

Federal Compliance Audit

# **Town of Kittery, Maine**

June 30, 2023



*Proven Expertise & Integrity*

TOWN OF KITTERY, MAINE

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JUNE 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Town Council  
Town of Kittery  
Kittery, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, 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 Kittery, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, 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 Kittery, 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

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internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kittery, 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 Kittery, Maine's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 13 and 87 through 97 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 Kittery, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the 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 March 19, 2024, on our consideration of the Town of Kittery, 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 Kittery, 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 Kittery, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
March 19, 2024

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

**(UNAUDITED)**

The following management's discussion and analysis of Town of Kittery, 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 Kittery'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 schedules and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in 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 separate columns for the two different types of Town activities. The types of activities presented for the Town of Kittery are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, recreation and culture, health and sanitation, social services, education, program expenses and grant funds/miscellaneous accounts.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Kittery include the sewer department.

### **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 Kittery, 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 Kittery can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds:* Most 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 funds financial statement.

The Town of Kittery presents three 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 and the education fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and education 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 - Education Fund provide comparisons of the original and final budget and the actual expenditures for the current year.

*Proprietary Funds:* The Town of Kittery maintains one proprietary fund, the Sewer Department Fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Kittery. 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 - Education Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule

of Proportionate Share of the Net OPEB Liability - SET Plan, a Schedule of Contributions - OPEB, a Schedule of Changes in Net OPEB Liability - MMEHT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

### **Other Supplementary Information**

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

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

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities is \$36,682,007 compared to \$35,037,571 in the prior year, an increase of \$1,644,436. For the business-type activities, total net position is \$10,974,968 compared to \$11,496,779 in the prior year, a decrease of \$521,811.

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 - is \$6,726,994 at the end of this year for governmental activities and \$1,997,188 for the business-type activities.

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

	Governmental Activities		Business-type Activities	
	2022		2023	2022
	2023	(Restated)		
<b>Assets:</b>				
Current Assets	\$ 26,449,984	\$ 26,297,778	\$ 3,692,968	\$ 4,027,232
Noncurrent Assets - Capital Assets	39,736,725	39,462,856	17,876,175	18,675,951
Total Assets	66,186,709	65,760,634	21,569,143	22,703,183
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Dineen Property	157,666	157,666	-	-
Deferred Outflows Related to Pensions	2,190,746	2,361,415	155,362	179,228
Deferred Outflows Related to OPEB	1,460,156	1,560,791	-	-
Total Deferred Outflows of Resources	3,808,568	4,079,872	155,362	179,228
<b>Liabilities:</b>				
Current Liabilities	4,731,770	5,112,468	753,442	694,725
Noncurrent Liabilities	23,684,671	22,069,561	8,594,810	8,935,120
Total Liabilities	28,416,441	27,182,029	9,348,252	9,629,845
<b>Deferred Inflows of Resources:</b>				
Deferred Revenue	-	-	1,295,551	1,360,409
Prepaid Taxes	295	3,128	-	-
Deferred Inflows Related to Pensions	1,142,381	4,244,759	105,734	395,378
Deferred Inflows Related to OPEB	3,754,153	3,373,019	-	-
Total Deferred Inflows of Resources	4,896,829	7,620,906	1,401,285	1,755,787
<b>Net Position:</b>				
Net Investment in Capital Assets	27,568,729	25,630,155	8,977,780	9,140,575
Restricted	2,386,284	3,248,522	-	-
Unrestricted (Deficit)	6,726,994	6,158,894	1,997,188	2,356,204
Total Net Position	\$ 36,682,007	\$ 35,037,571	\$ 10,974,968	\$ 11,496,779

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 0.63%, while total expenses increased by 8.08%. The increase in revenues was primarily due to taxes, grants and contributions not restricted to specific programs and investment income. The increase in expenses was primarily due to public safety, recreation and culture and capital outlay partially offset by decreases in public safety, recreation and culture, education and capital outlay.

Revenues decreased by 21.96% in the Town's business type activities, while the total expenses increased by 17.02%.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 2,740,147	\$ 4,197,725	\$ 2,937,068	\$ 3,755,156
Operating grants and contributions	3,643,619	3,541,322	-	-
<i>General Revenues:</i>				
Taxes	30,706,329	29,250,207	-	-
Grants and contributions not restricted to specific programs	6,066,709	5,711,395	-	-
Investment income	440,387	(25,962)	5,172	4,269
Miscellaneous	1,314,907	1,955,952	5,099	17,217
Total Revenues	<u>44,912,098</u>	<u>44,630,639</u>	<u>2,947,339</u>	<u>3,776,642</u>
<b>Expenses</b>				
General government	5,145,347	5,530,680	-	-
Public safety	4,663,835	4,106,912	-	-
Public works	2,052,150	2,054,468	-	-
Recreation and culture	2,543,995	2,152,783	-	-
Health and sanitation	682,915	625,149	-	-
Social services	175,908	67,095	-	-
Education	20,886,470	20,015,146	-	-
County tax	989,989	1,005,790	-	-
Program expenses	918,159	615,028	-	-
State of Maine on-behalf payments	1,909,188	1,774,450	-	-
Capital outlay	2,707,333	1,475,552	-	-
Grant funds/misc. accounts	288,664	249,933	-	-
Unallocated depreciation (Note 5)*	-	4,860	-	-
Interest on long-term debt	303,709	356,379	-	-
Sewer department	-	-	3,469,150	2,964,647
Total Expenses	<u>43,267,662</u>	<u>40,034,225</u>	<u>3,469,150</u>	<u>2,964,647</u>
Change in Net Position	1,644,436	4,596,414	(521,811)	811,995
Net Position - July 1, Restated	<u>35,037,571</u>	<u>30,441,157</u>	<u>11,496,779</u>	<u>10,684,784</u>
Net Position - June 30	<u>\$ 36,682,007</u>	<u>\$ 35,037,571</u>	<u>\$ 10,974,968</u>	<u>\$ 11,496,779</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 Kittery, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<b>2023</b>	<b>2022 (Restated)</b>	<b>Change Increase (Decrease)</b>
Major Funds:			
General Fund:			
Nonspendable	\$ 285,746	\$ 498,893	\$ (213,147)
Committed	100,000	100,000	-
Unassigned	11,316,745	10,273,357	1,043,388
Education Fund:			
Nonspendable	186,430	158,489	27,941
Assigned	935,190	500,000	435,190
Unassigned	1,627,809	1,680,190	(52,381)
Total Major Funds	\$ 14,451,920	\$ 13,210,929	\$ 1,240,991
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 20,359	\$ 13,617	\$ 6,742
Restricted	937,809	1,204,074	(266,265)
Committed	4,691,778	3,869,741	822,037
Assigned	691,920	665,727	26,193
Unassigned	(934,958)	(232,824)	(702,134)
Capital Projects Funds:			
Restricted	1,158,549	1,285,852	(127,303)
Committed	1,456,175	1,908,116	(451,941)
Permanent Funds:			
Nonspendable	60,000	60,000	-
Restricted	671,029	684,939	(13,910)
Unassigned	(1,538)	(1,538)	-
Total Nonmajor Funds	\$ 8,751,123	\$ 9,457,704	\$ (706,581)

The changes to total fund balances for the general fund, education fund and other governmental funds occurred due to the regular activity of operations.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer department fund had a decrease in net position of \$521,811 from the prior year due primarily to an operating loss of \$400,227 that exceeded net nonoperating expenses of \$121,584.

### **Budgetary Highlights**

The differences between the original and final budget for the general fund was the use of assigned fund balances.

The general fund actual revenues exceeded the budget by \$1,689,396. This was a result of all revenue categories being receipted within in or in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$288,845. All expenditure categories were within or under budget with the exception of public works, interest on long-term debt and transfers to other funds.

There was no difference between the original and final budget for the education fund with the exception of the use of assigned fund balances.

The education fund actual revenues exceeded the budget by \$302,413. This was a result of all revenue categories being receipted within or in excess of budgeted amounts with the exception of Medicaid revenue.

The education fund actual expenditures were below budget by \$608,337. All expenditure categories were within or under budget except for transfers to other funds.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2023, the net book value of capital assets recorded by the Town decreased by \$525,907. This decrease is a result of capital additions of \$2,578,675 less current year depreciation expense of \$3,104,582. Refer to Note 5 of Notes to Financial Statements for additional information.

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

	<b>2023</b>	<b>2022</b>
Land	\$ 11,236,886	\$ 11,236,886
Construction in progress	64,225	387,116
Land improvements	877,556	985,606
Buildings and improvements	26,903,808	28,086,462
Machinery, equipment and vehicles	5,687,871	4,669,870
Infrastructure	12,842,554	12,772,867
Total	<b>\$ 57,612,900</b>	<b>\$ 58,138,807</b>

**Debt**

At June 30, 2023, the Town had \$20,802,847 in bonds and notes from direct borrowings payable versus \$23,368,077 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

**Currently Known Facts, Decisions or Conditions**

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

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately nine months, while also maintaining significant reserve accounts for future capital and program needs. The FY 24 School Department budget could be severely impacted by the reduction of funding from the State.

**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 Finance Department at 200 Rogers Road, Kittery, Maine 03904.

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 26,895,975	\$ 2,604	\$ 26,898,579
Investments	546,387	-	546,387
Accounts receivable (net of allowance for uncollectibles):			
Taxes	734,505	-	734,505
Other	350,165	1,120,781	1,470,946
Prepaid items	387,194	-	387,194
Inventory	28,676	-	28,676
Tax acquired property	76,665	-	76,665
Internal balances	(2,569,583)	2,569,583	-
Total current assets	<u>26,449,984</u>	<u>3,692,968</u>	<u>30,142,952</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	11,015,131	285,980	11,301,111
Buildings and vehicles net of accumulated depreciation	28,721,594	17,590,195	46,311,789
Total noncurrent assets	<u>39,736,725</u>	<u>17,876,175</u>	<u>57,612,900</u>
<b>TOTAL ASSETS</b>	<u>66,186,709</u>	<u>21,569,143</u>	<u>87,755,852</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Dineen property	157,666	-	157,666
Deferred outflows related to pensions	2,190,746	155,362	2,346,108
Deferred outflows related to OPEB	1,460,156	-	1,460,156
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,808,568</u>	<u>155,362</u>	<u>3,963,930</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 69,995,277</u>	<u>\$ 21,724,505</u>	<u>\$ 91,719,782</u>

## STATEMENT A (CONTINUED)

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 880,128	\$ 158,767	\$ 1,038,895
Accrued payroll	963,173	-	963,173
Accrued expenses	1,009,447	10,877	1,020,324
Due to other governments	13,997	-	13,997
Escrows	132,951	-	132,951
Current portion of long-term obligations	1,732,074	583,798	2,315,872
Total current liabilities	<u>4,731,770</u>	<u>753,442</u>	<u>5,485,212</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	10,585,264	8,326,376	18,911,640
Notes from direct borrowings payable	102,364	-	102,364
Accrued compensated absences	1,006,827	47,115	1,053,942
Net pension liability/(asset)	2,537,652	221,319	2,758,971
Net OPEB liability	9,452,564	-	9,452,564
Total noncurrent liabilities	<u>23,684,671</u>	<u>8,594,810</u>	<u>32,279,481</u>
<b>TOTAL LIABILITIES</b>	<u>28,416,441</u>	<u>9,348,252</u>	<u>37,764,693</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	-	1,295,551	1,295,551
Prepaid taxes	295	-	295
Deferred inflows related to pensions	1,142,381	105,734	1,248,115
Deferred inflows related to OPEB	3,754,153	-	3,754,153
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>4,896,829</u>	<u>1,401,285</u>	<u>6,298,114</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,568,729	8,977,780	36,546,509
Restricted	2,386,284	-	2,386,284
Unrestricted	6,726,994	1,997,188	8,724,182
<b>TOTAL NET POSITION</b>	<u>36,682,007</u>	<u>10,974,968</u>	<u>47,656,975</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 69,995,277</u>	<u>\$ 21,724,505</u>	<u>\$ 91,719,782</u>

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

TOWN OF KITTERY, 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	Governmental Activities	Business- type Activities	Total
<u>Governmental activities:</u>							
General government	\$ 5,145,347	\$ 573,934	\$ 132,450	\$ -	\$ (4,438,963)	\$ -	\$ (4,438,963)
Public safety	4,663,835	308,221	-	-	(4,355,614)	-	(4,355,614)
Public works	2,052,150	17,814	-	-	(2,034,336)	-	(2,034,336)
Recreation and culture	2,543,995	1,291,834	-	-	(1,252,161)	-	(1,252,161)
Health and sanitation	682,915	153,982	-	-	(528,933)	-	(528,933)
Social services	175,908	-	-	-	(175,908)	-	(175,908)
Education	20,886,470	25,029	1,601,981	-	(19,259,460)	-	(19,259,460)
County tax	989,989	-	-	-	(989,989)	-	(989,989)
Program expenses	918,159	369,333	-	-	(548,826)	-	(548,826)
State of Maine on-behalf payments	1,909,188	-	1,909,188	-	-	-	-
Capital outlay	2,707,333	-	-	-	(2,707,333)	-	(2,707,333)
Grant funds/misc. accounts	288,664	-	-	-	(288,664)	-	(288,664)
Interest on long-term debt	303,709	-	-	-	(303,709)	-	(303,709)
Total governmental activities	<u>43,267,662</u>	<u>2,740,147</u>	<u>3,643,619</u>	<u>-</u>	<u>(36,883,896)</u>	<u>-</u>	<u>(36,883,896)</u>
<u>Business-type activities:</u>							
Sewer department	3,469,150	2,937,068	-	-	-	(532,082)	(532,082)
Total business-type activities	<u>3,469,150</u>	<u>2,937,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532,082)</u>	<u>(532,082)</u>
Total government	<u>\$ 46,736,812</u>	<u>\$ 5,677,215</u>	<u>\$ 3,643,619</u>	<u>\$ -</u>	<u>(36,883,896)</u>	<u>(532,082)</u>	<u>(37,415,978)</u>

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

STATEMENT B (CONTINUED)  
TOWN OF KITTEERY, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(36,883,896)	(532,082)	(37,415,978)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	28,539,214	-	28,539,214
Excise taxes	2,167,115	-	2,167,115
Grants and contributions not restricted to specific programs	6,066,709	-	6,066,709
Investment income, net of unrealized gains/(losses)	440,387	5,172	445,559
Miscellaneous	1,314,907	5,099	1,320,006
Total general revenues	38,528,332	10,271	38,538,603
Change in net position	1,644,436	(521,811)	1,122,625
NET POSITION - JULY 1, RESTATED	35,037,571	11,496,779	46,534,350
NET POSITION - JUNE 30	\$ 36,682,007	\$ 10,974,968	\$ 47,656,975

