996)
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 858,996	\$ 438,658	\$ 88,682

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Differences between Expected and Actual Experience

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

Differences between Expected and Actual Investment Earnings

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

Changes in Assumptions

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

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

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

NOTE 17 - DEFINED CONTRIBUTION PLAN

Plan Description

The Town offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401. Only two of the Town's employees participate in the defined contribution plan. The plan is administered by Maine Public Employees Retirement System. The plan is no longer available to new employees; all new employees are given a one-time option to join the Maine Public Employees Retirement System Participating Local District (PLD) Consolidated plan.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the Selectboard. Under the 401 plan, the two employees are not required to contribute to the plan, yet the Town contributes to the plan at the same actuarially determined rate as required for those employees enrolled in the PLD Consolidated plan or 10.1%. For the year ended June 30, 2023, the Town recognized pension expense of \$8,016.

The Town may change the amount of the required employee contribution annually, effective July 1 immediately following its decision to change the amount. The Town must document the change by amending its Adoption Agreement to state the new required employee contribution amount. An employee already participating in the district's 401(a) plan at the time the required employee contribution amount is changed has the right to continue his/her employee contribution in the amount previously required or to change to the new required contribution amount.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Town contributions and earnings on Town contributions after completion of 60 months of creditable service with the Town.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2022, there were 228 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

Benefits Provided

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

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2023 were approximately \$7,878.

OPEB Liabilities and OPEB Expense

At June 30, 2023, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The total portion of the net OPEB liability that was associated with the District were as follows:

School's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the School	<u>74,143</u>
Total	<u><u>\$ 74,143</u></u>

For the year ended June 30, 2023, the District recognized net OPEB expense of \$8,837 and revenue of \$8,837 for support provided by the State of Maine.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active members	7
Retirees and spouses	-
Total	<u>7</u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100.0% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,141	\$2,559
<u>Medicare</u>		
Medicare-Eligible Retirees	\$601	\$1,201

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

At June 30, 2023, the Town reported a liability of \$53,407 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the Town recognized OPEB expense of \$59,998. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 287	\$ 25,896
Changes of assumptions	13,768	8,961
Contributions subsequent to the measurement date	435	-
Total	<u>\$ 14,490</u>	<u>\$ 34,857</u>

\$435 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2024	\$ (2,469)
2025	(2,469)
2026	(3,386)
2027	(2,627)
2028	(2,626)
Thereafter	(7,225)

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Discount Rate

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 64,254	\$ 53,407	\$ 44,709
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 64,254</u>	<u>\$ 53,407</u>	<u>\$ 44,709</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	<u>1% Decrease</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 43,261	\$ 53,407	\$ 66,652
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 43,261</u>	<u>\$ 53,407</u>	<u>\$ 66,652</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

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

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Assumptions

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

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

Trend Assumptions:

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

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

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

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

Administrative and claims expense: 3% per annum

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

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

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

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

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

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality:

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

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

Retiree Continuation Percentage:

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

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

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

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2023 was (\$25,609).

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School and/or the School retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Active members	58
Retirees and spouses	9
Total	<u>67</u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 55% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 45% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

Employee/Retiree Premium Amounts

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

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$884	\$1,991	\$1,564	\$2,424
Standard \$200 Ded	\$954	\$2,152	\$1,689	\$2,618
<u>Medicare</u>				
Medicare-Eligible Retirees	\$388	\$776	N/A	N/A

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

At June 30, 2023, the School reported a liability of \$1,599,602 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date. The School's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

For the year ended June 30, 2023, the School recognized OPEB revenue of \$167,526. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 142,509
Changes of assumptions	332,140	17,309
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	53,846	-
Total	\$ 385,986	\$ 159,818

\$53,846 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MEABT
Plan year ended June 30:	
2023	\$ 33,865
2024	33,864
2025	42,516
2026	31,550
2027	30,527
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.54% per annum for June 30, 2022 was based upon a measurement date of June 24, 2021. The sensitivity of total OPEB liability to changes in discount rate are as follows:

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.54%	3.54%	4.54%
Total OPEB liability	\$ 1,876,464	\$ 1,599,602	\$ 1,387,870
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,876,464</u>	<u>\$ 1,599,602</u>	<u>\$ 1,387,870</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 1,382,053	\$ 1,599,602	\$ 1,882,164
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,382,053</u>	<u>\$ 1,599,602</u>	<u>\$ 1,882,164</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Assumptions

The demographic actuarial assumptions are the Teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021.

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, ie trend rates, were developed based on historical and future projections of long term health care rates:

Discount Rate - 3.54% per annum for year-end 2022 reporting, 2.16% per annum for year-end 2021 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2023_1f. The following assumptions were applied in this model as below:

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	2.70%
Rate of Growth in Real Income/GDP per capita 2032+	1.40%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.90%
Year for Limiting Cost Growth to GDP Growth	2042

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

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

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Pre-Medicare - Initial trend of 7.95% applied in FYE 2023 and 4.00% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2023 and 5.62% applied in FYE 2024 grading over 18 years to 4.29% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021 and based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. As of June 30, 2022, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

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

Administrative expenses - Included in the per capita claims cost

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

Salaries - Salaries were not provided by the client. Assumed salaries are inferred using the Teachers Age/Service Salary scatter from the Maine State Teachers Retirement System's salary age/service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service

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

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

scatter, unless otherwise supplied by the district group during its review of the active data.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2022 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

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

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

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

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

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

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Retiree Continuation Percentage:

Retirees who are currently in the Medicare Advantage Plan (Medicare participants) are assumed to remain in the Medicare Advantage Plan.

