

Federal Compliance Audit

Town of Kittery, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF KITTERY, MAINE

CONTENTS

JUNE 30, 2021

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 13
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	24
STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	25
NOTES TO FINANCIAL STATEMENTS	26 - 83

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	84
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	85
SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - EDUCATION FUND	86
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	87
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	88
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	89
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY MMEHT PLAN	90
SCHEDULE 6 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MMEHT PLAN	91
SCHEDULE 7 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN	92
SCHEDULE 8 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT PLAN	93
SCHEDULE 9 - SCHEDULE OF CONTRIBUTIONS - OPEB - SET PLAN	94
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	95

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	96
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	97
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	98 - 99
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	100

SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	101
SPECIAL REVENUE FUNDS DESCRIPTION	102
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	103 - 111
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	112 - 120
CAPITAL PROJECTS FUNDS DESCRIPTION	121
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	122 - 124
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	125 - 127
PERMANENT FUNDS DESCRIPTION	128
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	129
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	130
FIDUCIARY FUNDS DESCRIPTION	131
SCHEDULE K - COMBINING SCHEDULE OF NET POSITION - PRIVATE-PURPOSE TRUST FUNDS	132 - 133
SCHEDULE L - COMBINING SCHEDULE OF CHANGES IN NET POSITION PRIVATE-PURPOSE TRUST FUNDS	134 - 135
GENERAL CAPITAL ASSETS DESCRIPTION	136
SCHEDULE M - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	137
SCHEDULE N - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	138

FEDERAL COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	139 - 140
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	141
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	142 - 143
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	144 - 146
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	147

OTHER REPORTS

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS	148
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM	149



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Kittery
Kittery, Maine

Report on the Financial Statements

We have audited the accompanying 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, 2021 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2021 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.

Other Matters

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 4 through 13 and 85 through 95 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.

Other 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.

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, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 December 2, 2021, on our consideration of the Town of Kittery, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 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
December 2, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(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, 2021. 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 - MEABT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan 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 \$30,153,119 compared to \$27,211,767 in the prior year, an increase of \$2,941,352. For the business-type activities, total net position is \$9,470,604 compared to \$9,234,032 in the prior year, an increase of \$236,572.

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 \$7,047,978 at the end of this year for governmental activities and a deficit balance of \$100,849 for the business-type activities.

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

	Governmental Activities		Business-type Activities	
		2020		2020
	2021	(Restated)	2021	(Restated)
Assets:				
Current Assets	\$ 26,656,323	\$ 22,271,430	\$ 1,821,703	\$ 1,239,498
Noncurrent Assets - Capital Assets	35,413,004	35,055,516	19,738,009	20,840,664
Total Assets	62,069,327	57,326,946	21,559,712	22,080,162
Deferred Outflows of Resources:				
Deferred Outflows Related to Dineen Property	157,666	157,666	-	-
Deferred Outflows Related to Pensions	1,551,195	1,440,066	110,274	114,352
Deferred Outflows Related to OPEB	7,039,289	6,417,466	-	-
Total Deferred Outflows of Resources	8,748,150	8,015,198	110,274	114,352
Liabilities:				
Current Liabilities	4,793,701	8,217,540	694,663	680,650
Noncurrent Liabilities	35,643,648	29,084,130	9,966,090	10,547,195
Total Liabilities	40,437,349	37,301,670	10,660,753	11,227,845
Deferred Inflows of Resources:				
Deferred Revenue	-	-	1,533,278	1,652,142
Prepaid Taxes	3,206	4,385	-	-
Deferred Inflows Related to Pensions	176,711	761,532	5,351	80,495
Deferred Inflows Related to OPEB	47,092	62,790	-	-
Total Deferred Inflows of Resources	227,009	828,707	1,538,629	1,732,637
Net Position:				
Net Investment in Capital Assets	20,374,788	23,740,065	9,571,453	10,046,751
Restricted	2,730,353	2,539,009	-	-
Unrestricted (Deficit)	7,047,978	932,693	(100,849)	(812,719)
Total Net Position	\$ 30,153,119	\$ 27,211,767	\$ 9,470,604	\$ 9,234,032

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

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,952,392	\$ 2,284,136	\$ 2,924,101	\$ 2,764,063
Operating grants and contributions	4,779,857	4,550,509	-	-
<i>General Revenues:</i>				
Taxes	28,827,252	27,611,095	-	-
Grants and contributions not restricted to specific programs	6,345,174	3,263,304	-	-
Investment income	144,716	201,156	13,346	15,833
Miscellaneous	904,097	686,698	3,545	240
Total Revenues	<u>42,953,488</u>	<u>38,596,898</u>	<u>2,940,992</u>	<u>2,780,136</u>
Expenses				
General government	6,393,523	7,191,583	-	-
Public safety	3,497,044	3,533,638	-	-
Public works	2,001,631	1,635,008	-	-
Recreation and culture	1,724,001	2,082,301	-	-
Health and sanitation	1,009,373	572,197	-	-
Social services	46,765	61,435	-	-
Education	20,644,841	18,331,453	-	-
County tax	935,484	894,783	-	-
Program expenses	380,964	566,154	-	-
State of Maine on-behalf payments	2,841,207	2,977,891	-	-
Grant funds/misc. accounts	237,252	257,276	-	-
Overlay	-	150,000	-	-
Unallocated depreciation (Note 5)*	2,602	68,927	-	-
Interest on long-term debt	297,449	328,994	-	-
Sewer department	-	-	2,704,420	2,758,095
Total Expenses	<u>40,012,136</u>	<u>38,651,640</u>	<u>2,704,420</u>	<u>2,758,095</u>
Change in Net Position	2,941,352	(54,742)	236,572	22,041
Net Position - July 1, Restated	<u>27,211,767</u>	<u>27,266,509</u>	<u>9,234,032</u>	<u>9,211,991</u>
Net Position - June 30	<u><u>\$ 30,153,119</u></u>	<u><u>\$ 27,211,767</u></u>	<u><u>\$ 9,470,604</u></u>	<u><u>\$ 9,234,032</u></u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 11.29%, while total expenses increased by 3.52%. The increase in revenues was primarily due to grants and contributions not restricted to specific programs. The increase in expenses was primarily due to education partially offset by decreases in general government, recreation and culture and program expenses.