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

## TOWN OF KITTERY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,732,093	\$ 99,899	\$ 63,983	\$ 26,895,975
Investments	-	-	546,387	546,387
Accounts receivables (net of allowance for uncollectibles):				
Taxes/liens	734,505	-	-	734,505
Other	53,886	47,800	248,479	350,165
Prepaid items	200,764	186,430	-	387,194
Inventory	8,317	-	20,359	28,676
Tax acquired property	76,665	-	-	76,665
Due from other funds	3,445,456	7,181,280	9,112,936	19,739,672
<b>TOTAL ASSETS</b>	<b>31,251,686</b>	<b>7,515,409</b>	<b>9,992,144</b>	<b>48,759,239</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Dineen property	157,666	-	-	157,666
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>157,666</b>	<b>-</b>	<b>-</b>	<b>157,666</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 31,409,352</b>	<b>\$ 7,515,409</b>	<b>\$ 9,992,144</b>	<b>\$ 48,916,905</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 203,349	\$ 116,052	\$ 560,727	\$ 880,128
Accrued payroll	71,318	891,855	-	963,173
Accrued expenses	16,536	992,911	-	1,009,447
Due to other governments	13,997	-	-	13,997
Escrows	132,951	-	-	132,951
Due to other funds	18,863,799	2,765,162	680,294	22,309,255
<b>TOTAL LIABILITIES</b>	<b>19,301,950</b>	<b>4,765,980</b>	<b>1,241,021</b>	<b>25,308,951</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	295	-	-	295
Deferred tax revenues	404,616	-	-	404,616
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>404,911</b>	<b>-</b>	<b>-</b>	<b>404,911</b>
<b>FUND BALANCES</b>				
Nonspendable	285,746	186,430	80,359	552,535
Restricted	-	-	2,767,387	2,767,387
Committed	100,000	-	6,147,953	6,247,953
Assigned	-	935,190	691,920	1,627,110
Unassigned	11,316,745	1,627,809	(936,496)	12,008,058
<b>TOTAL FUND BALANCES</b>	<b>11,702,491</b>	<b>2,749,429</b>	<b>8,751,123</b>	<b>23,203,043</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 31,409,352</b>	<b>\$ 7,515,409</b>	<b>\$ 9,992,144</b>	<b>\$ 48,916,905</b>

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

## TOWN OF KITTERY, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 23,203,043
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	39,736,725
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	404,616
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	2,190,746
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	1,460,156
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(11,904,452)
Notes from direct borrowings payable	(263,544)
Accrued compensated absences	(1,258,533)
Net pension (liability)	(2,537,652)
Net OPEB liability	(9,452,564)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(1,142,381)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(3,754,153)
Net position of governmental activities	\$ 36,682,007

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

## TOWN OF KITTERY, MAINE

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

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General tax revenue	\$ 13,307,763	\$ 17,511,685	\$ -	\$ 30,819,448
Intergovernmental revenue	2,298,888	2,230,565	3,271,687	7,801,140
Charges for services	2,345,785	25,029	369,333	2,740,147
Investment income, net of unrealized gains/(losses)	399,460	-	40,927	440,387
State of Maine on-behalf payments	-	1,475,562	-	1,475,562
Other revenue	168,796	15,756	1,130,355	1,314,907
<b>TOTAL REVENUES</b>	<b>18,520,692</b>	<b>21,258,597</b>	<b>4,812,302</b>	<b>44,591,591</b>
<b>EXPENDITURES</b>				
Current:				
General government	4,925,832	-	3,655	4,929,487
Public safety	3,915,814	-	371,614	4,287,428
Public works	1,328,399	-	-	1,328,399
Recreation and culture	1,980,821	-	244,283	2,225,104
Health and sanitation	623,906	-	56,500	680,406
Social services	175,908	-	-	175,908
Education	-	18,234,492	2,186,905	20,421,397
County tax	989,989	-	-	989,989
State of Maine on-behalf payments	-	1,475,562	-	1,475,562
Grant funds/misc. accounts	288,664	-	-	288,664
Program expenses	-	-	918,159	918,159
Debt service:				
Principal	890,302	603,500	-	1,493,802
Interest	209,416	94,293	-	303,709
Capital outlay	-	-	4,539,167	4,539,167
<b>TOTAL EXPENDITURES</b>	<b>15,329,051</b>	<b>20,407,847</b>	<b>8,320,283</b>	<b>44,057,181</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,191,641</b>	<b>850,750</b>	<b>(3,507,981)</b>	<b>534,410</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	35,000	-	3,237,599	3,272,599
Transfers (out)	(2,396,400)	(440,000)	(436,199)	(3,272,599)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,361,400)</b>	<b>(440,000)</b>	<b>2,801,400</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>830,241</b>	<b>410,750</b>	<b>(706,581)</b>	<b>534,410</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>10,872,250</b>	<b>2,338,679</b>	<b>9,457,704</b>	<b>22,668,633</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 11,702,491</b>	<b>\$ 2,749,429</b>	<b>\$ 8,751,123</b>	<b>\$ 23,203,043</b>

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

## TOWN OF KITTERY, 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>\$ 534,410</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	2,292,425
Depreciation expense	<u>(2,018,556)</u>
	<u>273,869</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:	
Pensions	(170,669)
OPEB	<u>(100,635)</u>
	<u>(271,304)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>(113,119)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(460,591)</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>2,125,296</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:	
Pensions	3,102,378
OPEB	<u>(381,134)</u>
	<u>2,721,244</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	(293,696)
Net pension liability/(asset)	(2,716,168)
Net OPEB liability	<u>(155,505)</u>
	<u>(3,165,369)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,644,436</u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,604
Accounts receivable (net of allowance for uncollectibles)	1,120,781
Due from other funds	2,569,583
Total current assets	<u>3,692,968</u>
Noncurrent assets:	
Capital assets:	
Land	285,980
Buildings and improvements	19,456,787
Machinery, equipment and vehicles	722,258
Infrastructure	12,009,465
Total capital assets	<u>32,474,490</u>
Less: accumulated depreciation	<u>(14,598,315)</u>
Total noncurrent assets	<u>17,876,175</u>
<b>TOTAL ASSETS</b>	<u>21,569,143</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	155,362
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>155,362</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 21,724,505</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 158,767
Accrued expenses	10,877
Current portion of long-term obligations	583,798
Total current liabilities	<u>753,442</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	8,326,376
Accrued compensated absences	47,115
Net pension liability	221,319
Total noncurrent liabilities	<u>8,594,810</u>
<b>TOTAL LIABILITIES</b>	<u>9,348,252</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	1,295,551
Deferred inflows related to pensions	105,734
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,401,285</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,977,780
Unrestricted	1,997,188
<b>TOTAL NET POSITION</b>	<u>10,974,968</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 21,724,505</u>

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

## TOWN OF KITTEERY, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
OPERATING REVENUES	
Charges for services	\$ 2,937,068
Other	5,099
TOTAL OPERATING REVENUES	<u>2,942,167</u>
OPERATING EXPENSES	
Salaries and wages	563,100
Benefits	259,411
Increase (decrease) in expenses related to net pension liability, deferred outflows and inflows of resources related to pensions	(25,943)
Contracted services	129,081
Insurance	31,458
Utilities	195,348
Fuel / motor	29,320
Repairs, maintenance and equipment	45,108
Supplies and office	90,295
Chemicals	161,290
Sludge management	263,167
Depreciation	1,086,026
Other	514,733
TOTAL OPERATING EXPENSES	<u>3,342,394</u>
OPERATING INCOME (LOSS)	<u>(400,227)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,172
Interest expense	(126,756)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(121,584)</u>
CHANGE IN NET POSITION	(521,811)
NET POSITION - JULY 1	<u>11,496,779</u>
NET POSITION - JUNE 30	<u>\$ 10,974,968</u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,777,473
Other receipts	5,099
Internal activity - receipts (payments) from/to other funds	429,048
Payments to employees	(832,677)
Payments to suppliers	(1,334,081)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,044,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	5,172
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>5,172</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets purchased	(286,250)
Interest payments on bond payable	(126,756)
Principal payments on bond payable	(636,981)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,049,987)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47
CASH AND CASH EQUIVALENTS - JULY 1	<u>2,557</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 2,604</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (400,227)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	1,086,026
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(94,737)
(Increase) decrease in due from other funds	429,048
(Increase) decrease in deferred outflows related to pensions	23,866
(Decrease) increase in accounts payable	123,418
(Decrease) increase in accrued expenses	2,301
(Decrease) increase in accrued compensated absences	(10,166)
(Decrease) increase in deferred revenues	(64,858)
(Decrease) increase in net pension liability	239,835
(Decrease) increase in deferred inflows related to pensions	(289,644)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,044,862</u>

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

## TOWN OF KITTEERY, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2023

	<u>Custodial Fund</u> Fiscal <u>Agent Fund</u>	<u>Private- Purpose Trust Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 7,367
Due from other governments	<u>6,000</u>	<u>4,680</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 6,000</u></u>	<u><u>\$ 12,047</u></u>
<b>LIABILITIES</b>		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted - held in trust	<u><u>\$ 6,000</u></u>	<u><u>\$ 12,047</u></u>

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

## TOWN OF KITTERY, MAINE

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

	<u>Custodial Fund</u> Fiscal <u>Agent Fund</u>	<u>Private- Purpose Trust Funds</u>
ADDITIONS		
Contributions	\$ 6,000	\$ -
TOTAL ADDITIONS	<u>6,000</u>	<u>-</u>
DEDUCTIONS		
Scholarships	-	1,650
TOTAL DEDUCTIONS	<u>-</u>	<u>1,650</u>
CHANGE IN NET POSITION	6,000	(1,650)
NET POSITION - JULY 1	<u>-</u>	<u>13,697</u>
NET POSITION - JUNE 30	<u>\$ 6,000</u>	<u>\$ 12,047</u>

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Kittery was incorporated under the laws of the State of Maine. The Town operates under Town Council-manager form of government and provides the following services: general government, public safety, public works, recreation and culture, health and sanitation, social services, education, program expenses and grant funds/miscellaneous accounts.

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

**Implementation of New Accounting Standards**

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

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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 either governmental or business-type. The Town's sewer department and is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (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 and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

- 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 Education Fund is used to account for all financial resources of the Kittery School Department. Revenue sources are from intergovernmental revenues, charges for services and other revenues.

Nonmajor Funds

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency 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. Component units that are fiduciary in nature have been excluded from these financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (custodial and private-purpose trusts). 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 either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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 education fund.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues per budgetary basis	\$ 19,783,035
Add: On-behalf payments	<u>1,475,562</u>
Total GAAP basis	<u>\$ 21,258,597</u>
Expenditures per budgetary basis	\$ 19,372,285
Add: On-behalf payments	<u>1,475,562</u>
Total GAAP basis	<u>\$ 20,847,847</u>

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council 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 Town Council.

**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. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. 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
- Prime bankers' acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the policy of the Town of Kittery, Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the Town and conforming to all state and local statutes governing the investment of public funds.

**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 \$40,000 as of June 30, 2023. Accounts receivable netted with allowances for uncollectibles were \$1,470,946 for the year ended June 30, 2023.

**Prepaid Items**

Certain 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.

**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 general fund inventory consists of diesel fuel and gasoline. The school lunch fund inventory consists of school lunch supplies and food on hand at the end of the year.

**Tax Acquired Property**

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired, the Town Manager will seek Town Council approval to dispose of the property. This can be done through sealed bid, public auction or other alternative methods as determined by the Town Manager. The policy and procedures are outlined in the Policy for Collection of Unpaid Property Taxes adopted May 30, 2018.

TOWN OF KITTERY, 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 governmental 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 both Governmental and Proprietary 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 and land improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF KITTERY, 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 or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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

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

**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.

**OPEB**

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 Municipal Employees Health Trust (MMEHT) and 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 MMEHT and MEABT to complete the actuarial report. Additions to/deductions from the MMEHT and MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT and MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of measuring the 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 State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town or the Town Council in

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accordance with its charter. The inhabitants of the Town, through Town meetings, are the highest level of decision-making authority of the Town in that they must approve certain annual budgets (School), bonding and appropriation of unassigned fund balance. The Town Council must approve other annual budgets (capital and Town operating) and spending. Commitments may be modified or rescinded in the same manner they were established.

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 given annually by the taxpayers and is expressed by the Town Council.

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.

The Town has a fund balance policy that guides the Town to maintain an unassigned fund balance equal to at least 8.34% but preferable at 12% of the Town's general fund budget, i.e. an amount equal to 2.5 months of operating expenses from the then current operating budget, whichever is higher.

**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 three types of this item, deferred outflows related to the Dineen property, which is reported in both the statements of net position and governmental funds balance sheet, deferred outflows related to pensions and deferred outflows related to OPEB, which are reported in the statement of net position.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and 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 September 12, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on October 31, 2022, February 15, 2023 and May 31, 2023. Interest on unpaid taxes commenced on November 1, 2022, February 16, 2023 and May 31, 2023 at 4% per annum.

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

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 \$651,401 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).

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

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

At June 30, 2023, the Town's cash balance of \$26,905,946 was comprised of bank deposits amounting to \$27,123,299. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Town's cash and cash equivalents balance. Of these bank deposits, \$679,613 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. All of the bank deposits were insured or collateralized with securities held by the financial institution in the Town's name or with an irrevocable stand-by letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 21,471,783
Savings accounts	10,064
Money market accounts	5,616,044
Cash and cash equivalents	25,408
	<u>\$ 27,123,299</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. However, in accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

Of the Town's investments of \$546,387, all were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Debt securities:				
Corporate bonds	\$ 95,176	\$ -	\$ 95,176	\$ -
Equity securities:				
Common stock - domestic	165,361	165,361	-	-
Mutual funds:				
Equity - domestic	216,636	216,636	-	-
Equity - foreign	69,214	69,214	-	-
	<u>\$ 546,387</u>	<u>\$ 451,211</u>	<u>\$ 95,176</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 June 30, 2023:

	June 30, 2023 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 95,176	\$ -	\$ 95,176	\$ -
Total debt securities	<u>95,176</u>	<u>-</u>	<u>95,176</u>	<u>-</u>
Equity securities:				
Common stock - domestic	165,361	165,361	-	-
Mutual funds - domestic and foreign	285,850	285,850	-	-
Total equity securities	<u>451,211</u>	<u>451,211</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	546,387	<u>\$ 451,211</u>	<u>\$ 95,176</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	25,408			
Total cash equivalents measured at the NAV	<u>25,408</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 571,795</u>			

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 II or 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.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in repurchase agreements, savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income.