Retirees who are over the age of 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under the age of 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare Plan until age 64 and enroll in the Medicare Advantage Plan at age 65.

Spouses who are currently in a Pre-Medicare plan will follow the same assumptions as the retired member. Thus if the member is never eligible for Medicare, the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2022, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2022 and projects through June 30, 2023 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard Plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Medicare Advantage Plan are assumed to never be eligible for Medicare, all current actives with a hire date before March 31, 1986 are assumed to never be eligible for Medicare.

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

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

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2022, there were no differences between expected and actual experience.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2022, there were no changes in assumptions.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to these Plans can be found at the Town office at P.O. Box 129, Vassalboro, Maine 04962.

NOTE 20 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time

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

NOTE 20 - RISK MANAGEMENT (CONTINUED)

actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2023.

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

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

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

NOTE 21 - CONTINGENCIES

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

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 21 - CONTINGENCIES (CONTINUED)

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

The School Department receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the School's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the School and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2024 could include expenditures from the fiscal year of 2023 that would normally be accrued. The actual amount cannot be determined at this time however, it is the position of the School Department that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

NOTE 22 - JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Vassalboro, Maine. A brief description of the joint venture is as follows:

Municipal Review Committee, Inc.

The Town of Vassalboro, Maine is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities and Fiberight. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2023 (most recent data available), the Town of Vassalboro, Maine's share of the Joint Venture's net position was \$122,545. Complete financial statements may be obtained from the Municipal Review Committee, 395 State Street, Ellsworth, Maine 04605.

NOTE 23 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS

The Town has established a tax increment financing district in accordance with Maine statutes to finance development programs located in the Town of Vassalboro, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed

TOWN OF VASSALBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 23 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS
(CONTINUED)

value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program and to finance future expansion.

Natural Gas Pipeline Municipal Development and Tax Increment Financing District

In June of 2014, the Vassalboro Selectboard, as well as the Maine Department of Economic Development, approved a Tax Increment Financing (TIF) District and Development Program for Summit Natural Gas for the construction of natural gas transmission and distribution lines to service communities across the Kennebec Valley region. The TIF District includes the area that encompasses the Summit natural gas transmission pipeline corridor which follows Route 201 from the City of Augusta town line to the Winslow town line. The TIF District also includes a corridor along Main Street which the Vassalboro Sanitary District is considering a sewer expansion and upgrade project. The total area of the TIF District is 9.5 acres. The TIF District also contains an alternative potential route for the sewer project on the Oak Grove Road. The original assessed value of the property was \$0. The development of the Summit natural gas transmission line is estimated to generate approximately \$6 million of increased assessed value. Tax increment revenues generated from this value over the life of the district will be approximately \$1,290,072. Under this Development Program, the Town will capture 100% of the increased assessed value over the original assessed value of the TIF District and retain the tax revenues generated by the captured assessed value for designated economic development purposes for 30 years.

The tax increment revenues will be deposited by the Town into the Development Program Revolving Loan/Grant Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801. The projects recognized for the use of these funds in the Development Program include funding a commercial business development loan/grant fund to support local businesses, a cleanup project for China Lake, a sewer extension/renovation project and other miscellaneous administrative expense types to support the TIF District.

The TIF District term begins July 1, 2014 and continues for a total of 30 years until June 30, 2044. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue

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

NOTE 23 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS
(CONTINUED)

for a period not to exceed The Selectmen shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. Any company/developer, including any future owners of properties located within the TIF District, will pay for and/or finance all private improvements located in the District through private sources, unless otherwise agreed to in credit enhancement agreements. The Town does not foresee issuing municipal bonds to pay for any of the public projects.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has no tax abatement agreement.

NOTE 24 - COLLATERALIZATION

At June 30, 2023, the Town had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Maine Savings Federal Credit Union. This renewable letter of credit, which expires at the close of business on October 28, 2023, authorizes one draw only up to the amount of \$750,000. There were no draws for the year ended June 30, 2023.

NOTE 25 - RESTATEMENTS

In 2023, the Town determined that certain transactions in prior years had been recorded incorrectly, therefore, a restatement to the 2022 government-wide and fund financial statements was required. The beginning net position and total general fund fund balance were restated by \$81,439 due to prior year adjustments to liabilities. The ARPA fund balance was restated by \$443,380 to record deferred revenues. In addition, the net position of the governmental activities was restated by \$90,626 for capital assets adjustments. The resulting restatements decreased the governmental activities net position from \$9,460,535 to \$9,026,535.