Revenues increased by 5.79% in the Town's business type activities, while the total expenses decreased by 1.95%.

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,

	2021	2020 (Restated)	Change Increase (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 400,327	\$ 207,998	\$ 192,329
Committed	188,000	-	188,000
Unassigned	8,131,323	6,565,631	1,565,692
Education Fund:			
Nonspendable	27,718	35,400	(7,682)
Restricted	387,019	387,019	-
Unassigned	1,712,481	530,877	1,181,604
Total Major Funds	<u>\$ 10,846,868</u>	<u>\$ 7,726,925</u>	<u>\$ 3,119,943</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 8,402	\$ 9,976	\$ (1,574)
Restricted	215,738	219,324	(3,586)
Committed	4,571,016	4,267,420	303,596
Assigned	499,889	314,948	184,941
Unassigned	(234,693)	(124,988)	(109,705)
Capital Projects Funds:			
Restricted	1,257,026	1,178,754	78,272
Committed	5,227,350	776,539	4,450,811
Permanent Funds:			
Nonspendable	60,000	60,000	-
Restricted	802,168	689,092	113,076
Unassigned	(1,538)	(772)	(766)
Total Nonmajor Funds	<u>\$ 12,405,358</u>	<u>\$ 7,390,293</u>	<u>\$ 5,015,065</u>

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 an increase in net position of \$236,572 from the prior year due primarily to operating income of \$362,560 that exceeded net nonoperating expenses of \$125,988.

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 \$1,086,316. This was a result of revenue categories being receipted within in or in excess of budgeted amounts with the exception of charges for services and investment income.

The general fund actual expenditures were under budget by \$927,840. All expenditure categories were within or under budget with the exception of transfers to other funds.

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

The education fund actual revenues exceeded the budget by \$183,070. This was a result of revenue categories being receipted within or in excess of budgeted amounts with the exception of intergovernmental revenues - Medicaid and charges for services.

The education fund actual expenditures were below budget by \$1,196,002. All expenditure categories were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town decreased by \$745,167. This decrease is a result of capital additions of \$2,366,089 less net disposals of \$12,116 and current year depreciation expense of \$3,099,140. 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,

	<u>2021</u>	<u>2020 (Restated)</u>
Land	\$ 11,236,886	\$ 11,236,886
Construction in progress	1,524,298	382,517
Land improvements	773,724	857,438
Buildings and improvements	24,306,880	25,641,262
Machinery, equipment and vehicles	4,341,756	4,520,078
Infrastructure	<u>12,967,469</u>	<u>13,257,999</u>
Total	<u>\$ 55,151,013</u>	<u>\$ 55,896,180</u>

Debt

At June 30, 2021, the Town had \$25,204,772 in bonds and notes from direct borrowings payable versus \$22,109,364 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town of Kittery, Maine. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town of Kittery, Maine.

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 eight months, while also maintaining significant reserve accounts for future capital and program needs. The FY 22 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.

STATEMENT A

TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,825,496	\$ 2,557	\$ 24,828,053
Investments	715,139	-	715,139
Accounts receivable (net of allowance for uncollectibles):			
Taxes	839,361	-	839,361
Other	519,931	1,139,095	1,659,026
Prepaid items	342,957	-	342,957
Inventory	16,825	-	16,825
Tax acquired property	76,665	-	76,665
Internal balances	(680,051)	680,051	-
Total current assets	26,656,323	1,821,703	28,478,026
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	12,475,204	285,980	12,761,184
Buildings and vehicles net of accumulated depreciation	22,937,800	19,452,029	42,389,829
Total noncurrent assets	35,413,004	19,738,009	55,151,013
TOTAL ASSETS	62,069,327	21,559,712	83,629,039
DEFERRED OUTFLOWS OF RESOURCES			
Dineen property	157,666	-	157,666
Deferred outflows related to pensions	1,551,195	110,274	1,661,469
Deferred outflows related to OPEB	7,039,289	-	7,039,289
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,748,150	110,274	8,858,424
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 70,817,477	\$ 21,669,986	\$ 92,487,463
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 747,803	\$ 27,900	\$ 775,703
Accrued payroll	895,663	-	895,663
Accrued expenses	1,134,310	6,283	1,140,593
Due to other governments	27,751	-	27,751
Escrows	132,795	-	132,795
Current portion of long-term obligations	1,855,379	660,480	2,515,859
Total current liabilities	4,793,701	694,663	5,488,364
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	13,408,254	9,535,373	22,943,627
Notes from direct borrowings payable	60,834	-	60,834
Accrued compensated absences	645,142	65,148	710,290
Net pension liability	3,896,003	365,569	4,261,572
Net OPEB liability	17,633,415	-	17,633,415
Total noncurrent liabilities	35,643,648	9,966,090	45,609,738
TOTAL LIABILITIES	40,437,349	10,660,753	51,098,102
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	-	1,533,278	1,533,278
Prepaid taxes	3,206	-	3,206
Deferred inflows related to pensions	176,711	5,351	182,062
Deferred inflows related to OPEB	47,092	-	47,092
TOTAL DEFERRED INFLOWS OF RESOURCES	227,009	1,538,629	1,765,638
NET POSITION			
Net investment in capital assets	20,374,788	9,571,453	29,946,241
Restricted	2,730,353	-	2,730,353
Unrestricted (deficit)	7,047,978	(100,849)	6,947,129
TOTAL NET POSITION	30,153,119	9,470,604	39,623,723
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 70,817,477	\$ 21,669,986	\$ 92,487,463

See accompanying independent auditors' report and notes to financial statements.