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	\$ 3,445,456	\$ 18,863,799
Education fund	7,181,280	2,765,162
Nonmajor special revenue funds	6,376,899	680,294
Nonmajor capital projects funds	2,616,916	-
Nonmajor permanent funds	119,121	-
Proprietary funds	2,569,583	-
	<u>\$ 22,309,255</u>	<u>\$ 22,309,255</u>

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 4 - INTERFUND TRANSFERS

At June 30, 2023, the Town had the following interfund transfers:

	Transfers From	Transfers To
General fund	\$ 35,000	\$ 2,396,400
Education fund	-	440,000
Nonmajor special revenue funds	2,679,568	46,490
Nonmajor capital projects funds	477,786	244,286
Nonmajor permanent funds	80,245	145,423
	<u>\$ 3,272,599</u>	<u>\$ 3,272,599</u>

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

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 10,950,906	\$ -	\$ -	\$ 10,950,906
Construction in progress	387,116	64,225	(387,116)	64,225
	<u>11,338,022</u>	<u>64,225</u>	<u>(387,116)</u>	<u>11,015,131</u>
Depreciated assets:				
Land improvements	2,551,832	-	-	2,551,832
Buildings and improvements	48,444,611	192,630	-	48,637,241
Machinery, equipment and vehicles	11,813,558	1,922,643	(57,942)	13,678,259
Infrastructure	13,760,312	500,043	-	14,260,355
	<u>76,570,313</u>	<u>2,615,316</u>	<u>(57,942)</u>	<u>79,127,687</u>
Less: accumulated depreciation	(48,445,479)	(2,018,556)	57,942	(50,406,093)
	<u>28,124,834</u>	<u>596,760</u>	<u>-</u>	<u>28,721,594</u>
Net capital assets	<u>\$ 39,462,856</u>	<u>\$ 660,985</u>	<u>\$ (387,116)</u>	<u>\$ 39,736,725</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 285,980	\$ -	\$ -	\$ 285,980
Depreciated assets:				
Buildings and improvements	19,456,787	-	-	19,456,787
Machinery, equipment and vehicles	722,258	-	-	722,258
Infrastructure	11,723,215	286,250	-	12,009,465
	31,902,260	286,250	-	32,188,510
Less: accumulated depreciation	(13,512,289)	(1,086,026)	-	(14,598,315)
	18,389,971	(799,776)	-	17,590,195
Net capital assets	<u>\$ 18,675,951</u>	<u>\$ (799,776)</u>	<u>\$ -</u>	<u>\$ 17,876,175</u>
<u>Current year depreciation expense:</u>				
General government				\$ 121,925
Police				158,760
Fire				217,647
Public works				733,751
Recreation and culture				236,182
Health and sanitation				2,509
Harbormaster				82,709
School department				465,073
Subtotal governmental				<u>2,018,556</u>
Sewer department				1,086,026
Subtotal business-type				<u>1,086,026</u>
Total depreciation expense				<u>\$ 3,104,582</u>

TOWN OF KITTERY, 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, 7/1/2022 (Restated)	Additions	Deletions	Balance, 6/30/23	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 13,408,254	\$ -	\$ (1,503,802)	\$ 11,904,452	\$ 1,319,188
Notes from direct borrowings payable	424,447	460,591	(621,494)	263,544	161,180
Total governmental activities	<u>\$ 13,832,701</u>	<u>\$ 460,591</u>	<u>\$ (2,125,296)</u>	<u>\$ 12,167,996</u>	<u>\$ 1,480,368</u>
<u>Business-type activities:</u>					
Bonds payable	<u>\$ 9,535,376</u>	<u>\$ -</u>	<u>\$ (636,981)</u>	<u>\$ 8,898,395</u>	<u>\$ 572,019</u>

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

	<u>Governmental</u>	<u>Business-type</u>
<u>Bonds:</u>		
\$3,268,766, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through April of 2030. Interest is charged at a fixed rate of 1.00% per annum. Annual principal installments vary from \$148,142 to \$179,346.	\$ -	\$ 1,218,745
\$5,500,000, 2012 General Obligation Bond due in annual principal installments and semiannual interest installments through January of 2032. Interest is charged at a fixed rate ranging from 2.00% to 3.15% per annum. Annual principal installments are \$275,000.	2,475,000	-
\$150,000, 2014 General Obligation Bond due in annual principal installments and semiannual interest installments through November of 2034. Interest is charged at a fixed rate of 2.00% per annum. Annual principal installments vary from \$6,043 to \$10,111.	99,611	-
\$958,000, 2015 General Obligation Bond due in annual principal installments and semiannual interest installments through November of 2025. Interest is charged at a fixed rate of 2.00% per annum. Annual principal installments vary from \$95,000 to \$103,000.	285,000	-
\$1,300,000, 2015 General Obligation Bond due in annual principal installments and semiannual interest installments through November of 2025. Interest is charged at a fixed rate of 2.00% per annum. Annual principal installments are \$130,000.	390,000	-

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	<u>Governmental</u>	<u>Business-type</u>
\$821,000, 2015 General Obligation Bond due in annual principal installments and semiannual interest installments through November of 2025. Interest is charged at a fixed rate of 2.00% per annum. Annual principal installments vary from \$80,000 to \$86,000.	240,000	-
\$11,990,025, 2015 General Obligation Bond due in annual principal installments and semiannual interest installments through November of 2036. Interest is charged at a fixed rate of 1.00% per annum. Annual principal installments vary from \$377,865 to \$742,381.	-	7,679,650
\$275,000, 2016 General Obligation Bond due in annual principal installments and semiannual interest installments through November of 2036. Interest is charged at a fixed rate ranging from 0.91% to 3.50% per annum. Annual principal installments vary from \$11,352 to \$17,779.	204,841	-
\$1,140,000 2016 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2026. Interest is charged at a fixed rate ranging from 2% to 2.25% per annum. Annual Installments vary from \$147,100 to 111,238.	440,000	-
\$8,960,000 2021 General Obligation Bond due in annual principal and semiannual interest installments through March 2041. Interest is charged at a fixed rate ranging from 1% to 3% per annum. Annual principal installments vary from \$610,000 to \$250,000.	7,770,000	-
Total bonds payable	<u>\$ 11,904,452</u>	<u>\$ 8,898,395</u>
<u>Notes from direct borrowings payable:</u>		
\$131,156, 2016 Capital Lease payable to Norway Savings Bank for photocopiers due in annual installments of \$28,669 through August 2021. Interest is charged at a fixed rate of 3.04% per annum.	\$ 126,165	\$ -
\$44,818, 2021 Capital Lease payable to M.S.T. Government Leasing, LLC. For photocopiers due in annual installments of \$9,580 through August 2025. Interest is charged at a fixed rate of 3.29% per annum.	26,947	-
\$257,595, 2022 Capital Lease payable to Apple Financial Services. For computer equipment due in annual installments of \$85,865 through August 2025. Interest is charged at a fixed rate of 3.29% per annum.	85,865	-
\$49,134, 2022 Capital Lease payable to Apple Financial Services. For computer equipment due in annual installments of \$24,567 through August 2025. Interest is charged at a fixed rate of 3.29% per annum.	24,567	-
Total notes from direct borrowings payable	<u>\$ 263,544</u>	<u>\$ -</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Governmental Activities				Total Debt Service
	Bonds Payable		Notes from Direct Borrowings Payable		
	Principal	Interest	Principal	Interest	
2024	\$ 1,319,188	\$ 118,551	\$ 161,180	\$ 887	\$ 1,599,806
2025	1,319,612	99,743	51,034	601	1,470,990
2026	1,320,078	80,802	51,330	305	1,452,515
2027	1,015,590	64,014	-	-	1,079,604
2028	906,161	52,793	-	-	958,954
2029-2033	3,936,400	118,409	-	-	4,054,809
2034-2038	1,337,423	5,564	-	-	1,342,987
2039-2043	750,000	-	-	-	750,000
	<u>\$ 11,904,452</u>	<u>\$ 539,876</u>	<u>\$ 263,544</u>	<u>\$ 1,793</u>	<u>\$ 12,709,665</u>

	Business-type Activities		
	Bonds Payable		Total Debt Service
	Principal	Interest	
2024	\$ 572,019	\$ 119,918	\$ 691,937
2025	744,231	121,627	865,858
2026	751,701	114,156	865,857
2027	759,249	106,610	865,859
2028	766,870	98,988	865,858
2029-2033	3,402,514	356,060	3,758,574
2034-2038	1,901,811	125,177	2,026,988
	<u>\$ 8,898,395</u>	<u>\$ 1,042,536</u>	<u>\$ 9,940,931</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the business-type activities for the year ended June 30, 2023 was \$126,756.

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

TOWN OF KITTERY, 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	Due Within One Year
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 964,837	\$ 295,845	\$ (2,149)	\$ 1,258,533	\$ 251,706
Net pension liability	(178,516)	4,058,049	(1,341,881)	2,537,652	-
Net OPEB liability	9,297,059	218,513	(63,008)	9,452,564	-
	<u>\$ 10,083,380</u>	<u>\$ 4,572,407</u>	<u>\$ (1,407,038)</u>	<u>\$ 13,248,749</u>	<u>\$ 251,706</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 69,060	\$ -	\$ (10,166)	\$ 58,894	\$ 11,779
Net pension liability	(18,516)	333,013	(93,178)	221,319	-
	<u>\$ 50,544</u>	<u>\$ 333,013</u>	<u>\$ (103,344)</u>	<u>\$ 280,213</u>	<u>\$ 11,779</u>

Refer to Notes 8, 16, 18 and 20 for more detailed information regarding 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 \$1,317,427.

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:

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 90,142,818	\$ 32,474,490
Accumulated depreciation	(50,406,093)	(14,598,315)
Outstanding capital related debt	(12,167,996)	(8,898,395)
	<u>\$ 27,568,729</u>	<u>\$ 8,977,780</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - RESTRICTED NET POSITION

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

Nonmajor special revenue funds (Schedule E):	
Additional snow and ice damages	\$ 37,278
Public safety impact fees	234,605
MMA grants	285
PREPA grant	2,051
Affordable housing fund	150,000
School special revenue funds	72,487
Nonmajor capital projects funds (Schedule I):	
State aid to roads	678,086
Gorges Rd. fire station	480,463
Nonmajor permanent funds:	
Public health trust	26,378
Lester Raynes trust	10,000
Mary Safford Wildes	603,626
George Smart Santa	6,744
Recycling scholarship	25,680
Connie Samuels beautification	58,601
	<u>\$ 2,386,284</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

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

General fund:	
Prepaid items	\$ 200,764
Inventory	8,317
Tax acquired property	76,665
Education fund:	
Prepaid items	186,430
Nonmajor special revenue funds (Schedule E)	20,359
Nonmajor permanent funds (Schedule I)	60,000
	<u>\$ 552,535</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 12 - RESTRICTED FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	\$ 937,809
Nonmajor capital projects funds (Schedule G)	1,158,549
Nonmajor permanent funds (Schedule I)	671,029
	<u>\$ 2,767,387</u>

NOTE 13 - COMMITTED FUND BALANCES

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

General fund:	
Salary and position adjustment	\$ 100,000
Nonmajor special revenue funds (Schedule E)	4,691,778
Nonmajor capital projects funds (Schedule G)	1,456,175
	<u>\$ 6,247,953</u>

NOTE 14 - ASSIGNED FUND BALANCES

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

Education fund	\$ 935,190
Nonmajor special revenue funds (Schedule E)	691,920
	<u>\$ 1,627,110</u>

NOTE 15 - DEFICIT FUND BALANCES

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

Nonmajor funds:	
Police New Officer	\$ 6,280
Oil and More Donations	15
ASA	23,541
Concert in the Park	2,548
Spruce Creek PH5 Grant	16,271
Emery Field PH2 LCWF Grant	313,588
Police Grant Support Det.	9,333
Sewer Betterments	24,000
Highway Vehicle	11,902
Port Authority Equipment	1,304

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 15 - DEFICIT FUND BALANCES (CONTINUED)

PFAS	525,868
School Special Revenue Funds	308
Total	<u>\$ 934,958</u>

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

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 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.

TOWN OF KITTERY, 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. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police and fire department employees are part of the PLDs special plan "1C" (effective July 1, 2007) and are required to contribute 8.8% of their annual salary, while all other employees are part of regular plan "AC" and are required to contribute 8.1% of their annual salary. The Town is required to contribute the actuarially determined rates of 16.0% for special plan "1C" members' covered payroll and 10.1% for regular plan "AC" members' covered payroll during the year. 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 \$775,288.

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. 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](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**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. As of June 30, 2022, there were 239 employees, including the State of Maine, participating 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 Department's teachers are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for teachers covered by this program was approximately \$10,325,837 for the year ended June 30, 2023. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Department'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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$1,475,562 for the year ended June 30, 2023. Title 5 of the Maine Revised Statutes Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$409,939 for 2023. In addition, the Department 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 \$55,295 the year ended June 30, 2023.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2023, the Town reported a liability of \$2,758,971 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 0.93126%, which was a decrease of 0.04174% from its proportion measured as of June 30, 2021.

*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	\$ 283,366
State's proportionate share of the net pension liability associated with the Town	<u>10,089,751</u>
Total	<u>\$ 10,373,117</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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 0.019083%, which was an increase of 0.00852% 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 revenue of \$158,672 for the PLD plan and total pension expense of \$1,532,451 and revenue of \$1,475,562 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:

	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	\$ 460,075	\$ -	\$ 14,116	\$ -
Changes of assumptions	502,462	-	55,023	-
Net difference between projected and actual earnings on pension plan investments	-	1,039,025	-	55,810
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	143,682	73,909	9,598
Contributions subsequent to the measurement date	<u>775,288</u>	<u>-</u>	<u>465,235</u>	<u>-</u>
Total	<u>\$ 1,737,825</u>	<u>\$ 1,182,707</u>	<u>\$ 608,283</u>	<u>\$ 65,408</u>

\$775,288 for the PLD plan and \$465,235 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:

TOWN OF KITTERY, 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:

	PLD Plan	SET Plan
	<hr/>	<hr/>
Plan year ended June 30:		
2023	\$ 207,332	\$ 69,135
2024	(270,019)	(3,236)
2025	(645,500)	(14,581)
2026	488,017	26,323
2027	-	-
Thereafter	-	-

*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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*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. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

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 years 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\_2021 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 June 30, 2022 are summarized in the following table.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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%

*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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	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	\$ 7,313,642	\$ 2,475,605	\$ (1,523,205)
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability	\$ 554,898	\$ 283,366	\$ 57,287

**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.

*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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*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 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.mainepers.org](http://www.mainepers.org) or by contacting the System at (207) 512-3100.