Required Supplementary Information

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

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

TOWN OF VASSALBORO, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 1,743,552	\$ 1,743,552	\$ 1,743,552	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	4,916,367	4,916,367	4,944,694	28,327
Excise taxes	957,500	957,500	987,925	30,425
Intergovernmental revenues:				
State revenue sharing	550,000	550,000	644,170	94,170
Local road assistance	67,000	67,000	66,636	(364)
Homestead exemption	303,934	303,934	305,868	1,934
Tree growth	22,000	22,000	22,610	610
Veterans exemptions	2,800	2,800	2,919	119
Other	4,935	4,935	16,922	11,987
Charges for services	116,750	116,750	175,726	58,976
Interest income	-	-	71,347	71,347
Interest/fees on taxes	42,000	42,000	34,637	(7,363)
Miscellaneous revenue	5,000	5,000	3,712	(1,288)
Transfers from other funds	70,955	196,991	-	(196,991)
Amounts Available for Appropriation	<u>8,802,793</u>	<u>8,928,829</u>	<u>9,020,718</u>	<u>91,889</u>
Charges to Appropriations (Outflows):				
General government	627,485	634,769	695,385	(60,616)
Public safety	220,366	220,366	206,147	14,219
Public works	1,152,215	1,188,915	1,072,573	116,342
Culture and recreation	107,327	116,913	110,621	6,292
Social services	11,719	11,719	8,633	3,086
County tax	411,433	411,433	411,433	-
Solid waste	351,690	351,690	366,407	(14,717)
Debt service:				
Principal	60,192	60,192	60,192	-
Interest	11,799	11,799	11,799	-
Other	113,126	117,626	61,539	56,087
Transfers to other funds	4,192,925	4,457,355	4,457,355	-
Total Charges to Appropriations	<u>7,260,277</u>	<u>7,582,777</u>	<u>7,462,084</u>	<u>120,693</u>
Budgetary Fund Balance, June 30	<u>\$ 1,542,516</u>	<u>\$ 1,346,052</u>	<u>\$ 1,558,634</u>	<u>\$ 212,582</u>
Utilization of unassigned fund balance	<u>\$ 201,036</u>	<u>\$ 397,500</u>	<u>\$ -</u>	<u>\$ (397,500)</u>

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

TOWN OF VASSALBORO, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 859,622	\$ 859,622	\$ 859,622	\$ -
Resources (Inflows):				
Intergovernmental revenues:				
State subsidy	4,894,166	4,894,166	4,919,818	25,652
Other revenue	24,000	24,000	43,305	19,305
Transfers from other funds	3,724,010	3,724,010	3,724,010	-
Amounts Available for Appropriation	<u>9,501,798</u>	<u>9,501,798</u>	<u>9,546,755</u>	<u>44,957</u>
Charges to Appropriations (Outflows):				
Regular Instruction	4,652,873	4,652,873	4,581,502	71,371
Special education	1,805,017	1,805,017	1,673,361	131,656
CTE instruction	12,112	12,112	11,538	574
Other instruction	54,224	54,224	72,324	(18,100)
Transportation and buses	596,834	596,834	704,079	(107,245)
System administration	203,303	203,303	234,198	(30,895)
School administration	380,690	380,690	372,343	8,347
Student and staff support	425,400	425,400	425,013	387
Facilities maintenance	561,723	561,723	639,265	(77,542)
Transfers to other funds	30,000	30,000	30,000	-
Total Charges to Appropriations	<u>8,722,176</u>	<u>8,722,176</u>	<u>8,743,623</u>	<u>(21,447)</u>
Budgetary Fund Balance, June 30	<u>\$ 779,622</u>	<u>\$ 779,622</u>	<u>\$ 803,132</u>	<u>\$ 23,510</u>
Utilization of Unassigned Fund Balance	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ (80,000)</u>

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

TOWN OF VASSALBORO, MAINE

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>										
Proportion of the net pension liability/(asset)	0.06%	0.06%	0.06%	0.05%	0.06%	0.06%	0.06%	0.07%	0.06%	0.05%
Proportionate share of the net pension liability/(asset)	\$ 165,770	\$ (17,898)	\$ 226,325	\$ 168,042	\$ 163,415	\$ 259,804	\$ 336,104	\$ 207,961	\$ 87,815	\$ 148,017
Covered payroll	\$ 470,536	\$ 376,178	\$ 349,515	\$ 321,091	\$ 335,085	\$ 331,693	\$ 321,862	\$ 340,077	\$ 319,156	\$ 343,986
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	35.23%	-4.76%	64.75%	52.33%	48.77%	78.33%	104.42%	61.15%	27.51%	43.03%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%	94.10%	87.50%
<u>SET Plan:</u>										
Town's proportion of the net pension liability/(asset)	0.03%	0.02%	0.02%	0.01%	0.02%	0.01%	0.02%	0.01%	0.01%	
Town's proportionate share of the net pension liability/(asset)	\$ 438,658	\$ 161,443	\$ 270,758	\$ 218,284	\$ 233,602	\$ 207,742	\$ 276,818	\$ 167,995	\$ 158,852	
State's proportionate share of the net pension liability/(asset) associated with the Town	2,872,264	1,672,254	3,298,115	2,798,717	2,441,937	2,898,595	3,576,599	2,668,114	2,063,355	
Total	\$ 3,310,922	\$ 1,833,697	\$ 3,568,873	\$ 3,017,001	\$ 2,675,539	\$ 3,106,337	\$ 3,853,417	\$ 2,836,109	\$ 2,222,207	
Town's covered payroll	\$ 3,176,816	\$ 2,933,878	\$ 2,830,540	\$ 2,626,354	\$ 2,443,325	\$ 2,586,669	\$ 2,561,064	\$ 2,391,318	\$ 2,307,658	
Town's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	13.81%	5.50%	9.57%	8.31%	9.56%	8.03%	10.81%	7.03%	6.88%	
Plan fiduciary net position as a percentage of the total pension liability/(asset)	85.79%	90.90%	81.03%	84.52%	85.17%	80.78%	76.21%	81.18%	83.91%	