STATEMENT B

TOWN OF KITTERY, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 6,393,523	\$ 466,783	\$ 33,330	\$ -	\$ (5,893,410)	\$ -	\$ (5,893,410)
Public safety	3,497,044	199,147	-	-	(3,297,897)	-	(3,297,897)
Public works	2,001,631	13,724	-	-	(1,987,907)	-	(1,987,907)
Recreation and culture	1,724,001	744,878	-	-	(979,123)	-	(979,123)
Health and sanitation	1,009,373	199,042	-	-	(810,331)	-	(810,331)
Social services	46,765	-	-	-	(46,765)	-	(46,765)
Education	20,644,841	12,280	1,905,320	-	(18,727,241)	-	(18,727,241)
County tax	935,484	-	-	-	(935,484)	-	(935,484)
Program expenses	380,964	316,538	-	-	(64,426)	-	(64,426)
State of Maine on-behalf payments	2,841,207	-	2,841,207	-	-	-	-
Grant funds/misc. accounts	237,252	-	-	-	(237,252)	-	(237,252)
Unallocated depreciation (Note 5)*	2,602	-	-	-	(2,602)	-	(2,602)
Interest on long-term debt	297,449	-	-	-	(297,449)	-	(297,449)
Total governmental activities	40,012,136	1,952,392	4,779,857	-	(33,279,887)	-	(33,279,887)
<u>Business-type activities:</u>							
Sewer department	2,704,420	2,924,101	-	-	-	219,681	219,681
Total business-type activities	2,704,420	2,924,101	-	-	-	219,681	219,681
Total government	\$ 42,716,556	\$ 4,876,493	\$ 4,779,857	\$ -	(33,279,887)	219,681	(33,060,206)

STATEMENT B (CONTINUED)
TOWN OF KITTEERY, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(33,279,887)	219,681	(33,060,206)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	26,681,868	-	26,681,868
Excise taxes	2,145,384	-	2,145,384
Grants and contributions not restricted to specific programs	6,345,174	-	6,345,174
Investment income, net of unrealized gains/(losses)	144,716	13,346	158,062
Miscellaneous	904,097	3,545	907,642
Total general revenues	36,221,239	16,891	36,238,130
Change in net position	2,941,352	236,572	3,177,924
NET POSITION - JULY 1, RESTATED	27,211,767	9,234,032	36,445,799
NET POSITION - JUNE 30	\$ 30,153,119	\$ 9,470,604	\$ 39,623,723

See accompanying independent auditors' report and notes to financial statements.

STATEMENT C

TOWN OF KITTERY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 24,700,859	\$ 200	\$ 124,437	\$ 24,825,496
Investments	-	-	715,139	715,139
Accounts receivables (net of allowance for uncollectibles):				
Taxes/liens	839,361	-	-	839,361
Other	154,599	-	365,332	519,931
Prepaid items	315,239	27,718	-	342,957
Inventory	8,423	-	8,402	16,825
Tax acquired property	76,665	-	-	76,665
Due from other funds	164,029	4,159,252	11,837,592	16,160,873
TOTAL ASSETS	\$ 26,259,175	\$ 4,187,170	\$ 13,050,902	\$ 43,497,247
DEFERRED OUTFLOWS OF RESOURCES				
Dineen property	\$ 157,666	\$ -	\$ -	\$ 157,666
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 157,666	\$ -	\$ -	\$ 157,666
LIABILITIES				
Accounts payable	\$ 144,926	\$ 121,362	\$ 481,515	\$ 747,803
Accrued payroll	38,381	857,282	-	895,663
Accrued expenses	53,002	1,081,308	-	1,134,310
Due to other governments	27,751	-	-	27,751
Escrows	132,795	-	-	132,795
Due to other funds	16,676,895	-	164,029	16,840,924
TOTAL LIABILITIES	17,073,750	2,059,952	645,544	19,779,246
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	3,206	-	-	3,206
Deferred tax revenues	620,235	-	-	620,235
TOTAL DEFERRED INFLOWS OF RESOURCES	623,441	-	-	623,441
FUND BALANCES				
Nonspendable	400,327	27,718	68,402	496,447
Restricted	-	387,019	2,274,932	2,661,951
Committed	188,000	-	9,798,366	9,986,366
Assigned	-	-	499,889	499,889
Unassigned	8,131,323	1,712,481	(236,231)	9,607,573
TOTAL FUND BALANCES	8,719,650	2,127,218	12,405,358	23,252,226
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 26,416,841	\$ 4,187,170	\$ 13,050,902	\$ 43,654,913

See accompanying independent auditors' 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, 2021

	Total Governmental Funds
Total Fund Balances	\$ 23,252,226
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	35,413,004
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	620,235
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	1,551,195
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	7,039,289
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(14,941,709)
Notes from direct borrowings payable	(96,507)
Accrued compensated absences	(931,393)
Net pension liability	(3,896,003)
Net OPEB liability	(17,633,415)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(176,711)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(47,092)
Net position of governmental activities	<u>\$ 30,153,119</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT E

TOWN OF KITTERY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General tax revenue	\$ 12,599,770	\$ 16,305,504	\$ -	\$ 28,905,274
Intergovernmental revenue	1,767,475	2,454,119	4,062,230	8,283,824
Charges for services	1,623,574	12,280	316,538	1,952,392
Investment income, net of unrealized gains/(losses)	19,407	-	125,309	144,716
State of Maine on-behalf payments	-	1,337,733	-	1,337,733
Other revenue	176,346	83,546	644,205	904,097
TOTAL REVENUES	<u>16,186,572</u>	<u>20,193,182</u>	<u>5,148,282</u>	<u>41,528,036</u>
EXPENDITURES				
Current:				
General government	4,185,156	-	304,760	4,489,916
Public safety	3,015,487	-	118,902	3,134,389
Public works	1,047,849	-	902,037	1,949,886
Recreation and culture	1,388,302	-	81,537	1,469,839
Health and sanitation	561,665	-	445,199	1,006,864
Social services	46,765	-	-	46,765
Education	-	16,573,983	3,635,012	20,208,995
County tax	935,484	-	-	935,484
State of Maine on-behalf payments	-	1,337,733	-	1,337,733
Grant funds/misc. accounts	237,252	-	-	237,252
Program expenses	-	-	380,964	380,964
Debt service:				
Principal	672,055	615,000	-	1,287,055
Interest	142,477	154,972	-	297,449
Capital outlay	-	-	1,580,915	1,580,915
TOTAL EXPENDITURES	<u>12,232,492</u>	<u>18,681,688</u>	<u>7,449,326</u>	<u>38,363,506</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>3,954,080</u>	<u>1,511,494</u>	<u>(2,301,044)</u>	<u>3,164,530</u>
OTHER FINANCING SOURCES				
Bond proceeds	-	-	5,000,982	5,000,982
Bond issuance costs	-	-	(30,504)	(30,504)
Transfers in	35,000	-	2,647,913	2,682,913
Transfers (out)	(2,043,059)	(337,572)	(302,282)	(2,682,913)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,008,059)</u>	<u>(337,572)</u>	<u>7,316,109</u>	<u>4,970,478</u>
NET CHANGE IN FUND BALANCES	1,946,021	1,173,922	5,015,065	8,135,008
FUND BALANCES - JULY 1, RESTATED	<u>6,773,629</u>	<u>953,296</u>	<u>7,390,293</u>	<u>15,117,218</u>
FUND BALANCES - JUNE 30	<u>\$ 8,719,650</u>	<u>\$ 2,127,218</u>	<u>\$ 12,405,358</u>	<u>\$ 23,252,226</u>