NOTE 17 - DEFERRED COMPENSATION PLAN

MissionSquare Retirement

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the MissionSquare Retirement. The plan, available to all Town employees permits them to defer a portion

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

of their salary, in addition to Town contributions, until future years. Employee's participation in this plan is voluntary. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town Council. Effective July 1, 2001, the Town agrees to expand the coverage of the MissionSquare Retirement 457 plan currently in effect. This plan will be available for current employees who are not enrolled in the Maine State Retirement System and any newly-hired employee who wishes to enroll in the MissionSquare Retirement plan instead of the MSRS plan. The Town will match the employee's contribution into the 457 plan, up to a maximum Town contribution of six percent. The Town will make a contribution to either MSRS or the MissionSquare Retirement plan, but not both.

The Town's contributions to the plan for the year ended June 30, 2023 were \$28,533.

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all School Department employees as part of a collective bargaining agreement, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

ALLEGIANT CARE AND MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

**Plan Description**

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

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance 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, 2022, the following employees were covered by the benefit terms:

Active members	74
Retirees and spouses	<u>27</u>
Total	<u><u>101</u></u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**Contributions**

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

**Retiree Premium Amounts:**

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

	2021-2022			
	Pre 65		Post 65	
	Single	Two Person	Single	Two Person
Allegiant Care - Union	\$ 10,980.00	\$ 23,184.00	\$ 2,107.20	\$ 4,214.40
Allegiant Care - Union Rx	N/A	N/A	\$ 3,132.00	\$ 6,264.00
MME Health Trust - POS A - Non Union	\$ 15,252.84	\$ 34,214.64	\$ 7,141.68	\$ 14,283.48
MME Health Trust - Dental - Non Union	\$ 520.32	\$ 898.20	\$ 530.76	\$ 916.20

	2022-2023			
	Pre 65		Post 65	
	Single	Two Person	Single	Two Person
Allegiant Care - Union	\$ 11,244.00	\$ 23,616.00	\$ 2,107.20	\$ 4,214.40
Allegiant Care - Union Rx	N/A	N/A	\$ 1,018.56	\$ 2,037.12
MME Health Trust - PPO 500 - Non Union	\$ 12,603.24	\$ 28,270.80	\$ 7,206.00	\$ 14,412.00
MME Health Trust - Dental - Non Union	\$ 525.48	\$ 907.20	\$ 536.04	\$ 925.32

**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 \$6,425,964 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$0. An actuarial valuation was not done since the prior fiscal year. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 876,239	\$ -
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>3,341,625</u>
Total	<u>\$ 876,239</u>	<u>\$ 3,341,625</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan year ended June 30:	
2023	\$ 118,891
2024	118,891
2025	(311,707)
2026	(354,596)
2027	(1,018,462)
Thereafter	(1,018,403)

**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, 2022. 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 December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

	1% Decrease	Discount Rate	1% Increase
	2.54%	3.54%	4.54%
Total OPEB liability	\$ 7,437,617	\$ 6,425,964	\$ 5,603,492
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 7,437,617</u>	<u>\$ 6,425,964</u>	<u>\$ 5,603,492</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 5,431,216	\$ 6,425,964	\$ 7,698,196
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,431,216</u>	<u>\$ 6,425,964</u>	<u>\$ 7,698,196</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 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 KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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.

*Amortization*

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

*Assumptions*

The actuarial assumptions used in the January 1, 2022 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. As of January 1, 2021, they are as follows:

Discount Rate - 3.54% per annum for year end 2022 reporting. 2.06% per annum for year end 2021 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 2022\_fa was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense: 3% per annum

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

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% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

**Changes in Net OPEB Liability**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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. 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, 2021 was \$876,239.

*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, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 200 Rogers Road, Kittery, Maine 03904.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 19 - 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.maineopers.org](http://www.maineopers.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' 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 KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 19 - 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 \$29,082.

**OPEB Liabilities and OPEB Expense**

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

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School		<u>243,997</u>
Total	\$	<u><u>243,997</u></u>

For the year ended June 30, 2023, the District recognized net OPEB expense of \$25,926 and revenue of \$25,926 for support provided by the State of Maine.

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

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*

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

*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.

**Employees Covered by Benefit Terms**

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

Active members	159
Retirees and spouses	<u>67</u>
Total	<u><u>226</u></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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
<b><u>Pre-Medicare</u></b>				
Choice Plus	\$ 782.02	\$ 1,762.53	\$ 1,384.00	\$ 2,145.23
Standard \$200 Ded	\$ 844.48	\$ 1,903.52	\$ 1,494.71	\$ 2,316.85
Standard \$500 Ded	\$ 742.91	\$ 1,674.40	\$ 1,314.81	\$ 2,037.97
Standard \$1,000 Ded	\$ 708.51	\$ 1,596.85	\$ 1,253.91	\$ 1,943.58
<b><u>Medicare</u></b>				
Medicare-eligible retirees	\$ 387.76	\$ 775.52		

**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 \$2,563,629 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 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 \$982,872. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 141,108	\$ 396,832
Changes of assumptions	442,809	15,696
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 583,917</u>	<u>\$ 412,528</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

\$0 was 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:

	<u>MEABT</u>
Plan year ended June 30:	
2023	\$ 65,565
2024	81,263
2025	61,192
2026	61,190
2027	(47,365)
Thereafter	(50,456)

**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, 2023 was based upon a measurement date of June 30, 2022. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.54%	3.54%	4.54%
Total OPEB liability	\$ 2,936,785	\$ 2,563,629	\$ 2,258,633
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,936,785</u>	<u>\$ 2,563,629</u>	<u>\$ 2,258,633</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

**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	\$ 2,238,054	\$ 2,563,629	\$ 2,967,403
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,238,054</u>	<u>\$ 2,563,629</u>	<u>\$ 2,967,403</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.

*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 meeting.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

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.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

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 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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

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\_2022 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\_2022 model are those included in the published MP-2022 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\_2022 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\_2022 model described in the healthy annuitant mortality.

Retiree Continuation Percentage:

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

TOWN OF KITTEERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

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 KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(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, 2021. 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 this Plan can be found at the Town Office at 200 Rogers Road, Kittery, Maine 03904.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 21 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2023, the Town had the following overspent appropriations:

Insurance	\$	101,028
Hydrants		962
Highways		81,336
Parks		33,458
Public health services		480
Debt service - interest		1
Transfers to other funds		845,000
Total	\$	<u>1,062,265</u>

NOTE 22 - CONTINGENCIES

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

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

NOTE 23 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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 carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS

The Town currently has one tax increment financing district in accordance with Maine statutes to finance development programs in the Town of Kittery. The expenditures generated by these development programs will be recovered in the future years through incremental tax levied upon the districts so-called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay costs associated with development of the district.

Municipal Development District (Business Park)

On February 8, 2011, the Kittery Town Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy through commercial development. The area of the District is 132.78 acres. The potential projects that will be implemented under this Development Program include: improvements to roads within and outside the District, trolley's trolley stops and related facilities and improvements, sewer and water system improvements including installation of lines, economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is \$2,105,200. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$29,500,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$8,648,766. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value. The tax increment revenues will be deposited by the Town into the Development Program 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 TIF District will remain in place for a period of 30 years from adoption. 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 for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. No more than 75% of the property taxes to be generated on the improvements within the District will be returned to the developer. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Council shall determine in its discretion whether it is necessary or appropriate to enter any Credit Enhancement Agreement. The Town will not incur any indebtedness in connection with the Capital Program. The developers of privately-owned property within the District will finance the Capital Program through a combination of the developers' funds, various loans and a

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

portion of the tax increment of the District. The Town anticipates that it may elect, at a future date, to incur indebtedness to finance a portion of the public facilities, improvements and programs costs.

**Tax Abatements:**

As noted above, the Town of Kittery has established one tax increment financing district (TIF) in accordance with M.R.S.A. Title 30-A, §5221-§5235 for a variety of economic development purposes, including business retention and expansion and public infrastructure improvement. The Town has chosen to disclose information about its tax abatement (credit enhancement) agreements individually and negotiates property tax abatement agreements on an individual basis. The following is a brief description of and total amount of taxes abated for the tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value	New Taxes
TIF District (Business Park)	\$ 2,105,200	\$ 3,652,600	\$ 27,000

The Town has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 25 - 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 M&T Bank. This letter of credit, which expires at the close of business on July 26, 2023, authorizes multiple and partial draws only up to the amount of \$23,000,000. There were no draws for the year ended June 30, 2023.

NOTE 26 - COMPARATIVE DATA/RECLASSIFICATIONS

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 27 - RESTATEMENTS

In 2023, it was determined that certain transactions were incorrectly recorded or omitted. The beginning balance for the nonmajor special revenue funds was restated as of July 1, 2022 by an increase of \$13,178.

The governmental activities net position was also restated to correct the beginning balance of the notes payable from direct borrowings payable to record an additional capital lease. This liability was increased by \$193,487.

These restatements to the governmental activities increased net position from \$35,217,880 to \$35,037,571.

## 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 - Education Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of the Net OPEB Liability - SET Plan
- Schedule of Contributions - OPEB
- Schedule of Changes in Net OPEB Liability - MMEHT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT Plan
- Schedule of Changes in Net OPEB Liability - MEABT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF KITTERY, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,872,250	\$ 10,872,250	\$ 10,872,250	\$ -
Resources (Inflows):				
General tax revenue	12,979,246	12,979,246	13,307,763	328,517
Intergovernmental revenue	1,892,800	1,892,800	2,298,888	406,088
Charges for services	1,843,050	1,843,050	2,345,785	502,735
Investment income	20,000	20,000	399,460	379,460
Other revenue	96,200	96,200	168,796	72,596
Transfers from other funds	35,000	35,000	35,000	-
Amounts Available for Appropriation	<u>27,738,546</u>	<u>27,738,546</u>	<u>29,427,942</u>	<u>1,689,396</u>
Charges to Appropriations (Outflows):				
General government	5,104,387	5,164,387	4,925,832	238,555
Public safety	3,740,876	4,138,876	3,915,814	223,062
Public works	1,207,063	1,247,063	1,328,399	(81,336)
Recreation and culture	1,948,128	2,013,128	1,980,821	32,307
Health and sanitation	686,323	686,323	623,906	62,417
Social services	58,420	178,828	175,908	2,920
County tax	989,989	989,989	989,989	-
Debt service:				
Principal	890,302	890,302	890,302	-
Interest	209,415	209,415	209,416	(1)
Overlay	651,401	651,401	-	651,401
Grant funds/misc. accounts	288,592	293,184	288,664	4,520
Transfers to other funds	1,551,400	1,551,400	2,396,400	(845,000)
Total Charges to Appropriations	<u>17,326,296</u>	<u>18,014,296</u>	<u>17,725,451</u>	<u>288,845</u>
Budgetary Fund Balance, June 30	<u>\$ 10,412,250</u>	<u>\$ 9,724,250</u>	<u>\$ 11,702,491</u>	<u>\$ 1,978,241</u>
Utilization of assigned fund balance	<u>\$ 460,000</u>	<u>\$ 1,148,000</u>	<u>\$ -</u>	<u>\$ (1,148,000)</u>

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

## TOWN OF KITTERY, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,338,679	\$ 2,338,679	\$ 2,338,679	\$ -
Revenues (Inflows):				
Local assessments	17,511,685	17,511,685	17,511,685	-
Intergovernmental revenues:				
State subsidy	1,578,237	1,578,237	1,601,981	23,744
Medicaid	30,000	30,000	14,448	(15,552)
Impact aid	350,000	350,000	614,136	264,136
Tuition	7,500	7,500	25,029	17,529
Other revenue	-	-	3,212	3,212
Activity/Gate Fees	3,200	3,200	12,544	9,344
Amounts Available for Appropriation	<u>21,819,301</u>	<u>21,819,301</u>	<u>22,121,714</u>	<u>302,413</u>
Charges to Appropriations (Outflows):				
Regular instruction	7,992,346	7,881,466	7,613,780	267,686
Special education	4,392,472	4,336,837	3,884,334	452,503
Career and technical	6,752	8,233	8,233	-
Other instruction	366,157	373,157	371,125	2,032
Student and staff support	2,212,623	2,178,833	2,103,009	75,824
System administration	832,571	829,571	819,645	9,926
School administration	1,112,698	1,150,161	1,150,103	58
Transportation and buses	715,541	751,876	751,876	-
Operations and maintenance	1,411,669	1,532,695	1,532,387	308
Debt service:				
Principal	603,500	603,500	603,500	-
Interest	94,293	94,293	94,293	-
Transfers to other funds	240,000	240,000	440,000	(200,000)
Total Charges to Appropriations	<u>19,980,622</u>	<u>19,980,622</u>	<u>19,372,285</u>	<u>608,337</u>
Budgetary Fund Balance, June 30	<u>\$ 1,838,679</u>	<u>\$ 1,838,679</u>	<u>\$ 2,749,429</u>	<u>\$ 910,750</u>
Utilization of assigned fund balance	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>