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

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

TOWN OF VASSALBORO, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>										
Contractually required contribution	\$ 55,560	\$ 47,477	\$ 37,994	\$ 16,469	\$ 32,109	\$ 32,168	\$ 31,511	\$ 29,683	\$ 26,644	\$ 19,783
Contributions in relation to the contractually required contribution	(55,560)	(47,477)	(37,994)	(16,469)	(32,109)	(32,168)	(31,511)	(29,683)	(26,644)	(19,783)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 457,306	\$ 470,536	\$ 376,178	\$ 349,515	\$ 321,091	\$ 335,085	\$ 331,693	\$ 321,862	\$ 340,077	\$ 319,156
Contributions as a percentage of covered payroll	12.15%	10.09%	10.10%	4.71%	10.00%	9.60%	9.50%	9.22%	7.83%	6.20%
<u>SET Plan:</u>										
Contractually required contribution	\$ 193,060	\$ 185,930	\$ 159,815	\$ 149,245	\$ 104,000	\$ 97,000	\$ 105,344	\$ 105,565	\$ 83,318	\$ 83,917
Contributions in relation to the contractually required contribution	(193,060)	(185,930)	(159,815)	(149,245)	(104,000)	(97,000)	(105,344)	(105,565)	(83,318)	(83,917)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 3,465,466	\$ 3,176,816	\$ 2,933,878	\$ 2,830,540	\$ 2,626,354	\$ 2,443,325	\$ 2,586,669	\$ 2,561,064	\$ 2,391,318	\$ 2,307,658
Contributions as a percentage of covered payroll	5.57%	5.85%	5.45%	5.27%	3.96%	3.97%	4.07%	4.12%	3.48%	3.64%

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

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

TOWN OF VASSALBORO, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
<u>SET Life Insurance:</u>						
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	74,143	36,024	75,573	68,257	66,109	69,456
Total	<u>\$ 74,143</u>	<u>\$ 36,024</u>	<u>\$ 75,573</u>	<u>\$ 68,257</u>	<u>\$ 66,109</u>	<u>\$ 69,456</u>
Covered payroll	\$ 3,176,816	\$ 2,933,878	\$ 2,830,540	\$ 2,626,354	\$ 2,443,325	\$ 2,586,669
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	62.90%	55.40%	49.51%	48.04%	47.29%

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

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

TOWN OF VASSALBORO, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT
LAST 10 FISCAL YEARS*

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/22 (Reporting December 31, 2022)	\$ 55,134	\$ -	\$ 55,134
Changes for the year:			
Service cost	4,755	-	4,755
Interest	1,232	-	1,232
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(7,531)	-	(7,531)
Contributions - employer	-	183	(183)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(183)	(183)	-
Administrative expense	-	-	-
Net changes	(1,727)	-	(1,727)
Balances at 1/1/23 (Reporting December 31, 2023)	\$ 53,407	\$ -	\$ 53,407

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

TOWN OF VASSALBORO, MAINE

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

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost (BOY)	\$ 4,755	\$ 6,238	\$ 5,438	\$ 4,007	\$ 4,432	\$ 3,739
Interest (includes interest on service cost)	1,232	1,588	1,718	2,311	1,957	1,658
Changes of benefit terms	-	-	-	(1,055)	-	-
Differences between expected and actual experience	-	(23,543)	-	(15,173)	-	1,151
Changes of assumptions	(7,531)	2,321	4,531	15,175	(6,042)	6,169
Benefit payments, including refunds of member contributions	(183)	(278)	(267)	(459)	(441)	(313)
Net change in total OPEB liability	\$ (1,727)	\$ (13,674)	\$ 11,420	\$ 4,806	\$ (94)	\$ 12,404
Total OPEB liability - beginning	\$ 55,134	\$ 68,808	\$ 57,388	\$ 52,582	\$ 52,676	\$ 40,272
Total OPEB liability - ending	\$ 53,407	\$ 55,134	\$ 68,808	\$ 57,388	\$ 52,582	\$ 52,676
<u>Plan fiduciary net position</u>						
Contributions - employer	183	278	267	459	441	313
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(183)	(278)	(267)	(459)	(441)	(313)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 53,407	\$ 55,134	\$ 68,808	\$ 57,388	\$ 52,582	\$ 52,676
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 331,632	\$ 331,632	\$ 340,309	\$ 350,043	\$ 350,043	\$ 350,043
Net OPEB liability as a percentage of covered payroll	16.1%	16.6%	20.2%	16.9%	15.0%	15.0%