See accompanying independent auditors' 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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 8,135,008</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	2,366,089
Capital asset disposals	(12,116)
Depreciation expense	<u>(1,996,485)</u>
	<u>357,488</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	111,129
OPEB	<u>621,823</u>
	<u>732,952</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>(78,022)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(9,004,818)</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>5,282,053</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	584,821
OPEB	<u>15,698</u>
	<u>600,519</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	49,215
Net pension liability	(821,782)
Net OPEB liability	<u>(2,311,261)</u>
	<u>(3,083,828)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,941,352</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,557
Accounts receivable (net of allowance for uncollectibles)	1,139,095
Due from other funds	680,051
Total current assets	<u>1,821,703</u>
Noncurrent assets:	
Capital assets:	
Land	285,980
Buildings and improvements	19,432,263
Machinery, equipment and vehicles	684,625
Infrastructure	11,728,425
Total capital assets	<u>32,131,293</u>
Less: accumulated depreciation	<u>(12,393,284)</u>
Total noncurrent assets	<u>19,738,009</u>
TOTAL ASSETS	<u>21,559,712</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	110,274
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>110,274</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 21,669,986</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 27,900
Accrued expenses	6,283
Current portion of long-term obligations	660,480
Total current liabilities	<u>694,663</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	9,535,373
Accrued compensated absences	65,148
Net pension liability	365,569
Total noncurrent liabilities	<u>9,966,090</u>
TOTAL LIABILITIES	<u>10,660,753</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	1,533,278
Deferred inflows related to pensions	5,351
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,538,629</u>
NET POSITION	
Net investment in capital assets	9,571,453
Unrestricted (deficit)	(100,849)
TOTAL NET POSITION	<u>9,470,604</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 21,669,986</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
OPERATING REVENUES	
Charges for services	\$ 2,924,101
Other	3,545
TOTAL OPERATING REVENUES	<u>2,927,646</u>
OPERATING EXPENSES	
Salaries and wages	511,422
Benefits	229,555
Increase (decrease) in expenses related to net pension liability, deferred outflows and inflows of resources related to pensions	(18,545)
Contracted services	51,806
Insurance	30,283
Utilities	167,574
Fuel / motor	25,240
Repairs, maintenance and equipment	119,899
Supplies and office	16,255
Chemicals	137,118
Sludge management	147,589
Depreciation	1,102,655
Other	44,235
TOTAL OPERATING EXPENSES	<u>2,565,086</u>
OPERATING INCOME (LOSS)	<u>362,560</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	13,346
Interest expense	(139,334)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(125,988)</u>
CHANGE IN NET POSITION	236,572
NET POSITION - JULY 1, RESTATED	<u>9,234,032</u>
NET POSITION - JUNE 30	<u><u>\$ 9,470,604</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Fund Sewer Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,933,883
Other receipts	3,545
Internal activity - receipts (payments) from/to other funds	(710,851)
Payments to employees	(743,420)
Payments to suppliers	(729,812)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>753,345</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>13,346</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>13,346</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bond payable	(139,334)
Principal payments on bond payable	(626,620)
Principal payments on notes from direct borrowings payable	<u>(737)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(766,691)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>2,557</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 2,557</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 362,560
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	1,102,655
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	128,646
(Increase) decrease in due from other funds	(680,051)
(Increase) decrease in deferred outflows related to pensions	4,078
(Decrease) increase in accounts payable	3,904
(Decrease) increase in accrued expenses	6,283
(Decrease) increase in due to other funds	(30,800)
(Decrease) increase in accrued compensated absences	(3,213)
(Decrease) increase in deferred revenues	(118,864)
(Decrease) increase in net pension liability	53,291
(Decrease) increase in deferred inflows related to pensions	(75,144)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 753,345</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	Private- Purpose Trust Funds
ASSETS	
Cash and cash equivalents	<u>\$ 16,019</u>
TOTAL ASSETS	<u><u>\$ 16,019</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust	<u><u>\$ 16,019</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Private- Purpose Trust Funds
ADDITIONS	
Interest	\$ 2
TOTAL ADDITIONS	<u>2</u>
DEDUCTIONS	
Scholarships	<u>450</u>
TOTAL DEDUCTIONS	<u>450</u>
CHANGE IN NET POSITION	(448)
NET POSITION - JULY 1	<u>16,467</u>
NET POSITION - JUNE 30	<u><u>\$ 16,019</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

COVID-19 Outbreak

The outbreak of COVID-19 in March of 2020, and the on-going management of the pandemic on a worldwide level, has resulted in worldwide disruptions and continues to limit some of the functions and services provided by businesses and municipalities. The effects of the pandemic have subsided to some degree and the Town has been able to reinstitute services beyond those deemed essential, resulting in a positive effect on revenue and operations. The on-going effects of the pandemic, including the financial impact to the Town and its inhabitants, may change as events and circumstances evolve locally, nationally and worldwide and it may not be possible to predict and anticipate all possibilities and future impacts on revenue and expenditures that are outside the control of the Town.

Impact on and Results of Operations

The Town took all required measures to reduce the risk of exposure to voters, poll workers and election officials participating in in state and municipal elections, including a robust absentee voting initiative and safety measures at the Town's polling location including social distancing and PPE requirements.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extended deadlines

The Town did not extend any deadlines for tax collections in FY21 and experienced similar collection results as in pre-COVID years.

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Expected Federal/State Support

The Town expects to meet any requirements that may be necessary to receive any additional Federal or State economic relief attributed to the pandemic.

Conclusion

The on-going effects of COVID-19 and any future financial impacts to the Town cannot be estimated with any degree of certainty, however the Town has positioned itself through planning and operational changes to address any revenue shortfalls that may result and is optimistic it will be able to continue the level and quality of services it now provides.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management reclassified student activity funds from fiduciary to special revenue funds.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. 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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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) are 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.