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

TOWN OF KITTERY, MAINE

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Proportion of the net pension liability	0.93%	0.97%	1.03%	1.00%	1.01%	0.98%	0.99%	1.02%	1.00%
Proportionate share of the net pension liability/(asset)	\$ 2,475,605	\$ (312,682)	\$ 4,089,141	\$ 3,064,549	\$ 2,771,205	\$ 4,022,261	\$ 5,257,645	\$ 3,253,198	\$ 1,538,376
Covered payroll	\$ 6,409,801	\$ 5,721,087	\$ 4,732,851	\$ 4,275,045	\$ 4,957,486	\$ 4,621,325	\$ 4,437,060	\$ 4,374,536	\$ 4,052,282
Proportionate share of the net pension liability as a percentage of its covered payroll	38.62%	-5.47%	86.40%	71.68%	55.90%	87.04%	118.49%	74.37%	37.96%
Plan fiduciary net position as a percentage of the total pension liability	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.60%	88.30%	94.10%
<u>SET Plan:</u>									
School Department's proportion of the net pension liability	0.02%	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
School Department's proportionate share of the net pension liability	\$ 283,366	\$ 115,650	\$ 172,431	\$ 321,950	\$ 305,986	\$ 317,524	\$ 308,441	\$ 240,362	\$ 204,809
State's proportionate share of the net pension liability associated with the School Department	<u>10,089,751</u>	<u>5,707,190</u>	<u>11,136,868</u>	<u>9,407,634</u>	<u>8,627,532</u>	<u>9,439,716</u>	<u>11,131,629</u>	<u>8,327,329</u>	<u>6,502,031</u>
Total	<u>\$ 10,373,117</u>	<u>\$ 5,822,840</u>	<u>\$ 11,309,299</u>	<u>\$ 9,729,584</u>	<u>\$ 8,933,518</u>	<u>\$ 9,757,240</u>	<u>\$ 11,440,070</u>	<u>\$ 8,567,691</u>	<u>\$ 6,706,840</u>
School Department's covered payroll	\$ 9,930,446	\$ 9,335,191	\$ 8,988,666	\$ 8,204,989	\$ 8,135,669	\$ 8,075,196	\$ 7,602,064	\$ 7,506,846	\$ 6,957,837
School Department's proportionate share of the net pension liability as a percentage of its covered payroll	2.85%	1.24%	1.92%	3.92%	3.76%	3.93%	4.06%	3.20%	2.94%
Plan fiduciary net position as a percentage of the total pension liability	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 KITTERY, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Contractually required contribution	\$ 775,288	\$ 723,239	\$ 663,384	\$ 563,331	\$ 514,920	\$ 562,108	\$ 503,516	\$ 464,330	\$ 416,802
Contributions in relation to the contractually required contribution	<u>(775,288)</u>	<u>(723,239)</u>	<u>(663,384)</u>	<u>(563,331)</u>	<u>(514,920)</u>	<u>(562,108)</u>	<u>(503,516)</u>	<u>(464,330)</u>	<u>(416,802)</u>
Contribution deficiency (excess)	<u>\$ -</u>								
Covered payroll	\$ 7,044,862	\$ 6,409,801	\$ 5,721,087	\$ 4,732,851	\$ 4,275,045	\$ 4,957,486	\$ 4,621,325	\$ 4,437,060	\$ 4,374,536
Contributions as a percentage of covered payroll	11.01%	11.28%	11.60%	11.90%	12.04%	11.34%	10.90%	10.46%	9.53%
<u>SET Plan:</u>									
Contractually required contribution	\$ 465,235	\$ 423,227	\$ 415,310	\$ 393,956	\$ 386,762	\$ 355,212	\$ 299,625	\$ 277,171	\$ 220,876
Contributions in relation to the contractually required contribution	<u>(465,235)</u>	<u>(423,227)</u>	<u>(415,310)</u>	<u>(393,956)</u>	<u>(386,762)</u>	<u>(355,212)</u>	<u>(299,625)</u>	<u>(277,171)</u>	<u>(220,876)</u>
Contribution deficiency (excess)	<u>\$ -</u>								
School Department's covered payroll	\$ 10,325,837	\$ 9,930,446	\$ 9,335,191	\$ 8,988,666	\$ 8,204,989	\$ 8,135,669	\$ 8,075,196	\$ 7,602,064	\$ 7,506,846
Contributions as a percentage of covered payroll	4.51%	4.26%	4.45%	4.38%	4.71%	4.37%	3.71%	3.65%	2.94%

\* 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 KITTERY, MAINE

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<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	<u>243,997</u>	<u>240,532</u>	<u>240,532</u>	<u>237,241</u>	<u>228,880</u>	<u>210,553</u>
Total	<u>\$ 243,997</u>	<u>\$ 240,532</u>	<u>\$ 240,532</u>	<u>\$ 237,241</u>	<u>\$ 228,880</u>	<u>\$ 210,553</u>
Covered payroll	\$ 9,930,446	\$ 9,335,191	\$ 8,988,666	\$ 8,204,989	\$ 8,135,669	\$ 8,075,196
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%	49.22%	48.04%

\* 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 KITTEERY, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/20 (Reporting July 1, 2021)	\$ 6,425,964	\$ -	\$ 6,425,964
Changes for the year:			
Service cost	-	-	-
Interest	-	-	-
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	-	-	-
Balances at 7/1/21 (Reporting July 1, 2022)	<u>\$ 6,425,964</u>	<u>\$ -</u>	<u>\$ 6,425,964</u>

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

## TOWN OF KITTERY, MAINE

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>						
Service cost (BOY)	\$ -	\$ 333,782	\$ 719,758	\$ 704,195	\$ 308,137	\$ 93,836
Interest (includes interest on service cost)	-	214,485	282,953	269,416	239,907	121,824
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(5,519,099)	570,688	686,240	262,710	3,357,298
Changes of assumptions	-	(1,864,338)	(570,688)	4,299,838	-	282,775
Benefit payments, including refunds of member contributions	-	(362,405)	(364,989)	(357,097)	(253,943)	(149,825)
Net change in total OPEB liability	<u>\$ -</u>	<u>\$ (7,197,575)</u>	<u>\$ 637,722</u>	<u>\$ 5,602,592</u>	<u>\$ 556,811</u>	<u>\$ 3,705,908</u>
Total OPEB liability - beginning	\$ 6,425,964	\$ 13,623,539	\$ 12,985,817	\$ 7,383,225	\$ 6,826,414	\$ 3,120,506
Total OPEB liability - ending	<u>\$ 6,425,964</u>	<u>\$ 6,425,964</u>	<u>\$ 13,623,539</u>	<u>\$ 12,985,817</u>	<u>\$ 7,383,225</u>	<u>\$ 6,826,414</u>
<u>Plan fiduciary net position</u>						
Contributions - employer	-	362,405	364,989	357,097	253,943	149,825
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	-	(362,405)	(364,989)	(357,097)	(253,943)	(149,825)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 6,425,964</u>	<u>\$ 6,425,964</u>	<u>\$ 13,623,539</u>	<u>\$ 12,985,817</u>	<u>\$ 7,383,225</u>	<u>\$ 6,826,414</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-	-
Covered payroll	\$ 4,559,321	\$ 4,559,321	\$ 4,515,283	\$ 4,426,748	\$ 4,444,402	\$ 4,357,257
Net OPEB liability as a percentage of covered payroll	140.94%	140.94%	301.72%	293.35%	166.12%	156.67%

\* 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 KITTERY, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 6/30/2021 (Reporting June 30, 2022)	\$ 2,871,095	\$ -	\$ 2,871,095
Changes for the year:			
Service cost	46,399	-	46,399
Interest	62,341	-	62,341
Changes of benefits	-	-	-
Differences between expected and actual experience	(462,971)	-	(462,971)
Changes of assumptions	109,773	-	109,773
Contributions - employer	-	63,008	(63,008)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(63,008)	(63,008)	-
Administrative expense	-	-	-
Net changes	<u>(307,466)</u>	<u>-</u>	<u>(307,466)</u>
Balances at 6/30/2022 (Reporting June 30, 2023)	<u>\$ 2,563,629</u>	<u>\$ -</u>	<u>\$ 2,563,629</u>

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

## TOWN OF KITTERY, MAINE

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 46,399	\$ 47,703	\$ 23,756	\$ 19,953	\$ 21,415
Interest (includes interest on service cost)	62,341	62,601	80,861	84,343	81,110
Changes of benefit terms	-	-	(270,272)	-	-
Differences between expected and actual experience	(462,971)	-	246,939	-	-
Changes of assumptions	109,773	21,632	512,972	120,416	(94,186)
Benefit payments, including refunds of member contributions	<u>(63,008)</u>	<u>(90,987)</u>	<u>(100,447)</u>	<u>(94,776)</u>	<u>(91,500)</u>
Net change in total OPEB liability	\$ (307,466)	\$ 40,949	\$ 493,809	\$ 129,936	\$ (83,161)
Total OPEB liability - beginning	\$ 2,871,095	\$ 2,830,146	\$ 2,336,337	\$ 2,206,401	\$ 2,289,562
Total OPEB liability - ending	\$ 2,563,629	\$ 2,871,095	\$ 2,830,146	\$ 2,336,337	\$ 2,206,401
<u>Plan fiduciary net position</u>					
Contributions - employer	63,008	90,987	100,447	94,776	91,500
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(63,008)	(90,987)	(100,447)	(94,776)	(91,500)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>				
Net OPEB liability - ending	<u>\$ 2,563,629</u>	<u>\$ 2,871,095</u>	<u>\$ 2,830,146</u>	<u>\$ 2,336,337</u>	<u>\$ 2,206,401</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 7,460,068	\$ 7,631,982	\$ 7,445,836	\$ 7,718,042	\$ 7,511,476
Net OPEB liability as a percentage of covered payroll	34.4%	37.6%	38.0%	30.3%	29.4%

\* 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 KITTERY, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	2023	2022	2021	2020	2019	2018
<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>
Covered payroll	\$ 10,325,837	\$ 9,930,446	\$ 9,335,191	\$ 8,988,666	\$ 8,204,989	\$ 8,135,669
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>MMEHT:</u>						
Employer contributions	\$ -	\$ 362,405	\$ 364,989	\$ 357,097	\$ 253,943	\$ 149,825
Benefit payments	-	(362,405)	(364,989)	(357,097)	(253,943)	(149,825)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ 4,559,321	\$ 4,515,283	\$ 4,426,748	\$ 4,444,402	\$ 4,357,257
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>MEABT:</u>						
Employer contributions	\$ 63,008	\$ 90,987	\$ 100,447	\$ 94,776	\$ 91,500	
Benefit payments	(63,008)	(90,987)	(100,447)	(94,776)	(91,500)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 7,460,068	\$ 7,631,982	\$ 7,445,836	\$ 7,718,042	\$ 7,511,476	
Contributions as a percentage of covered payroll	0.84%	1.19%	1.35%	1.23%	1.22%	

\* 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 KITTERY, MAINE

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

**Changes of Assumptions**

MEPERS PLD Plan:

There were no changes of assumptions.

MEPERS SET Plan:

There were no changes of assumptions.

MMEHT OPEB 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.

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.

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

## TOWN OF KITTERY, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
General tax revenues:				
Property taxes	\$ 11,023,246	\$ 11,023,246	\$ 11,140,648	\$ 117,402
Vehicle excise taxes	1,936,000	1,936,000	2,097,392	161,392
Boat excise taxes	20,000	20,000	69,723	49,723
Intergovernmental revenues:				
State revenue sharing	1,125,000	1,125,000	1,404,494	279,494
Homestead exemption	325,346	325,346	425,474	100,128
BETE	96,499	96,499	-	(96,499)
GMH Housing	310,000	310,000	321,655	11,655
General assistance	20,000	20,000	132,450	112,450
Other	15,955	15,955	14,815	(1,140)
Charges for services:				
Recreation fees	580,000	580,000	753,605	173,605
Library fees	2,000	2,000	3,986	1,986
Code enforcement fees	350,000	350,000	483,823	133,823
Registration fees	30,000	30,000	44,094	14,094
Town clerk fees	27,400	27,400	37,319	9,919
Planning fees	9,000	9,000	8,698	(302)
Solid waste/recycling	90,000	90,000	63,949	(26,051)
Solid waste/permits	80,000	80,000	90,033	10,033
Fort Foster fees	325,000	325,000	355,963	30,963
Dispatching services	166,000	166,000	208,650	42,650
Police department	29,950	29,950	96,267	66,317
Animal control	3,600	3,600	3,304	(296)
Public works	1,500	1,500	17,814	16,314
Mooring/launch fees	142,500	142,500	174,433	31,933
Harbor fees	6,100	6,100	3,847	(2,253)
Investment income:				
Investment income	20,000	20,000	399,460	379,460
Other income:				
Interest/fees on taxes	49,000	49,000	59,292	10,292
Payment in lieu of taxes	3,200	3,200	-	(3,200)
Rent	25,000	25,000	25,000	-
Other reimbursements	19,000	19,000	84,504	65,504
Transfers from other funds:				
Permanent funds	35,000	35,000	35,000	-
<b>Total Revenues</b>	<b><u>\$ 16,866,296</u></b>	<b><u>\$ 16,866,296</u></b>	<b><u>\$ 18,555,692</u></b>	<b><u>\$ 1,689,396</u></b>

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

TOWN OF KITTERY, MAINE

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

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
<b>General government</b>					
Administration	\$ 1,233,937	\$ 60,000	\$ 1,293,937	\$ 1,262,518	\$ 31,419
Code enforcement	616,949	-	616,949	576,961	39,988
Benefits	1,335,571	-	1,335,571	1,073,922	261,649
Insurance	1,891,580	-	1,891,580	1,992,608	(101,028)
Elections	20,700	-	20,700	16,358	4,342
Council	5,650	-	5,650	3,465	2,185
	<u>5,104,387</u>	<u>60,000</u>	<u>5,164,387</u>	<u>4,925,832</u>	<u>238,555</u>
<b>Public safety</b>					
Police department	2,746,211	73,000	2,819,211	2,816,476	2,735
Fire department	670,715	325,000	995,715	787,779	207,936
Street lights	55,000	-	55,000	41,647	13,353
Hydrants	268,950	-	268,950	269,912	(962)
	<u>3,740,876</u>	<u>398,000</u>	<u>4,138,876</u>	<u>3,915,814</u>	<u>223,062</u>
<b>Public works</b>					
Highways	1,207,063	40,000	1,247,063	1,328,399	(81,336)
	<u>1,207,063</u>	<u>40,000</u>	<u>1,247,063</u>	<u>1,328,399</u>	<u>(81,336)</u>
<b>Recreation and culture</b>					
Parks	253,043	-	253,043	286,501	(33,458)
Fort Foster	189,369	-	189,369	133,710	55,659
Recreation	890,025	-	890,025	884,951	5,074
Library	484,931	46,000	530,931	528,543	2,388
Harbormaster	130,760	19,000	149,760	147,116	2,644
	<u>1,948,128</u>	<u>65,000</u>	<u>2,013,128</u>	<u>1,980,821</u>	<u>32,307</u>
<b>Health and sanitation</b>					
Solid waste	686,323	-	686,323	623,906	62,417
	<u>686,323</u>	<u>-</u>	<u>686,323</u>	<u>623,906</u>	<u>62,417</u>