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

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

TOWN OF VASSALBORO, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT
LAST 10 FISCAL YEARS*

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/21 (Reporting June 30, 2022)	\$ 1,406,999	\$ -	\$ 1,406,999
Changes for the year:			
Service cost	12,924	-	12,924
Interest	30,407	-	30,407
Changes of benefits	-	-	-
Differences between expected and actual experience	(67,040)	-	(67,040)
Changes of assumptions	240,792	-	240,792
Contributions - employer	-	24,480	(24,480)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(24,480)	(24,480)	-
Administrative expense	-	-	-
Net changes	192,603	-	192,603
Balances at 6/30/22 (Reporting June 30, 2023)	\$ 1,599,602	\$ -	\$ 1,599,602

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

TOWN OF VASSALBORO, MAINE

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

	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 12,924	\$ 14,779	\$ 9,267	\$ 7,810	\$ 8,360
Interest (includes interest on service cost)	30,407	30,680	50,847	53,004	50,988
Changes of benefit terms	-	-	(85,393)	-	-
Differences between expected and actual experience	(67,040)	-	(151,622)	-	-
Changes of assumptions	240,792	11,008	158,748	76,780	(60,579)
Benefit payments, including refunds of member contributions	(24,480)	(45,570)	(58,001)	(53,794)	(51,935)
Net change in total OPEB liability	\$ 192,603	\$ 10,897	\$ (76,154)	\$ 83,800	\$ (53,166)
Total OPEB liability - beginning	\$ 1,406,999	\$ 1,396,102	\$ 1,472,256	\$ 1,388,456	\$ 1,441,622
Total OPEB liability - ending	\$ 1,599,602	\$ 1,406,999	\$ 1,396,102	\$ 1,472,256	\$ 1,388,456
<u>Plan fiduciary net position</u>					
Contributions - employer	24,480	45,570	58,001	53,794	51,935
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(24,480)	(45,570)	(58,001)	(53,794)	(51,935)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	<u>\$ 1,599,602</u>	<u>\$ 1,406,999</u>	<u>\$ 1,396,102</u>	<u>\$ 1,472,256</u>	<u>\$ 1,388,456</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered payroll	\$ 2,663,789	\$ 3,034,066	\$ 2,960,065	\$ 3,117,751	\$ 3,034,308
Net OPEB liability as a percentage of covered payroll	60.0%	46.4%	47.2%	47.2%	45.8%

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

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

SCHEDULE 10

TOWN OF VASSALBORO, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
<u>SET Life Insurance:</u>							
Contractually required contribution Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll Contributions as a percentage of covered payroll	\$ -	\$ 3,176,816	\$ 2,933,878	\$ 2,830,540	\$ 2,626,354	\$ 2,443,325	\$ 2,586,669
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

MMEHT:

	2023	2022	2021	2020	2019	2018
Employer contributions	\$ 183	\$ 278	\$ 267	\$ 459	\$ 441	\$ 313
Benefit payments	(183)	(278)	(267)	(459)	(441)	(313)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 331,632	\$ 331,632	\$ 340,309	\$ 350,043	\$ 350,043	\$ 350,043
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

MEABT:

	2023	2022	2021	2020	2019
Employer contributions	\$ 24,480	\$ 45,570	\$ 159,815	\$ 53,794	\$ 51,935
Benefit payments	(24,480)	(45,570)	(159,815)	(53,794)	(51,935)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,663,789	\$ 3,034,066	\$ 2,681,431	\$ 3,117,751	\$ 3,034,308
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF VASSALBORO, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Changes of Assumptions

MEPERS PLD Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MEPERS SET Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MEPERS OPEB SET Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MMEHT OPEB Plan:

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

MEABT OPEB Plan:

There was a change in the discount rate from 2.16% to 3.54% per GASB 75 discount rate selection.

Other Supplementary Information

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

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

SCHEDULE A

TOWN OF VASSALBORO, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government					
Administration	\$ 577,835	\$ 7,284	\$ 585,119	\$ 647,549	\$ (62,430)
Assessment costs	49,650	-	49,650	47,836	1,814
	627,485	7,284	634,769	695,385	(60,616)
Public Safety					
First responder	13,750	-	13,750	11,899	1,851
Fire department	85,200	-	85,200	86,505	(1,305)
Hydrants	23,000	-	23,000	16,513	6,487
Police and animal control	86,416	-	86,416	85,360	1,056
Street lights	12,000	-	12,000	5,870	6,130
	220,366	-	220,366	206,147	14,219
Public Works					
Department wide	593,925	12,600	606,525	566,564	39,961
Road work	558,290	24,100	582,390	506,009	76,381
	1,152,215	36,700	1,188,915	1,072,573	116,342
Culture and Recreation					
Recreation	44,327	9,586	53,913	47,621	6,292
Library	60,500	-	60,500	60,500	-
Vassalboro Historical Society	2,500	-	2,500	2,500	-
	107,327	9,586	116,913	110,621	6,292
County Tax	411,433	-	411,433	411,433	-
Solid Waste	351,690	-	351,690	366,407	(14,717)

SCHEDULE A (CONTINUED)