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:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (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 (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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenues per budgetary basis	\$ 18,855,449
Add: On-behalf payments	<u>1,337,733</u>
Total GAAP basis	<u>\$ 20,193,182</u>
Expenditures per budgetary basis	\$ 17,681,527
Add: On-behalf payments	<u>1,337,733</u>
Total GAAP basis	<u>\$ 19,019,260</u>

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposits and other evidences 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

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, 2021. Accounts receivable netted with allowances for uncollectibles were \$1,659,026 for the year ended June 30, 2021.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-term Obligations

The accounting treatment of long-term obligations depend 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of 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.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 14, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on November 2, 2020, February 16, 2021 and June 1, 2021. Interest on unpaid taxes commenced on November 3, 2020, February 17, 2021 and June 2, 2021, at 7% 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 \$214,712 for the year ended June 30, 2021.

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).

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 2021, the Town's cash balance of \$24,844,072 was comprised of bank deposits amounting to \$26,217,066. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$500,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank deposits of \$25,717,066 were collateralized with securities held by the financial institution in the Town's name or an irrevocable stand-by letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,074,474
Savings accounts	727,478
Money market accounts	8,996,871
Sweep accounts	13,423,402
Cash and cash equivalents	994,841
	<u>\$ 26,217,066</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. 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 \$715,139, all were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

At June 30, 2021, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Equity securities:				
Common stock - domestic	\$ 312,543	\$ 312,543	\$ -	\$ -
Mutual funds:				
Equity - domestic	282,700	282,700	-	-
Equity - foreign	119,896	119,896	-	-
	<u>\$ 715,139</u>	<u>\$ 715,139</u>	<u>\$ -</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, 2021:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
	June 30, 2021 Total	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:				
U.S. Agency Securities	\$ -	\$ -	\$ -	\$ -
Total debt securities	-	-	-	-
Equity securities:				
Common stock - domestic	312,543	312,543	-	-
Mutual funds - domestic and foreign	402,596	402,596	-	-
Total equity securities	715,139	715,139	-	-
Total investments by fair value level	715,139	\$ 715,139	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	994,841			
Total cash equivalents measured at the NAV	994,841			
Total investments and cash equivalents measured at fair value	\$ 1,709,980			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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, 2021 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 164,029	\$ 16,676,895
Education fund	4,159,252	-
Nonmajor special revenue funds	4,871,078	156,530
Nonmajor capital projects funds	6,850,539	-
Nonmajor permanent funds	115,975	7,499
Proprietary funds	680,051	-
	<u>\$ 16,840,924</u>	<u>\$ 16,840,924</u>

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

NOTE 4 - INTERFUND TRANSFERS

At June 30, 2021, the Town had the following interfund transfers:

	Transfers From	Transfers To
General fund	\$ 35,000	\$ 2,043,059
Education fund	-	337,572
Nonmajor special revenue funds	2,187,188	260,243
Nonmajor capital projects funds	446,045	42,039
Nonmajor permanent funds	14,680	-
	<u>\$ 2,682,913</u>	<u>\$ 2,682,913</u>

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 10,950,906	\$ -	\$ -	\$ 10,950,906
Construction in progress	382,517	1,141,781	-	1,524,298
	<u>11,333,423</u>	<u>1,141,781</u>	<u>-</u>	<u>12,475,204</u>
Depreciated assets:				
Land improvements	2,203,634	-	-	2,203,634
Buildings and improvements	43,317,714	45,555	-	43,363,269
Machinery, equipment and vehicles	10,193,712	676,348	(179,122)	10,690,938
Infrastructure	12,635,282	502,405	-	13,137,687
	<u>68,350,342</u>	<u>1,224,308</u>	<u>(179,122)</u>	<u>69,395,528</u>
Less: accumulated depreciation	<u>(44,628,249)</u>	<u>(1,996,485)</u>	<u>167,006</u>	<u>(46,457,728)</u>
	<u>23,722,093</u>	<u>(772,177)</u>	<u>(12,116)</u>	<u>22,937,800</u>
Net capital assets	<u>\$ 35,055,516</u>	<u>\$ 369,604</u>	<u>\$ (12,116)</u>	<u>\$ 35,413,004</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 285,980	\$ -	\$ -	\$ 285,980
	<u>285,980</u>	<u>-</u>	<u>-</u>	<u>285,980</u>
Depreciated assets:				
Buildings and improvements	19,432,263	-	-	19,432,263
Machinery, equipment and vehicles	684,625	-	-	684,625
Infrastructure	11,728,425	-	-	11,728,425
	<u>31,845,313</u>	<u>-</u>	<u>-</u>	<u>31,845,313</u>
Less: accumulated depreciation	<u>(11,290,629)</u>	<u>(1,102,655)</u>	<u>-</u>	<u>(12,393,284)</u>
	<u>20,554,684</u>	<u>(1,102,655)</u>	<u>-</u>	<u>19,452,029</u>
Net capital assets	<u>\$ 20,840,664</u>	<u>\$ (1,102,655)</u>	<u>\$ -</u>	<u>\$ 19,738,009</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation expense:

General government	\$ 114,345
Police	134,280
Fire	228,375
Public works	836,482
Recreation and culture	159,085
Health and sanitation	2,509
Harbormaster	82,961
School department	435,846
Town-wide	2,602
Subtotal governmental	<u>1,996,485</u>
Sewer department	<u>1,102,655</u>
Subtotal business-type	<u>1,102,655</u>
Total depreciation expense	<u><u>\$ 3,099,140</u></u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 11,224,857	\$ 8,960,000	\$ (5,243,148)	\$ 14,941,709	\$ 1,533,455
Notes from direct borrowings payable	90,594	44,818	(38,905)	96,507	35,673
Total governmental activities	<u>\$ 11,315,451</u>	<u>\$ 9,004,818</u>	<u>\$ (5,282,053)</u>	<u>\$ 15,038,216</u>	<u>\$ 1,569,128</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 10,793,176	\$ -	\$ (626,620)	\$ 10,166,556	\$ 631,183
Notes from direct borrowings payable	737	-	(737)	-	-
Total business-type activities	<u>\$ 10,793,913</u>	<u>\$ -</u>	<u>\$ (627,357)</u>	<u>\$ 10,166,556</u>	<u>\$ 631,183</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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>		
\$1,323,000, 2003A Waste Water State Revolving Loan due in annual principal installments and semiannual interest installments through October of 2022. Interest is charged at fixed rate of 1.94% per annum. Annual principal installments vary.	\$ -	\$ 141,120
\$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.	-	1,551,645
\$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.	3,025,000	-
\$2,100,000, 2013 General Obligation Bond due in annual principal installments and semiannual interest installments through December of 2022. Interest is charged at a fixed rate ranging from 1.50% to 2.00% per annum. Annual principal installments are \$210,000.	420,000	-
\$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.	112,857	
\$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.	475,000	
\$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.	650,000	-
\$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.	400,000	-
\$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.	-	8,473,791