TOWN OF KITTERY, MAINE

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

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
<b>Social services</b>					
General assistance	50,000	120,408	170,408	170,408	-
Community agencies	7,900	-	7,900	4,500	3,400
Public health services	520	-	520	1,000	(480)
	<u>58,420</u>	<u>120,408</u>	<u>178,828</u>	<u>175,908</u>	<u>2,920</u>
<b>County tax</b>	<u>989,989</u>	<u>-</u>	<u>989,989</u>	<u>989,989</u>	<u>-</u>
<b>Debt service</b>					
Principal	890,302	-	890,302	890,302	-
Interest	209,415	-	209,415	209,416	(1)
	<u>1,099,717</u>	<u>-</u>	<u>1,099,717</u>	<u>1,099,718</u>	<u>(1)</u>
<b>Overlay</b>	<u>651,401</u>	<u>-</u>	<u>651,401</u>	<u>-</u>	<u>651,401</u>
<b>Grant funds/misc. accounts</b>					
Miscellaneous accounts	164,080	4,592	168,672	-	168,672
EPA stormwater program	-	-	-	25,116	(25,116)
Memorial day activities	-	-	-	128	(128)
Computer repair	-	-	-	87,197	(87,197)
Mosquito/tick control	-	-	-	32,793	(32,793)
EV charging electricity	-	-	-	1,703	(1,703)
PSAP paid to York police dept.	-	-	-	36,184	(36,184)
Bank fees	500	-	500	43	457
Adult education	105,500	-	105,500	105,500	-
TIF financing	18,512	-	18,512	-	18,512
	<u>288,592</u>	<u>4,592</u>	<u>293,184</u>	<u>288,664</u>	<u>4,520</u>

TOWN OF KITTERY, MAINE

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

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
<b>Transfers to other funds</b>					
Special revenue funds	-	-	-		-
Capital projects funds	1,551,400	-	1,551,400	2,396,400	(845,000)
	<u>1,551,400</u>	<u>-</u>	<u>1,551,400</u>	<u>2,396,400</u>	<u>(845,000)</u>
 Total Departmental Operations	 <u>\$ 17,326,296</u>	 <u>\$ 688,000</u>	 <u>\$ 18,014,296</u>	 <u>\$ 17,725,451</u>	 <u>\$ 288,845</u>

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

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 63,983	\$ 63,983
Investments	-	-	546,387	546,387
Accounts receivable (net of allowance for uncollectibles)	248,479	-	-	248,479
Inventory	20,359	-	-	20,359
Due from other funds	6,376,899	2,616,916	119,121	9,112,936
<b>TOTAL ASSETS</b>	<b><u>\$ 6,645,737</u></b>	<b><u>\$ 2,616,916</u></b>	<b><u>\$ 729,491</u></b>	<b><u>\$ 9,992,144</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 558,535	\$ 2,192	\$ -	\$ 560,727
Due to other funds	680,294	-	-	680,294
<b>TOTAL LIABILITIES</b>	<b><u>1,238,829</u></b>	<b><u>2,192</u></b>	<b><u>-</u></b>	<b><u>1,241,021</u></b>
<b>FUND BALANCES</b>				
Nonspendable	20,359	-	60,000	80,359
Restricted	937,809	1,158,549	671,029	2,767,387
Committed	4,691,778	1,456,175	-	6,147,953
Assigned	691,920	-	-	691,920
Unassigned	(934,958)	-	(1,538)	(936,496)
<b>TOTAL FUND BALANCES</b>	<b><u>5,406,908</u></b>	<b><u>2,614,724</u></b>	<b><u>729,491</u></b>	<b><u>8,751,123</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 6,645,737</u></b>	<b><u>\$ 2,616,916</u></b>	<b><u>\$ 729,491</u></b>	<b><u>\$ 9,992,144</u></b>

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

## TOWN OF KITTERY, 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
<b>REVENUES</b>				
Intergovernmental revenues	\$ 1,993,945	\$ 1,277,742	\$ -	\$ 3,271,687
Charges for services	369,333	-	-	369,333
Investment income, net of unrealized gains/(losses)	-	-	40,927	40,927
Other income	1,040,675	75,684	13,996	1,130,355
<b>TOTAL REVENUES</b>	<b>3,403,953</b>	<b>1,353,426</b>	<b>54,923</b>	<b>4,812,302</b>
<b>EXPENDITURES</b>				
General government	-	-	3,655	3,655
Public safety	371,614	-	-	371,614
Health and sanitation	56,500	-	-	56,500
Recreation and culture	244,283	-	-	244,283
Education	2,186,905	-	-	2,186,905
Capital outlay	2,374,509	2,164,658	-	4,539,167
Other	916,647	1,512	-	918,159
<b>TOTAL EXPENDITURES</b>	<b>6,150,458</b>	<b>2,166,170</b>	<b>3,655</b>	<b>8,320,283</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,746,505)</b>	<b>(812,744)</b>	<b>51,268</b>	<b>(3,507,981)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,679,568	477,786	80,245	3,237,599
Transfers (out)	(46,490)	(244,286)	(145,423)	(436,199)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,633,078</b>	<b>233,500</b>	<b>(65,178)</b>	<b>2,801,400</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(113,427)</b>	<b>(579,244)</b>	<b>(13,910)</b>	<b>(706,581)</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>5,520,335</b>	<b>3,193,968</b>	<b>743,401</b>	<b>9,457,704</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 5,406,908</b>	<b>\$ 2,614,724</b>	<b>\$ 729,491</b>	<b>\$ 8,751,123</b>

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

## Special Revenue Funds

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

TOWN OF KITTERY, MAINE

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

	Senior Tax Program	Additional Snow and Ice Damages	Fire Hazmat Spill Cleanup	Police New Officer	Oil and More Donations	Accrued Compensated Absences	Ballot Counting Machines	Kittery Block Party
<b>ASSETS</b>								
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	104,000	37,278	7,156	-	-	256,120	6,078	31,363
<b>TOTAL ASSETS</b>	<b>\$ 104,000</b>	<b>\$ 37,278</b>	<b>\$ 7,156</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 256,120</b>	<b>\$ 6,078</b>	<b>\$ 31,363</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105
Due to other funds	-	-	-	6,280	15	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,280</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>105</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	37,278	-	-	-	-	-	-
Committed	104,000	-	7,156	-	-	256,120	6,078	31,258
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(6,280)	(15)	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>104,000</b>	<b>37,278</b>	<b>7,156</b>	<b>(6,280)</b>	<b>(15)</b>	<b>256,120</b>	<b>6,078</b>	<b>31,258</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 104,000</b>	<b>\$ 37,278</b>	<b>\$ 7,156</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 256,120</b>	<b>\$ 6,078</b>	<b>\$ 31,363</b>

TOWN OF KITTERY, MAINE

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

	ASA	Concert in the Park	Open Space	Conservation Committee	Wetland Mitigation	Kittery Community Center	Police Forfeiture	D.A.R.E.
<b>ASSETS</b>								
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	-	-	25,000	568	16,703	8,343	80	216
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 568</b>	<b>\$ 16,703</b>	<b>\$ 8,343</b>	<b>\$ 80</b>	<b>\$ 216</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	23,532	2,548	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>23,541</b>	<b>2,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	25,000	568	16,703	8,343	80	216
Assigned	-	-	-	-	-	-	-	-
Unassigned	(23,541)	(2,548)	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(23,541)</b>	<b>(2,548)</b>	<b>25,000</b>	<b>568</b>	<b>16,703</b>	<b>8,343</b>	<b>80</b>	<b>216</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 568</b>	<b>\$ 16,703</b>	<b>\$ 8,343</b>	<b>\$ 80</b>	<b>\$ 216</b>

TOWN OF KITTERY, MAINE

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

	TIF Financial Plan	Channel 22	KCC Playgrounds	Covid Grant	Spruce Creek PH5 Grant	Emery Field PH 2 LCWF Grant	Billable Police Details	Pol. Grant Support Det.
<b>ASSETS</b>								
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	95,477	222,917	64,718	39,188	-	-	44,330	-
<b>TOTAL ASSETS</b>	<u>\$ 95,477</u>	<u>\$ 222,917</u>	<u>\$ 64,718</u>	<u>\$ 39,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,330</u>	<u>\$ -</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 6,122	\$ -	\$ -	\$ 3,181	\$ 125,383	\$ 234	\$ -
Due to other funds	-	-	-	-	13,090	188,205	-	9,333
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>6,122</u>	<u>-</u>	<u>-</u>	<u>16,271</u>	<u>313,588</u>	<u>234</u>	<u>9,333</u>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	95,477	216,795	64,718	39,188	-	-	44,096	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(16,271)	(313,588)	-	(9,333)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>95,477</u>	<u>216,795</u>	<u>64,718</u>	<u>39,188</u>	<u>(16,271)</u>	<u>(313,588)</u>	<u>44,096</u>	<u>(9,333)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 95,477</u>	<u>\$ 222,917</u>	<u>\$ 64,718</u>	<u>\$ 39,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,330</u>	<u>\$ -</u>

TOWN OF KITTEERY, MAINE

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

	Sewer Impact Fees	Sewer Betterments	Fort Foster Invasives	Legion Invasives	DPW Right of Way Reserve	Recreational Vehicle	Highway Vehicle	Fire Dept. Vehicle
<b>ASSETS</b>								
Accounts receivable (net of allowance for uncollectibles)	\$ 16,840	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	-	-	22,581	19,089	489,520	23,050	-	-
<b>TOTAL ASSETS</b>	<b>\$ 16,840</b>	<b>\$ 9,000</b>	<b>\$ 22,581</b>	<b>\$ 19,089</b>	<b>\$ 489,520</b>	<b>\$ 23,050</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 4,480	\$ 58,664	\$ -	\$ 608	\$ -
Due to other funds	16,840	33,000	-	-	-	-	11,294	-
<b>TOTAL LIABILITIES</b>	<b>16,840</b>	<b>33,000</b>	<b>-</b>	<b>4,480</b>	<b>58,664</b>	<b>-</b>	<b>11,902</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	22,581	14,609	430,856	23,050	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(24,000)	-	-	-	-	(11,902)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>(24,000)</b>	<b>22,581</b>	<b>14,609</b>	<b>430,856</b>	<b>23,050</b>	<b>(11,902)</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 16,840</b>	<b>\$ 9,000</b>	<b>\$ 22,581</b>	<b>\$ 19,089</b>	<b>\$ 489,520</b>	<b>\$ 23,050</b>	<b>\$ -</b>	<b>\$ -</b>

TOWN OF KITTERY, MAINE

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

	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Police Vehicle Equipment	Records Preservation	Municipal Facility Reserve	Public Safety Impact Fees
<b>ASSETS</b>								
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	40,191	18,325	64,079	122,946	110,100	15,510	352,551	237,393
<b>TOTAL ASSETS</b>	<b>\$ 40,191</b>	<b>\$ 18,325</b>	<b>\$ 64,079</b>	<b>\$ 122,946</b>	<b>\$ 110,100</b>	<b>\$ 15,510</b>	<b>\$ 352,551</b>	<b>\$ 237,393</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 2,030	\$ -	\$ -	\$ -	\$ 2,788
Due to other funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,788</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	234,605
Committed	40,191	18,325	64,079	120,916	110,100	15,510	352,551	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>40,191</b>	<b>18,325</b>	<b>64,079</b>	<b>120,916</b>	<b>110,100</b>	<b>15,510</b>	<b>352,551</b>	<b>234,605</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 40,191</b>	<b>\$ 18,325</b>	<b>\$ 64,079</b>	<b>\$ 122,946</b>	<b>\$ 110,100</b>	<b>\$ 15,510</b>	<b>\$ 352,551</b>	<b>\$ 237,393</b>

TOWN OF KITTERY, MAINE

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

	Parks Buildings and Grounds	Kittery Community Center 5 Year	Port Authority Equipment	Fire Equipment Reserve	Tax Acquired Properties	KCC Visual Arts Committee	York Hospital	Thresher Memorial
<b>ASSETS</b>								
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	26,807	49,107	-	241,529	-	4,612	31,951	3,930
<b>TOTAL ASSETS</b>	<b>\$ 26,807</b>	<b>\$ 49,107</b>	<b>\$ -</b>	<b>\$ 241,529</b>	<b>\$ -</b>	<b>\$ 4,612</b>	<b>\$ 31,951</b>	<b>\$ 3,930</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,304	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>1,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	26,807	49,107	-	241,529	-	4,612	31,951	3,930
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(1,304)	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>26,807</b>	<b>49,107</b>	<b>(1,304)</b>	<b>241,529</b>	<b>-</b>	<b>4,612</b>	<b>31,951</b>	<b>3,930</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 26,807</b>	<b>\$ 49,107</b>	<b>\$ -</b>	<b>\$ 241,529</b>	<b>\$ -</b>	<b>\$ 4,612</b>	<b>\$ 31,951</b>	<b>\$ 3,930</b>

TOWN OF KITTERY, MAINE

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

	Library Donations	MMA Grants	Mass Transit Reserve Fund	Keep Maine Healthy Grant	ARPA Fund	PREPA Grant	Affordable Housing Fund	PFAS
<b>ASSETS</b>								
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	9,427	285	17,500	867	441,103	2,051	150,000	-
<b>TOTAL ASSETS</b>	<b>\$ 9,427</b>	<b>\$ 285</b>	<b>\$ 17,500</b>	<b>\$ 867</b>	<b>\$ 441,103</b>	<b>\$ 2,051</b>	<b>\$ 150,000</b>	<b>\$ -</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,347
Due to other funds	-	-	-	-	-	-	-	172,521
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525,868</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	285	-	-	441,103	2,051	150,000	-
Committed	9,427	-	17,500	867	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(525,868)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>9,427</b>	<b>285</b>	<b>17,500</b>	<b>867</b>	<b>441,103</b>	<b>2,051</b>	<b>150,000</b>	<b>(525,868)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 9,427</b>	<b>\$ 285</b>	<b>\$ 17,500</b>	<b>\$ 867</b>	<b>\$ 441,103</b>	<b>\$ 2,051</b>	<b>\$ 150,000</b>	<b>\$ -</b>

TOWN OF KITTERY, MAINE

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

	375th Celebration	Real Estate	Memorial Field Assessment	Bike/Ped Master Plan	School Special Revenue Funds	Total
<b>ASSETS</b>						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ 222,639	\$ 248,479
Inventory	-	-	-	-	20,359	20,359
Due from other funds	4,757	898,926	7,366	97,706	1,914,105	6,376,899
<b>TOTAL ASSETS</b>	<u>\$ 4,757</u>	<u>\$ 898,926</u>	<u>\$ 7,366</u>	<u>\$ 97,706</u>	<u>\$ 2,157,103</u>	<u>\$ 6,645,737</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,584	\$ 558,535
Due to other funds	-	-	-	-	202,332	680,294
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,916</u>	<u>1,238,829</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	20,359	20,359
Restricted	-	-	-	-	72,487	937,809
Committed	4,757	898,926	7,366	97,706	1,168,729	4,691,778
Assigned	-	-	-	-	691,920	691,920
Unassigned	-	-	-	-	(308)	(934,958)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>4,757</u>	<u>898,926</u>	<u>7,366</u>	<u>97,706</u>	<u>1,953,187</u>	<u>5,406,908</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 4,757</u>	<u>\$ 898,926</u>	<u>\$ 7,366</u>	<u>\$ 97,706</u>	<u>\$ 2,157,103</u>	<u>\$ 6,645,737</u>