TOWN OF VASSALBORO, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Social Services					
General assistance	3,000	-	3,000	1,433	1,567
Social services	8,719	-	8,719	7,200	1,519
	11,719	-	11,719	8,633	3,086
Debt Service					
Principal	60,192	-	60,192	60,192	-
Interest	11,799	-	11,799	11,799	-
	71,991	-	71,991	71,991	-
Other					
Cemeteries	50,430	4,500	54,930	49,897	5,033
Snowmobile	1,500	-	1,500	-	1,500
China Region Lakes Alliance	11,500	-	11,500	11,500	-
Overlay	49,696	-	49,696	142	49,554
	113,126	4,500	117,626	61,539	56,087
Transfers to Other Funds					
School fund	3,724,010	-	3,724,010	3,724,010	-
Special revenue funds	106,915	-	106,915	106,915	-
Capital projects funds	362,000	264,430	626,430	626,430	-
	4,192,925	264,430	4,457,355	4,457,355	-
Total Departmental Operations	\$ 7,260,277	\$ 322,500	\$ 7,582,777	\$ 7,462,084	\$ 120,693

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

TOWN OF VASSALBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 141,167	\$ -	\$ -	\$ 141,167
Due from other governments	19,400	-	-	19,400
Inventory	12,168	-	-	12,168
Due from other funds	343,195	571,630	121,864	1,036,689
TOTAL ASSETS	<u>\$ 515,930</u>	<u>\$ 571,630</u>	<u>\$ 121,864</u>	<u>\$ 1,209,424</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	138,471	-	-	138,471
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>138,471</u>	<u>-</u>	<u>-</u>	<u>138,471</u>
FUND BALANCES				
Nonspendable	12,168	-	126,536	138,704
Restricted	298,003	-	-	298,003
Committed	-	571,630	-	571,630
Assigned	67,288	-	5,735	73,023
Unassigned (deficit)	-	-	(10,407)	(10,407)
TOTAL FUND BALANCES	<u>377,459</u>	<u>571,630</u>	<u>121,864</u>	<u>1,070,953</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 515,930</u>	<u>\$ 571,630</u>	<u>\$ 121,864</u>	<u>\$ 1,209,424</u>

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

TOWN OF VASSALBORO, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 701,023	\$ -	\$ -	\$ 701,023
Charges for services	6,373	-	-	6,373
Investment income, net of unrealized gains (losses)	2,696	-	-	2,696
Other income	337	-	-	337
TOTAL REVENUES	<u>710,429</u>	<u>-</u>	<u>-</u>	<u>710,429</u>
EXPENDITURES				
Other	680,484	400,868	-	1,081,352
TOTAL EXPENDITURES	<u>680,484</u>	<u>400,868</u>	<u>-</u>	<u>1,081,352</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,945</u>	<u>(400,868)</u>	<u>-</u>	<u>(370,923)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	136,915	626,430	-	763,345
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>136,915</u>	<u>626,430</u>	<u>-</u>	<u>763,345</u>
NET CHANGE IN FUND BALANCES	166,860	225,562	-	392,422
FUND BALANCES - JULY 1, RESTATED	<u>210,599</u>	<u>346,068</u>	<u>121,864</u>	<u>678,531</u>
FUND BALANCES - JUNE 30	<u>\$ 377,459</u>	<u>\$ 571,630</u>	<u>\$ 121,864</u>	<u>\$ 1,070,953</u>

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

Special Revenue Funds

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

TOWN OF VASSALBORO, MAINE

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

	Alewife		General		Playground		Recreation		School		ARPA		Natural Gas		Total
	Revenues	Donations	Donations	Donations	Donations	Department	Lunch	Pipeline (TIF)							
ASSETS															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,167	\$ -	\$ -	\$ -	\$ 141,167
Due from other governments	-	-	-	-	-	-	19,400	-	-	-	-	-	-	-	19,400
Inventory	-	-	-	-	-	-	12,168	-	-	-	-	-	-	-	12,168
Due from other funds	56,893	1,151	505	8,739	98,268	-	-	-	-	-	-	177,639	-	-	343,195
TOTAL ASSETS	\$ 56,893	\$ 1,151	\$ 505	\$ 8,739	\$ 129,836	\$ 141,167	\$ 177,639	\$ 515,930							
LIABILITIES															
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES															
Deferred revenue	-	-	-	-	-	-	-	-	-	-	138,471	-	-	-	138,471
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	138,471	-	-	-	138,471
FUND BALANCES															
Nonspendable	-	-	-	-	-	-	12,168	-	-	-	-	-	-	-	12,168
Restricted	-	-	-	-	-	-	117,668	-	-	-	2,696	177,639	-	-	298,003
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	56,893	1,151	505	8,739	-	-	-	-	-	-	-	-	-	-	67,288
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	56,893	1,151	505	8,739	129,836	2,696	177,639	377,459							
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 56,893	\$ 1,151	\$ 505	\$ 8,739	\$ 129,836	\$ 141,167	\$ 177,639	\$ 515,930							