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	Governmental	Business-type
\$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.	228,852	-
\$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.	670,000	-
\$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.	8,960,000	-
Total bonds payable	<u>\$ 14,941,709</u>	<u>\$ 10,166,556</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.	\$ 51,689	\$ -
\$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.	44,818	-
Total notes from direct borrowings payable	<u>\$ 96,507</u>	<u>\$ -</u>

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				
	Bonds Payable		Notes from Direct Borrowings Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 1,533,455	\$ 161,100	\$ 35,673	\$ 586	\$ 1,730,814
2023	1,533,802	138,772	33,886	1,507	1,707,967
2024	1,319,188	118,551	8,694	887	1,447,320
2025	1,319,612	99,743	8,979	601	1,428,935
2026	1,320,078	80,802	9,275	305	1,410,460
2027-2031	4,644,259	218,038	-	-	4,862,297
2032-2036	2,003,538	22,432	-	-	2,025,970
2037-2041	1,267,777	311	-	-	1,268,088
	<u>\$ 14,941,709</u>	<u>\$ 839,749</u>	<u>\$ 96,507</u>	<u>\$ 3,886</u>	<u>\$ 15,881,851</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	Business-type Activities		
	Bonds Payable		Total
	Principal	Interest	Debt Service
2022	\$ 631,183	\$ 131,933	\$ 763,116
2023	636,982	125,601	762,583
2024	572,019	119,918	691,937
2025	744,231	121,627	865,858
2026	751,701	114,156	865,857
2027-2031	3,692,090	447,004	4,139,094
2032-2036	3,138,350	239,830	3,378,180
	<u>\$ 10,166,556</u>	<u>\$ 1,300,069</u>	<u>\$ 11,466,625</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, 2021 was \$139,334.

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.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Due Within One Year
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 980,608	\$ 25,202	\$ (74,417)	\$ 931,393	\$ 286,251
Net pension liability	3,074,221	1,959,782	(1,138,000)	3,896,003	-
Net OPEB liability	15,322,154	2,555,420	(244,159)	17,633,415	-
	<u>\$ 19,376,983</u>	<u>\$ 4,540,404</u>	<u>\$ (1,456,576)</u>	<u>\$ 22,460,811</u>	<u>\$ 286,251</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 97,658	\$ 1,280	\$ (4,493)	\$ 94,445	\$ 29,297
Net pension liability	312,278	116,675	(63,384)	365,569	-
	<u>\$ 409,936</u>	<u>\$ 117,955</u>	<u>\$ (67,877)</u>	<u>\$ 460,014</u>	<u>\$ 29,297</u>

Refer to Notes 8, 16, 18 and 20 for more detailed information regarding other long-term obligations.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2021, the Town's liability for compensated absences is \$1,025,838.

NOTE 9 - RESTRICTED NET POSITION

At June 30, 2021, the Town had the following restricted net position:

Education fund	\$ 387,019
Nonmajor special revenue funds (Schedule E):	
Public safety impact fees	89,312
MMA grants	121
Police new officer	517
Additional snow and ice damages	37,278
School special revenue funds	96,912
Nonmajor capital projects funds (Schedule I):	
Town facilities	4,001
State aid to roads	1,253,025
Nonmajor permanent funds:	
Cemetery trust	14,680
Public health trust	26,378
Lester Raynes trust	10,000
Mary Safford Wildes	738,137
George Smart Santa	6,518
Recycling scholarship	7,854
Connie Samuels beautification	58,601
	<u>\$ 2,730,353</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 315,239
Inventory	8,423
Tax acquired property	76,665
Education fund	27,718
Nonmajor special revenue funds (Schedule E)	8,402
Nonmajor permanent funds (Schedule I)	60,000
	<u>\$ 496,447</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2021, the Town had the following restricted fund balances:

Education fund	\$ 387,019
Nonmajor special revenue funds (Schedule E)	215,738
Nonmajor capital projects funds (Schedule G)	1,257,026
Nonmajor permanent funds (Schedule I)	802,168
	<u>\$ 2,661,951</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

General fund:	
Fort Foster/beach signage	\$ 20,000
Traffic circle landscaping	40,000
Police - social services partnership	20,000
Police officer	108,000
Nonmajor special revenue funds (Schedule E)	4,571,016
Nonmajor capital projects funds (Schedule G)	5,227,350
	<u>\$ 9,986,366</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 499,889</u>
---	-------------------

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2021, the Town had the following deficit fund balances:

Nonmajor funds:		
Oil and More Donations	\$	15
Tax Acquired Properties		44,178
Police Grant Support Det.		7,770
Joint Land Use OEA PH1		107,157
School Special Revenue Funds		75,573
Total	\$	<u>234,693</u>

NOTE 15 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2021, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 900,000	5.20%	<u>\$ 46,800</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.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 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, 2020, there were 301 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

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, 2021 was \$663,384.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.mainebers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The 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, 2020, there were 237 employers, including the State of Maine, participating in the plan.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 1.92%.

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 \$9,335,191 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.33% 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 \$1,311,818 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 4.19%, which totaled \$388,274 for 2021. 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 14.96% of compensation and totaled \$27,036 the year ended June 30, 2021.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2021, the Town reported a liability of \$4,089,141 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 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, 2020, the Town's proportion was 1.02920%, which was an increase of 0.02661% from its proportion measured as of June 30, 2019.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

SET Plan

At June 30, 2021, 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	\$ 172,431
State's proportionate share of the net pension liability associated with the Town	<u>11,136,868</u>
Total	<u>\$ 11,309,299</u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2020, the Town's proportion was 0.010564%, which was a decrease of 0.01140% from its proportion measured as of June 30, 2019.