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

TOWN OF KITTERY, MAINE

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

	Senior Tax Program	Additional Snow and Ice Damages	Fire Hazmat Spill Cleanup	Police New Officer	Oil and More Donations	Accrued Compensated Absences	Ballot Counting Machines	Kittery Block Party
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other income	-	-	-	7,863	-	-	-	49,450
TOTAL REVENUES	-	-	-	7,863	-	-	-	49,450
EXPENDITURES								
Public safety	-	-	4,071	7,630	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	31,407
Education	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	33,620	-	-
TOTAL EXPENDITURES	-	-	4,071	7,630	-	33,620	-	31,407
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(4,071)	233	-	(33,620)	-	18,043
OTHER FINANCING SOURCES (USES)								
Transfers in	100,000	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	100,000	-	(4,071)	233	-	(33,620)	-	18,043
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	4,000	37,278	11,227	(6,513)	(15)	289,740	6,078	13,215
FUND BALANCES (DEFICITS) - JUNE 30	\$ 104,000	\$ 37,278	\$ 7,156	\$ (6,280)	\$ (15)	\$ 256,120	\$ 6,078	\$ 31,258

TOWN OF KITTERY, MAINE

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

	ASA	Concert in the Park	Open Space	Conservation Committee	Wetland Mitigation	Kittery Community Center	Police Forfeiture	D.A.R.E.
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other income	52,558	-	-	-	-	8,738	1,368	-
TOTAL REVENUES	<u>52,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,738</u>	<u>1,368</u>	<u>-</u>
EXPENDITURES								
Public safety	-	-	-	-	-	-	3,580	-
Health and sanitation	-	-	-	-	-	-	-	-
Recreation and culture	77,514	4,195	-	-	-	9,943	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>77,514</u>	<u>4,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,943</u>	<u>3,580</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(24,956)</u>	<u>(4,195)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,205)</u>	<u>(2,212)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(24,956)</u>	<u>(4,195)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,205)</u>	<u>(2,212)</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>1,415</u>	<u>1,647</u>	<u>25,000</u>	<u>568</u>	<u>16,703</u>	<u>9,548</u>	<u>2,292</u>	<u>216</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (23,541)</u>	<u>\$ (2,548)</u>	<u>\$ 25,000</u>	<u>\$ 568</u>	<u>\$ 16,703</u>	<u>\$ 8,343</u>	<u>\$ 80</u>	<u>\$ 216</u>

TOWN OF KITTERY, MAINE

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

	TIF Financial Plan	Channel 22	KCC Playgrounds	Covid Grant	Spruce Creek PH5 Grant	Emery Field PH 2 LCWF Grant	Billable Police Details	Pol. Grant Support Det.
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	172,740	18,708
Other income	-	98,761	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>98,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,740</b>	<b>18,708</b>
EXPENDITURES								
Public safety	-	-	-	-	-	-	149,523	6,529
Health and sanitation	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	664,124	-	-
Other	49,832	73,145	-	-	18,623	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>49,832</b>	<b>73,145</b>	<b>-</b>	<b>-</b>	<b>18,623</b>	<b>664,124</b>	<b>149,523</b>	<b>6,529</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,832)	25,616	-	-	(18,623)	(664,124)	23,217	12,179
OTHER FINANCING SOURCES (USES)								
Transfers in	25,000	-	-	-	-	-	-	-
Transfers (out)	-	(35,000)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>25,000</b>	<b>(35,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	(24,832)	(9,384)	-	-	(18,623)	(664,124)	23,217	12,179
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	120,309	226,179	64,718	39,188	2,352	350,536	20,879	(21,512)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 95,477	\$ 216,795	\$ 64,718	\$ 39,188	\$ (16,271)	\$ (313,588)	\$ 44,096	\$ (9,333)

TOWN OF KITTERY, MAINE

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

	Sewer Impact Fees	Sewer Betterments	Fort Foster Invasives	Legion Invasives	DPW Right of Way Reserve	Recreational Vehicle	Highway Vehicle	Fire Dept. Vehicle
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other income	-	-	-	35,457	65,474	-	18,801	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,457</b>	<b>65,474</b>	<b>-</b>	<b>18,801</b>	<b>-</b>
EXPENDITURES								
Public safety	-	-	-	-	-	-	-	-
Health and sanitation	-	24,000	-	-	-	-	-	-
Recreation and culture	-	-	31,421	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	263,786	-	559,113	460,591
Other	-	-	-	12,768	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>24,000</b>	<b>31,421</b>	<b>12,768</b>	<b>263,786</b>	<b>-</b>	<b>559,113</b>	<b>460,591</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(24,000)	(31,421)	22,689	(198,312)	-	(540,312)	(460,591)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	37,000	-	600,000	-	340,000	460,000
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>37,000</b>	<b>-</b>	<b>600,000</b>	<b>-</b>	<b>340,000</b>	<b>460,000</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(24,000)	5,579	22,689	401,688	-	(200,312)	(591)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	-	17,002	(8,080)	29,168	23,050	188,410	591
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ (24,000)	\$ 22,581	\$ 14,609	\$ 430,856	\$ 23,050	\$ (11,902)	\$ -

TOWN OF KITTERY, MAINE

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

	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Police Vehicle Equipment	Records Preservation	Municipal Facility Reserve	Public Safety Impact Fees
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	76,930
Other income	-	10,000	-	-	1,000	-	-	-
TOTAL REVENUES	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>76,930</u>
EXPENDITURES								
Public safety	-	-	-	-	-	-	-	200,281
Public works	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	13,590	381	13,914	84,040	126,848	-	107,171	-
Other	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>13,590</u>	<u>381</u>	<u>13,914</u>	<u>84,040</u>	<u>126,848</u>	<u>-</u>	<u>107,171</u>	<u>200,281</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,590)</u>	<u>9,619</u>	<u>(13,914)</u>	<u>(84,040)</u>	<u>(125,848)</u>	<u>-</u>	<u>(107,171)</u>	<u>(123,351)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	40,000	-	55,000	70,000	140,000	12,000	235,000	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,000</u>	<u>-</u>	<u>55,000</u>	<u>70,000</u>	<u>140,000</u>	<u>12,000</u>	<u>235,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	26,410	9,619	41,086	(14,040)	14,152	12,000	127,829	(123,351)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>13,781</u>	<u>8,706</u>	<u>22,993</u>	<u>134,956</u>	<u>95,948</u>	<u>3,510</u>	<u>224,722</u>	<u>357,956</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 40,191</u>	<u>\$ 18,325</u>	<u>\$ 64,079</u>	<u>\$ 120,916</u>	<u>\$ 110,100</u>	<u>\$ 15,510</u>	<u>\$ 352,551</u>	<u>\$ 234,605</u>

TOWN OF KITTERY, MAINE

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

	Parks Buildings and Grounds	Kittery Community Center 5 Year	Port Authority Equipment	Fire Equipment Reserve	Tax Acquired Properties	KCC Visual Arts Committee	York Hospital	Thresher Memorial
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	820	-	-
TOTAL REVENUES	-	-	-	-	-	820	-	-
EXPENDITURES								
Public safety	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Recreation and culture	16,060	-	-	-	-	629	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	-	-	50,286	30,665	-	-	-	-
Other	-	-	-	-	200	-	20,451	1,639
TOTAL EXPENDITURES	16,060	-	50,286	30,665	200	629	20,451	1,639
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,060)	-	(50,286)	(30,665)	(200)	191	(20,451)	(1,639)
OTHER FINANCING SOURCES (USES)								
Transfers in	20,000	25,000	3,500	60,400	45,178	-	20,000	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,000	25,000	3,500	60,400	45,178	-	20,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	3,940	25,000	(46,786)	29,735	44,978	191	(451)	(1,639)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	22,867	24,107	45,482	211,794	(44,978)	4,421	32,402	5,569
FUND BALANCES (DEFICITS) - JUNE 30	\$ 26,807	\$ 49,107	\$ (1,304)	\$ 241,529	\$ -	\$ 4,612	\$ 31,951	\$ 3,930

TOWN OF KITTERY, MAINE

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

	Library Donations	MMA Grants	Mass Transit Reserve Fund	Keep Maine Healthy Grant	ARPA Fund	PREPA Grant	Affordable Housing Fund	PFAS
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,920	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other income	9,509	-	-	-	-	-	-	-
TOTAL REVENUES	<u>9,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,920</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and sanitation	-	-	32,500	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	50,000	-
Education	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other	13,773	-	-	-	163,223	2,479	-	501,966
TOTAL EXPENDITURES	<u>13,773</u>	<u>-</u>	<u>32,500</u>	<u>-</u>	<u>163,223</u>	<u>2,479</u>	<u>50,000</u>	<u>501,966</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,264)</u>	<u>-</u>	<u>(32,500)</u>	<u>-</u>	<u>(163,223)</u>	<u>7,441</u>	<u>(50,000)</u>	<u>(501,966)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	50,000	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(4,264)</u>	<u>-</u>	<u>(32,500)</u>	<u>-</u>	<u>(163,223)</u>	<u>7,441</u>	<u>-</u>	<u>(501,966)</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>13,691</u>	<u>285</u>	<u>50,000</u>	<u>867</u>	<u>604,326</u>	<u>(5,390)</u>	<u>150,000</u>	<u>(23,902)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 9,427</u>	<u>\$ 285</u>	<u>\$ 17,500</u>	<u>\$ 867</u>	<u>\$ 441,103</u>	<u>\$ 2,051</u>	<u>\$ 150,000</u>	<u>\$ (525,868)</u>

TOWN OF KITTERY, MAINE

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

	375th Celebration	Real Estate	Memorial Field Assessment	Bike/Ped Master Plan	School Special Revenue Funds	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 1,984,025	\$ 1,993,945
Charges for services	-	-	-	-	100,955	369,333
Other income	21,927	340,413	-	-	318,536	1,040,675
TOTAL REVENUES	<u>21,927</u>	<u>340,413</u>	<u>-</u>	<u>-</u>	<u>2,403,516</u>	<u>3,403,953</u>
EXPENDITURES						
Public safety	-	-	-	-	-	371,614
Health and sanitation	-	-	-	-	-	56,500
Recreation and culture	23,114	-	-	-	-	244,283
Education	-	-	-	-	2,186,905	2,186,905
Capital outlay	-	-	-	-	-	2,374,509
Other	-	-	22,634	2,294	-	916,647
TOTAL EXPENDITURES	<u>23,114</u>	<u>-</u>	<u>22,634</u>	<u>2,294</u>	<u>2,186,905</u>	<u>6,150,458</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,187)</u>	<u>340,413</u>	<u>(22,634)</u>	<u>(2,294)</u>	<u>216,611</u>	<u>(2,746,505)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	30,000	-	311,490	2,679,568
Transfers (out)	-	-	-	-	(11,490)	(46,490)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>300,000</u>	<u>2,633,078</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,187)	340,413	7,366	(2,294)	516,611	(113,427)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>5,944</u>	<u>558,513</u>	<u>-</u>	<u>100,000</u>	<u>1,436,576</u>	<u>5,520,335</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 4,757</u>	<u>\$ 898,926</u>	<u>\$ 7,366</u>	<u>\$ 97,706</u>	<u>\$ 1,953,187</u>	<u>\$ 5,406,908</u>

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 fund.

TOWN OF KITTERY, MAINE

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

	Fort Foster Bench	State Aid to Roads	Rice Building Rehab	Fire Department Facility	Government St. Pier Reserve	Street Lights Project	Abatement Reserve	Climate Action
<b>ASSETS</b>								
Due from other funds	\$ 10,986	\$ 678,086	\$ 119,268	\$ 37,319	\$ 6,363	\$ 49,687	\$ 264,712	\$ 65,000
<b>TOTAL ASSETS</b>	<u>\$ 10,986</u>	<u>\$ 678,086</u>	<u>\$ 119,268</u>	<u>\$ 37,319</u>	<u>\$ 6,363</u>	<u>\$ 49,687</u>	<u>\$ 264,712</u>	<u>\$ 65,000</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	678,086	-	-	-	-	-	-
Committed	10,986	-	119,268	37,319	6,363	49,687	264,712	65,000
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>10,986</u>	<u>678,086</u>	<u>119,268</u>	<u>37,319</u>	<u>6,363</u>	<u>49,687</u>	<u>264,712</u>	<u>65,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 10,986</u>	<u>\$ 678,086</u>	<u>\$ 119,268</u>	<u>\$ 37,319</u>	<u>\$ 6,363</u>	<u>\$ 49,687</u>	<u>\$ 264,712</u>	<u>\$ 65,000</u>

TOWN OF KITTERY, MAINE

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

	Police Equipment Reserve	Roadside Landscaping	Gorges Rd. Fire Station	Town Facilities	Covid Vaccine Clinics	School Capital Projects Funds	Total
<b>ASSETS</b>							
Due from other funds	\$ 2,000	\$ 38,330	\$ 480,463	\$ -	\$ 13,645	\$ 851,057	\$ 2,616,916
<b>TOTAL ASSETS</b>	<u>\$ 2,000</u>	<u>\$ 38,330</u>	<u>\$ 480,463</u>	<u>\$ -</u>	<u>\$ 13,645</u>	<u>\$ 851,057</u>	<u>\$ 2,616,916</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 2,192	\$ -	\$ -	\$ -	\$ -	\$ 2,192
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>2,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,192</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	480,463	-	-	-	1,158,549
Committed	2,000	36,138	-	-	13,645	851,057	1,456,175
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>2,000</u>	<u>36,138</u>	<u>480,463</u>	<u>-</u>	<u>13,645</u>	<u>851,057</u>	<u>2,614,724</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,000</u>	<u>\$ 38,330</u>	<u>\$ 480,463</u>	<u>\$ -</u>	<u>\$ 13,645</u>	<u>\$ 851,057</u>	<u>\$ 2,616,916</u>