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

TOWN OF VASSALBORO, MAINE

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

	Alewife Revenues	General Donations	Playground Donations	Recreation Department	School Lunch	ARPA	Natural Gas Pipeline (TIF)	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 396,114	\$ 304,909	\$ -	\$ 701,023
Charges for services	-	-	-	-	6,373	-	-	6,373
Investment income, net of unrealized gains (losses)	-	-	-	-	-	2,696	-	2,696
Other income	-	-	-	337	-	-	-	337
TOTAL REVENUES	-	-	-	337	402,487	307,605	-	710,429
EXPENDITURES								
Other	-	-	-	-	375,575	304,909	-	680,484
TOTAL EXPENDITURES	-	-	-	-	375,575	304,909	-	680,484
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	337	26,912	2,696	-	29,945
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	30,000	-	106,915	136,915
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	30,000	-	106,915	136,915
NET CHANGE IN FUND BALANCES	-	-	-	337	56,912	2,696	106,915	166,860
FUND BALANCES - JULY 1, RESTATED	56,893	1,151	505	8,402	72,924	-	70,724	210,599
FUND BALANCES - JUNE 30	\$ 56,893	\$ 1,151	\$ 505	\$ 8,739	\$ 129,836	\$ 2,696	\$ 177,639	\$ 377,459

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

Capital Projects Funds

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

TOWN OF VASSALBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2023

	Fire Truck Reserve	Plow Truck Reserve	Transfer Station Reserve	Public Works Equipment Reserve	Capital Improvement Reserve	Total
ASSETS						
Due from other funds	\$ 76,892	\$ 245,943	\$ 62,296	\$ 118,140	\$ 68,359	\$ 571,630
TOTAL ASSETS	<u>\$ 76,892</u>	<u>\$ 245,943</u>	<u>\$ 62,296</u>	<u>\$ 118,140</u>	<u>\$ 68,359</u>	<u>\$ 571,630</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	76,892	245,943	62,296	118,140	68,359	571,630
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>76,892</u>	<u>245,943</u>	<u>62,296</u>	<u>118,140</u>	<u>68,359</u>	<u>571,630</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 76,892</u>	<u>\$ 245,943</u>	<u>\$ 62,296</u>	<u>\$ 118,140</u>	<u>\$ 68,359</u>	<u>\$ 571,630</u>

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

TOWN OF VASSALBORO, MAINE

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

	Fire Truck Reserve	Plow Truck Reserve	Transfer Station Reserve	Public Works Equipment Reserve	Capital Improvement Reserve	Total
REVENUES						
Investment income, net of unrealized gains (losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Other	-	163,000	3,227	102,000	132,641	400,868
TOTAL EXPENDITURES	-	163,000	3,227	102,000	132,641	400,868
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(163,000)	(3,227)	(102,000)	(132,641)	(400,868)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	288,000	31,430	106,000	201,000	626,430
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	288,000	31,430	106,000	201,000	626,430
NET CHANGE IN FUND BALANCES	-	125,000	28,203	4,000	68,359	225,562
FUND BALANCES - JULY 1	76,892	120,943	34,093	114,140	-	346,068
FUND BALANCES - JUNE 30	\$ 76,892	\$ 245,943	\$ 62,296	\$ 118,140	\$ 68,359	\$ 571,630

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

Permanent Funds

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

TOWN OF VASSALBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Perpetual Care Principal	Cemetery Interest	Total
ASSETS			
Due from other funds	\$ 116,129	\$ 5,735	\$ 121,864
TOTAL ASSETS	<u>\$ 116,129</u>	<u>\$ 5,735</u>	<u>\$ 121,864</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	126,536	-	126,536
Restricted	-	-	-
Committed	-	-	-
Assigned	-	5,735	5,735
Unassigned (deficit)	<u>(10,407)</u>	<u>-</u>	<u>(10,407)</u>
TOTAL FUND BALANCES	<u>116,129</u>	<u>5,735</u>	<u>121,864</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 116,129</u>	<u>\$ 5,735</u>	<u>\$ 121,864</u>

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

TOWN OF VASSALBORO, MAINE

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

	Perpetual Care Principal	Cemetery Interest	Total
REVENUES			
Investment income, net of unrealized gains (losses)	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - JULY 1	<u>116,129</u>	<u>5,735</u>	<u>121,864</u>
FUND BALANCES - JUNE 30	<u>\$ 116,129</u>	<u>\$ 5,735</u>	<u>\$ 121,864</u>

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

General Capital Assets

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

TOWN OF VASSALBORO, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Town-wide	\$ 23,400	\$ 658,819	\$ 43,198	\$ -	\$ 725,417
Public safety	8,500	376,507	2,005,661	-	2,390,668
Public works	7,300	312,463	1,346,222	13,028,645	14,694,630
Culture and recreation	63,500	192,575	9,377	-	265,452
Solid waste	35,853	139,587	137,014	-	312,454
Education	14,147	7,250,493	2,025,269	-	9,289,909
Total General Capital Assets	152,700	8,930,444	5,566,741	13,028,645	27,678,530
Less: Accumulated Depreciation	-	(6,365,084)	(3,551,003)	(10,045,109)	(19,961,196)
Net General Capital Assets	\$ 152,700	\$ 2,565,360	\$ 2,015,738	\$ 2,983,536	\$ 7,717,334