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

For the year ended June 30, 2021, the Town recognized total pension expense of \$108,057 for the PLD plan and total pension expense of \$1,136,933 and revenue of \$1,476,838 for support provided by the State of Maine for the SET plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 245,382	\$ 44,960	\$ 5,516	\$ 3,653
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	266,086	-	7,150	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	58,641	14,899	-	118,550
Contributions subsequent to the measurement date	663,384	-	415,310	-
Total	<u>\$ 1,233,493</u>	<u>\$ 59,859</u>	<u>\$ 427,976</u>	<u>\$ 122,203</u>

\$663,384 for the PLD plan and \$415,310 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Plan year ended June 30:		
2021	\$ (114,586)	\$ (64,093)
2022	172,314	(58,075)
2023	226,012	6,347
2024	226,511	6,280
2025	-	-
Thereafter	-	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 employee is the product of his or her pay and his or her 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., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

Amortization

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

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. 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, 2020 are as follows:

Investment Rate of Return - For the PLD and State Employee and Teacher Plans, 6.75% per annum for the year ended June 30, 2020, compounded annually.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2020.

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, 2020 are summarized in the following table.

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2020 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 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 8,593,725	\$ 4,089,141	\$ 401,810
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 299,046	\$ 172,431	\$ 66,900

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, 2020 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, 2020 with the following exceptions.

Differences between Expected and Actual Experience

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Differences between Expected and Actual Investment Earnings

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in 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 were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of 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' 2020 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 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, 2021 were \$32,873.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

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.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Employees Covered by Benefit Terms

At January 1, 2021, the following employees were covered by the benefit terms:

Active members	73
Retirees and spouses	<u>27</u>
Total	<u><u>100</u></u>

Contributions

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

Retiree Premium Amounts:

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

	2019 - 2020			
	Pre 65		Post 65	
	Single	Two Person	Single	Two Person
Allegiant Care - Union	\$ 9,840.00	\$ 21,252.00	\$ 4,206.48	\$ 8,412.96
MMEHT - PPO 500 - Non Union	\$ 11,547.84	\$ 2,590.32	\$ 6,696.00	\$ 13,392.00
MMEHT - POS A - Non Union	\$ 14,808.60	\$ 33,218.04	\$ 6,696.00	\$ 13,392.00
MMEHT - POS C - Non Union	\$ 13,031.64	\$ 29,231.88	\$ 6,696.00	\$ 13,392.00
MMEHT - Dental - Non Union	\$ 520.32	N/A	\$ 520.32	N/A

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

At June 30, 2021, the Town reported a liability of \$14,803,269 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 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, 2021

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$1,817,452. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,525,876	\$ -
Changes of assumptions	3,690,796	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 6,216,672</u>	<u>\$ -</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:

	MMEHT
Plan year ended June 30:	
2021	\$ 1,179,730
2022	1,179,730
2023	1,179,730
2024	1,179,730
2025	749,132
Thereafter	748,620

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, 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 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

	1% Decrease	Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB liability	\$ 15,645,127	\$ 14,803,269	\$ 10,914,192
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 15,645,127</u>	<u>\$ 14,803,269</u>	<u>\$ 10,914,192</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	\$ 10,700,367	\$ 14,803,269	\$ 15,968,773
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 10,700,367</u>	<u>\$ 14,803,269</u>	<u>\$ 15,968,773</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, 2021, 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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. 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, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end 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 2020_b was used for this valuation. The following assumptions were input into this model:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

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 rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (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.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

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, 2016.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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.

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 - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$2,525,876.

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 June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. 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, 2021

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, 2020, there were 233 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

Benefits Provided

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

Contributions

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 were approximately \$27,008.

OPEB Liabilities and OPEB Expense

At June 30, 2021, 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>240,532</u>
Total	<u><u>\$ 240,532</u></u>

For the year ended June 30, 2021, the District recognized net OPEB expense of \$26,636 and revenue of \$26,636 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 criterion 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, 2021

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, 2021, the following employees were covered by the benefit terms:

Active members	159
Retirees and spouses	72
Total	<u>231</u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 45% 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 55% 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, 2021

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>
<u>Pre-Medicare</u>				
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
<u>Medicare</u>				
Medicare-eligible retirees	\$ 393.32	\$ 786.64		

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

At June 30, 2021, the Town reported a liability of \$2,830,146 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2020 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, 2021, the Town recognized OPEB expense of \$244,159. At June 30, 2021, 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	\$ 211,662	\$ -
Changes of assumptions	519,968	47,092
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	90,987	-
Total	<u>\$ 822,617</u>	<u>\$ 47,092</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

\$90,987 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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:	
2021	\$ 112,930
2022	112,930
2023	112,932
2024	128,630
2025	108,559
Thereafter	108,557

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, 2020. 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 2.21% per annum for June 30, 2020 was based upon a measurement date of June 25, 2020. 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>
	1.21%	2.21%	3.21%
Total OPEB liability	\$ 3,312,380	\$ 2,830,146	\$ 2,440,685
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,312,380</u>	<u>\$ 2,830,146</u>	<u>\$ 2,440,685</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, 2021

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	\$ 2,415,485	\$ 2,830,146	\$ 3,351,675
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,415,485</u>	<u>\$ 2,830,146</u>	<u>\$ 3,351,675</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, 2020, 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 - 2.21% per annum for year-end 2020 reporting, 3.50% per annum for year-end 2019 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2021_b. The following assumptions were applied in this model as below:

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2030+	1.23%
Extra Trend due to Taste/Technology 2030+	1.10%
Expected Health Share of GDP 2030	20.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2040

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 6.21% applied in FYE 2020 and 6.83% applied in FYE 2020 grading over 18 years to 3.25% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% 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, 2021

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, 2018 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of June 30, 2018, 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, 2020 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 assumed to be the midpoint of each service group. Those under 1 year of service, the date was assumed to be January 1, 2018 and all other groups were assumed to be hired on July 1 of each service midpoint.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Rate of Mortality:

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

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

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

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

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

Retiree Continuation Percentage:

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

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

Retirees who are currently under the age of 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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, 2019, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through June 30, 2018 and projects through 2019 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 Group Companion Plan, all retirees under age 64 and current actives with a date of hire before 3/31/1986.

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2017, this average was 8 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, 2021, there were no differences between expected and actual experience.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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 July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2021, 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.