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

TOWN OF KITTERY, MAINE

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

	Fort Foster Bench	State Aid to Roads	Rice Building Rehab	Fire Department Facility	Government St. Pier Reserve	Street Lights Project	Abatement Reserve	Climate Action
REVENUES								
Intergovernmental revenue	\$ -	\$ 459,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	75,684	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>459,177</b>	<b>75,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENDITURES								
Capital outlay	-	1,066,963	538,077	-	10,760	61,952	-	-
Other	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>1,066,963</b>	<b>538,077</b>	<b>-</b>	<b>10,760</b>	<b>61,952</b>	<b>-</b>	<b>-</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(607,786)	(462,393)	-	(10,760)	(61,952)	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	8,500	75,000	-	-
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,500</b>	<b>75,000</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	-	(607,786)	(462,393)	-	(2,260)	13,048	-	-
FUND BALANCES - JULY 1, RESTATED	10,986	1,285,872	581,661	37,319	8,623	36,639	264,712	65,000
FUND BALANCES - JUNE 30	<u>\$ 10,986</u>	<u>\$ 678,086</u>	<u>\$ 119,268</u>	<u>\$ 37,319</u>	<u>\$ 6,363</u>	<u>\$ 49,687</u>	<u>\$ 264,712</u>	<u>\$ 65,000</u>

TOWN OF KITTERY, MAINE

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

	Police Equipment Reserve	Roadside Landscaping	Gorges Rd. Fire Station	Town Facilities	Covid Vaccine Clinics	School Capital Projects Funds	Total
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ 818,565	\$ -	\$ -	\$ -	\$ 1,277,742
Other income	-	-	-	-	-	-	75,684
TOTAL REVENUES	-	-	818,565	-	-	-	1,353,426
EXPENDITURES							
Capital outlay	18,000	18,862	338,102	-	-	111,942	2,164,658
Other	-	-	-	-	1,512	-	1,512
TOTAL EXPENDITURES	18,000	18,862	338,102	-	1,512	111,942	2,166,170
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,000)	(18,862)	480,463	-	(1,512)	(111,942)	(812,744)
OTHER FINANCING SOURCES (USES)							
Transfers in	10,000	-	-	-	-	384,286	477,786
Transfers (out)	-	-	-	-	-	(244,286)	(244,286)
TOTAL OTHER FINANCING SOURCES (USES)	10,000	-	-	-	-	140,000	233,500
NET CHANGE IN FUND BALANCES	(8,000)	(18,862)	480,463	-	(1,512)	28,058	(579,244)
FUND BALANCES - JULY 1, RESTATED	10,000	55,000	-	-	15,157	822,999	3,193,968
FUND BALANCES - JUNE 30	\$ 2,000	\$ 36,138	\$ 480,463	\$ -	\$ 13,645	\$ 851,057	\$ 2,614,724

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

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS

JUNE 30, 2023

	Public Health Trust	Mary Safford Wildes	Lester Raynes Trust	George Smart Santa	Recycling Scholarship	Connie Samuels Beautification	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 57,239	\$ -	\$ 6,744	\$ -	\$ -	\$ 63,983
Investments	-	546,387	-	-	-	-	546,387
Due from other funds	26,378	-	8,462	-	25,680	58,601	119,121
<b>TOTAL ASSETS</b>	<u>\$ 26,378</u>	<u>\$ 603,626</u>	<u>\$ 8,462</u>	<u>\$ 6,744</u>	<u>\$ 25,680</u>	<u>\$ 58,601</u>	<u>\$ 729,491</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	10,000	-	-	50,000	60,000
Restricted	26,378	603,626	-	6,744	25,680	8,601	671,029
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(1,538)	-	-	-	(1,538)
<b>TOTAL FUND BALANCES</b>	<u>26,378</u>	<u>603,626</u>	<u>8,462</u>	<u>6,744</u>	<u>25,680</u>	<u>58,601</u>	<u>729,491</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 26,378</u>	<u>\$ 603,626</u>	<u>\$ 8,462</u>	<u>\$ 6,744</u>	<u>\$ 25,680</u>	<u>\$ 58,601</u>	<u>\$ 729,491</u>

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

## TOWN OF KITTERY, MAINE

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

	Public Health Trust	Mary Safford Wildes	Lester Raynes Trust	George Smart Santa	Recycling Scholarship	Connie Samuels Beautification	Total
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ -	\$ 40,927	\$ -	\$ -	\$ -	\$ -	\$ 40,927
Other income	-	-	-	-	13,996	-	13,996
TOTAL REVENUES	<u>-</u>	<u>40,927</u>	<u>-</u>	<u>-</u>	<u>13,996</u>	<u>-</u>	<u>54,923</u>
EXPENDITURES							
Other	-	90	-	3,565	-	-	3,655
TOTAL EXPENDITURES	<u>-</u>	<u>90</u>	<u>-</u>	<u>3,565</u>	<u>-</u>	<u>-</u>	<u>3,655</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>40,837</u>	<u>-</u>	<u>(3,565)</u>	<u>13,996</u>	<u>-</u>	<u>51,268</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	75,340	-	4,905	-	-	80,245
Transfers (out)	-	(145,423)	-	-	-	-	(145,423)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(70,083)</u>	<u>-</u>	<u>4,905</u>	<u>-</u>	<u>-</u>	<u>(65,178)</u>
NET CHANGE IN FUND BALANCES	-	(29,246)	-	1,340	13,996	-	(13,910)
FUND BALANCES - JULY 1	<u>26,378</u>	<u>632,872</u>	<u>8,462</u>	<u>5,404</u>	<u>11,684</u>	<u>58,601</u>	<u>743,401</u>
FUND BALANCES - JUNE 30	<u>\$ 26,378</u>	<u>\$ 603,626</u>	<u>\$ 8,462</u>	<u>\$ 6,744</u>	<u>\$ 25,680</u>	<u>\$ 58,601</u>	<u>\$ 729,491</u>

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

## Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town as an agent for individuals, private organizations or other governmental units. These assets are not available to support Town programs.

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2023

	Adult Ed Scholarships	Bob Whitten	William Dennett
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 4,870	\$ 32
Due from other governments	4,680	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 4,680</u></b>	<b><u>\$ 4,870</u></b>	<b><u>\$ 32</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>NET POSITION</b>			
Restricted - held in trust	4,680	4,870	32
<b>TOTAL NET POSITION</b>	<b><u>4,680</u></b>	<b><u>4,870</u></b>	<b><u>32</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 4,680</u></b>	<b><u>\$ 4,870</u></b>	<b><u>\$ 32</u></b>

TOWN OF KITTERY, MAINE  
COMBINING SCHEDULE OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2023

	Priscilla Guy	Louise Whelton Art	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,996	\$ 469	\$ 7,367
Due from other governments	-	-	4,680
<b>TOTAL ASSETS</b>	<u>\$ 1,996</u>	<u>\$ 469</u>	<u>\$ 12,047</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted - held in trust	1,996	469	12,047
<b>TOTAL NET POSITION</b>	<u>1,996</u>	<u>469</u>	<u>12,047</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,996</u>	<u>\$ 469</u>	<u>\$ 12,047</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Adult Ed Scholarships	Bob Whitten	William Dennett
ADDITIONS			
Interest	\$ -	\$ -	\$ -
Contributions	-	-	-
TOTAL ADDITIONS	<u>-</u>	<u>-</u>	<u>-</u>
DEDUCTIONS			
Scholarships	700	750	-
TOTAL DEDUCTIONS	<u>700</u>	<u>750</u>	<u>-</u>
CHANGE IN NET POSITION	(700)	(750)	-
NET POSITION - JULY 1	<u>5,380</u>	<u>5,620</u>	<u>32</u>
NET POSITION - JUNE 30	<u>\$ 4,680</u>	<u>\$ 4,870</u>	<u>\$ 32</u>

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Priscilla Guy	Louise Whelton Art	Total
ADDITIONS			
Interest	\$ -	\$ -	\$ -
Contributions	-	-	-
TOTAL ADDITIONS	<u>-</u>	<u>-</u>	<u>-</u>
DEDUCTIONS			
Scholarships	<u>200</u>	<u>-</u>	<u>1,650</u>
TOTAL DEDUCTIONS	<u>200</u>	<u>-</u>	<u>1,650</u>
CHANGE IN NET POSITION	(200)	-	(1,650)
NET POSITION - JULY 1	<u>2,196</u>	<u>469</u>	<u>13,697</u>
NET POSITION - JUNE 30	<u>\$ 1,996</u>	<u>\$ 469</u>	<u>\$ 12,047</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 KITTERY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ -	\$ 2,933,449	\$ 455,090	\$ 8,479	\$ 3,397,018
Police	13,577	191,130	1,686,397	-	1,891,104
Fire	353,200	2,678,208	4,019,996	100,501	7,151,905
Public works	8,593,148	3,601,461	5,480,634	13,215,990	30,891,233
Health and sanitation	-	58,183	175,502	-	233,685
Recreation and culture	1,989,284	14,721,231	485,963	-	17,196,478
Harbor master	-	928,751	131,409	935,385	1,995,545
School department	65,922	26,076,660	1,243,268	-	27,385,850
Sewer department	285,980	19,456,787	722,258	12,009,465	32,474,490
Total General Capital Assets	11,301,111	70,645,860	14,400,517	26,269,820	122,617,308
Less: Accumulated Depreciation	-	(42,864,496)	(8,712,646)	(13,427,266)	(65,004,408)
Net General Capital Assets	\$ 11,301,111	\$ 27,781,364	\$ 5,687,871	\$ 12,842,554	\$ 57,612,900

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

## TOWN OF KITTERY, MAINE

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

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
General government	\$ 3,370,874	\$ 26,144	\$ -	\$ 3,397,018
Police	1,541,494	349,610	-	1,891,104
Fire	6,609,697	542,208	-	7,151,905
Public works	30,186,925	704,308	-	30,891,233
Health and sanitation	58,183	175,502	-	233,685
Recreation and culture	16,889,035	307,443	-	17,196,478
Harbor master	1,939,803	55,742	-	1,995,545
School department	27,312,324	131,468	(57,942)	27,385,850
Sewer department	32,188,240	286,250	-	32,474,490
Total General Capital Assets	120,096,575	2,578,675	(57,942)	122,617,308
Less: Accumulated Depreciation	<u>(61,957,768)</u>	<u>(3,104,582)</u>	<u>57,942</u>	<u>(65,004,408)</u>
Net General Capital Assets	<u>\$ 58,138,807</u>	<u>\$ (525,907)</u>	<u>\$ -</u>	<u>\$ 57,612,900</u>

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

## Federal Compliance Description

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 KITTERY, 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	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3014	\$ -	\$ 55,258
National School Lunch Program	10.555	3022	-	104,072
National School Lunch Program	10.555	3024	-	76,791
National School Lunch Program	10.555	6662	-	33,264
Summer Food Service Program for Children	10.559	3016	-	3,315
Summer Food Service Program for Children	10.559	3016	-	32,005
Subtotal Child Nutrition Cluster			<u>-</u>	<u>304,705</u>
Pandemic EBT Administrative Costs	10.649	6184	<u>-</u>	<u>1,884</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>306,589</u>
U.S. Department of Transportation				
Passed-through State of Maine - Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CSN #29499	<u>-</u>	<u>644,142</u>
Subtotal Highway Planning and Construction Cluster			<u>-</u>	<u>644,142</u>
Total U.S. Department of Transportation			<u>-</u>	<u>644,142</u>
U.S. Department of Treasury				
Passed-through State of Maine - Department of Health and Human Services				
Coronavirus Capital Projects Fund	21.029	N/A	<u>-</u>	<u>163,223</u>
Total U.S. Department of Treasury			<u>-</u>	<u>163,223</u>

TOWN OF KITTERY, 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	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed-through State of Maine - Department of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	N/A	-	124,978
Title I Grants to Local Educational Agencies	84.010A	3107	-	35,505
			<u>-</u>	<u>160,483</u>
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A	3046	-	228,960
Special Education Grants to States	84.027X	7170	-	22,722
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>251,682</u>
Improving Teacher Quality State Grants				
Student Support and Academic Enrichment Program	84.367A	3042	-	30,597
	84.424	3345	-	19,055
Education Stabilization Fund				
Education Stabilization Fund	84.425D	7051	-	61,065
Education Stabilization Fund	84.425D	7071	-	350,840
Education Stabilization Fund	84.425D	7041	-	1,250
Education Stabilization Fund	84.425D	Multilingual Learners	-	21,896
			<u>-</u>	<u>435,051</u>
Total U.S. Department of Education				
			<u>-</u>	<u>896,868</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 2,010,822</u>

## TOWN OF KITTERY, MAINE

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

#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Kittery, 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 Kittery, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Kittery, 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 Kittery, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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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

Town Council  
Town of Kittery  
Kittery, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, 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 Kittery, Maine's basic financial statements and have issued our report thereon dated March 19, 2024.

Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Kittery, Maine in a separate letter dated February 19, 2024.

### Purpose of this Report

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

A handwritten signature in cursive script that reads "RHR Smith & Company".

Buxton, Maine  
March 19, 2024



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

Town Council  
Town of Kittery  
Kittery, Maine

Report on Compliance for Each Major Federal Program

***Opinion on Each Major Federal Program***

We have audited the Town of Kittery, 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 the Town of Kittery, Maine's major federal programs for the year ended June 30, 2023. The Town of Kittery, 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 Kittery, Maine complied, in all material respects, with the types 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 (*Government Auditing Standards*) 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 Kittery, 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 Kittery, Maine's compliance with the compliance requirements referred to above.

## Management's Responsibility

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 Kittery, Maine's federal programs.

## Auditor's Responsibility

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 Kittery, 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 Kittery, 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 Kittery, 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 Kittery, 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 Kittery, 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 a 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 Responsibility 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.

*RHR Smith & Company*

Buxton, Maine  
March 19, 2024

TOWN OF KITTERY, 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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund

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



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## INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Town Council  
Town of Kittery  
Kittery, Maine

We have audited the financial statements of Town of Kittery, Maine for the year ended June 30, 2023 and have issued our report thereon dated March 19, 2024. 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 Kittery, 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 Kittery, 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 Kittery, Maine was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town of Kittery, 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 Town Council, School Board, 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  
March 19, 2024

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KITTERY 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)	Capital Projects Funds (4000)	Agency Funds (9000)	Total
June 30, 2023 Balance per MEFS	\$ 2,749,429	\$ 1,953,187	\$ 851,057	\$ -	\$ 5,553,673
<b>Other adjustments:</b>					
Fund Balances:					
General fund	2,749,429	-	-	-	2,749,429
Special revenue funds	-	1,953,187	-	-	1,953,187
Capital projects funds	-	-	851,057	-	851,057
Audited GAAP Basis Fund Balance June 30, 2023	<u>\$ 2,749,429</u>	<u>\$ 1,953,187</u>	<u>\$ 851,057</u>	<u>\$ -</u>	<u>\$ 5,553,673</u>