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

TOWN OF VASSALBORO, MAINE

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

	General Capital Assets 7/1/22 (Restated)	Additions	Deletions	General Capital Assets 6/30/23
Town-wide	\$ 711,362	\$ 14,055	\$ -	\$ 725,417
Public safety	2,207,489	183,179	-	2,390,668
Public works	13,842,861	851,769	-	14,694,630
Culture and recreation	265,452	-	-	265,452
Solid waste	312,454	-	-	312,454
Education	9,117,596	172,313	-	9,289,909
Total General Capital Assets	26,457,214	1,221,316	-	27,678,530
Less: Accumulated Depreciation	(19,288,426)	(672,770)	-	(19,961,196)
Net General Capital Assets	<u>\$ 7,168,788</u>	<u>\$ 548,546</u>	<u>\$ -</u>	<u>\$ 7,717,334</u>

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

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF VASSALBORO, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture:				
Passed-through State of Maine - Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	013-3020	\$ 8,576	\$ -
National School Lunch Program	10.555	013-3022/3024	76,551	-
National School Lunch Program	10.555	013-6670	24,574	-
School Breakfast Program	10.553	013-3014	36,087	-
Fresh Fruit and Vegetable Program	10.582	013-3028	20,039	-
Subtotal Child Nutrition Cluster			<u>165,827</u>	<u>-</u>
Pandemic EBT Administrative Costs	10.649	013-6184	<u>628</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>166,455</u>	<u>-</u>
U.S. Department of Treasury:				
Passed-through State of Maine - Department of Education:				
Coronavirus Relief Fund				
Coronavirus State and Local Fiscal Recovery Funds	21.027		48,559	-
Direct Award:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>304,909</u>	<u>-</u>
Subtotal Coronavirus Relief Fund			<u>353,468</u>	<u>-</u>
Total U.S. Department of Treasury			<u>353,468</u>	<u>-</u>
U.S. Department of Education:				
Passed-through State of Maine - Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	013-3107	<u>253,314</u>	<u>-</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027A	013-3046	162,567	-
Special Education - Grants to States	84.027X	025-7170	17,373	-
Special Education - Preschool Grants	84.173A	013-6247	<u>7,479</u>	<u>-</u>
Subtotal Special Education Cluster (IDEA)			<u>187,419</u>	<u>-</u>
Small, Rural School Achievement Program and Rural and Low-Income School Program	84.358	013-1078	<u>3,784</u>	<u>-</u>
Improving Teacher Quality State Grants	84.367A	013-3042	<u>1,790</u>	<u>-</u>
Education Stabilization Fund	84.425D	013-7041	50,302	-
Education Stabilization Fund	84.425D	013-7042	18,457	-
Education Stabilization Fund	84.425U	025-7071	<u>358,614</u>	<u>-</u>
			<u>427,373</u>	<u>-</u>
Total U.S. Department of Education			<u>873,680</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,393,603</u>	<u>\$ -</u>

TOWN OF VASSALBORO, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

a. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Vassalboro, Maine under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Vassalboro, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Vassalboro, Maine.

2. Summary of Significant Accounting Policies

a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

b. The Town of Vassalboro, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise & Integrity

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

Selectboard
Town of Vassalboro
Vassalboro, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Vassalboro, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Vassalboro, Maine's basic financial statements and have issued our report thereon dated July 11, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of the Town of Vassalboro, Maine in a separate letter dated July 11, 2025.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
July 11, 2025



Proven Expertise & Integrity

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Selectboard
Town of Vassalboro
Vassalboro, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Vassalboro, Maine's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Vassalboro, Maine's major federal programs for the year ended June 30, 2023. The Town of Vassalboro, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Vassalboro, Maine complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

We are required to be independent of the Town of Vassalboro, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Vassalboro, Maine's compliance with the compliance requirements referred to above.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Vassalboro, Maine's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Vassalboro, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Vassalboro, Maine's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Vassalboro, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Vassalboro, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Vassalboro, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Buxton, Maine
July 11, 2025

TOWN OF VASSALBORO, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported

In accordance with §200.516 of Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010A	Title I Part A

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None

State Compliance

State compliance includes financial information and reports that are presented for purposes of additional analysis as required by Title 20-A MRSA §6051 of the Maine Revised Statutes as amended. Such financial information and reports include:

- Independent Auditor's Report on State Requirements
- Reconciliation of Audit Adjustments to Annual Financial Data Submitted to the Maine Education Financial System



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Selectboard
Town of Vassalboro
Vassalboro, Maine

We have audited the financial statements of the Town of Vassalboro, Maine for the year ended June 30, 2023 and have issued our report thereon dated July 11, 2025. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Town of Vassalboro, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Vassalboro, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Vassalboro, Maine was in noncompliance with or in violation of, those provisions.

Management has determined that no adjustments were necessary to the fiscal books of the Town of Vassalboro, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Selectboard, the School Board of Directors, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
July 11, 2025

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

VASSALBORO SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL
DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Total
June 30 Balance Per Maine Education Financial System	\$ 803,132	\$ 537,743	\$ 1,340,875
Audited GAAP Basis Fund Balance June 30	<u>\$ 803,132</u>	<u>\$ 537,743</u>	<u>\$ 1,340,875</u>