NOTE 21 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2021, the Town had the following overspent appropriations:

Transfers to other funds	<u>\$ 6,865</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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

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 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 25 - COLLATERALIZATION

At June 30, 2021, the Town had two outstanding irrevocable standby letters of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at People's United Bank. These letters of credit, which expire at the close of business on July 20, 2021, authorizes multiple and partial draws only up to the amount of \$24,200,000. There were no draws for the year ended June 30, 2021.

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.

NOTE 27 - RESTATEMENTS

In 2021, it was determined that certain transactions were incorrectly recorded or omitted. The beginning balance for the governmental activities' capital assets were restated as of July 1, 2020 by a decrease of \$1,093 from \$35,056,609 to \$35,055,516.

The nonmajor school special revenue funds have been restated at July 1, 2020 to account for the reclassification of funds from fiduciary to governmental as required by the implementation of GASB Statement No. 84, "Fiduciary Activities". The beginning special beginning special revenue funds were both restated by \$82,399. The resulting restatement increased special revenue funds total fund balance from \$533,686 to \$616,085.

The nonmajor ASA applicant code special revenue fund was restated by an increase of \$5,220 from \$2,465 to \$7,685.

The net restatement to governmental activities net position was an increase of \$86,526 from \$27,125,241 to \$27,211,767.

The business-type activities net position was restated by an increase of \$196,238 from \$9,037,794 to \$9,234,032 to correct the capital asset balance.

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
- 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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 6,773,629	\$ 6,773,629	\$ 6,773,629	\$ -
Resources (Inflows):				
General tax revenue	11,943,697	12,057,745	12,599,770	542,025
Intergovernmental revenue	1,191,208	1,084,025	1,767,475	683,450
Charges for services	1,741,990	1,741,990	1,623,574	(118,416)
Investment income	45,000	45,000	19,407	(25,593)
Other revenue	171,496	171,496	176,346	4,850
Transfers from other funds	35,000	35,000	35,000	-
Amounts Available for Appropriation	<u>21,902,020</u>	<u>21,908,885</u>	<u>22,995,201</u>	<u>1,086,316</u>
Charges to Appropriations (Outflows):				
General government	4,604,287	4,557,287	4,185,156	372,131
Public safety	3,032,118	3,054,118	3,015,487	38,631
Public works	1,114,500	1,114,500	1,047,849	66,651
Recreation and culture	1,870,064	1,687,500	1,388,302	299,198
Health and sanitation	571,906	571,906	561,665	10,241
Social services	73,420	73,420	46,765	26,655
County tax	935,000	935,484	935,484	-
Debt service:				
Principal	772,055	772,055	672,055	100,000
Interest	142,477	142,477	142,477	-
Overlay	214,712	-	-	-
Grant funds/misc. accounts	258,450	258,450	237,252	21,198
Transfers to other funds	1,539,402	2,036,194	2,043,059	(6,865)
Total Charges to Appropriations	<u>15,128,391</u>	<u>15,203,391</u>	<u>14,275,551</u>	<u>927,840</u>
Budgetary Fund Balance, June 30	<u>\$ 6,773,629</u>	<u>\$ 6,705,494</u>	<u>\$ 8,719,650</u>	<u>\$ 2,014,156</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>

See accompanying independent auditors' 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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 953,296	\$ 953,296	\$ 953,296	\$ -
Revenues (Inflows):				
Local assessments	16,305,504	16,305,504	16,305,504	-
Intergovernmental revenues:				
State subsidy	1,899,475	1,899,475	1,905,320	5,845
Medicaid	30,000	30,000	17,727	(12,273)
Impact aid	400,000	400,000	488,500	88,500
Other	-	-	42,572	42,572
Charges for services	30,000	30,000	12,280	(17,720)
Other revenue	7,400	7,400	83,546	76,146
Amounts Available for Appropriation	<u>19,625,675</u>	<u>19,625,675</u>	<u>19,808,745</u>	<u>183,070</u>
Charges to Appropriations (Outflows):				
Regular instruction	7,465,219	7,382,514	7,248,537	133,977
Special education	4,263,355	4,263,710	3,418,179	845,531
Other instruction	369,827	355,253	266,358	88,895
Student and staff support	1,957,801	2,010,149	1,954,645	55,504
System administration	699,712	726,965	723,331	3,634
School administration	1,043,011	1,043,011	1,026,437	16,574
Transportation and buses	652,500	652,500	601,568	50,932
Operations and maintenance	1,360,982	1,335,883	1,334,928	955
Debt service:				
Principal	615,000	615,000	615,000	-
Interest	154,972	154,972	154,972	-
Transfers to other funds	90,000	337,572	337,572	-
Total Charges to Appropriations	<u>18,672,379</u>	<u>18,877,529</u>	<u>17,681,527</u>	<u>1,196,002</u>
Budgetary Fund Balance, June 30	<u>\$ 953,296</u>	<u>\$ 748,146</u>	<u>\$ 2,127,218</u>	<u>\$ 1,379,072</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

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

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Proportion of the net pension liability	1.03%	1.00%	1.01%	0.98%	0.99%	1.02%	1.00%
Proportionate share of the net pension liability	\$ 4,089,141	\$ 3,064,549	\$ 2,771,205	\$ 4,022,261	\$ 5,257,645	\$ 3,253,198	\$ 1,538,376
Covered payroll	\$ 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	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	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	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
School Department's proportionate share of the net pension liability	\$ 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	11,136,868	9,407,634	8,627,532	9,439,716	11,131,629	8,327,329	6,502,031
Total	<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	\$ 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	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	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 auditors' report and notes to financial statements.

SCHEDULE 3

TOWN OF KITTERY, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Contractually required contribution	\$ 663,384	\$ 563,331	\$ 514,920	\$ 562,108	\$ 503,516	\$ 464,330	\$ 416,802
Contributions in relation to the contractually required contribution	(663,384)	(563,331)	(514,920)	(562,108)	(503,516)	(464,330)	(416,802)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 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	11.60%	11.90%	12.04%	11.34%	10.90%	10.46%	9.53%
<u>SET Plan:</u>							
Contractually required contribution	\$ 415,310	\$ 393,956	\$ 386,762	\$ 355,212	\$ 299,625	\$ 277,171	\$ 220,876
Contributions in relation to the contractually required contribution	(415,310)	(393,956)	(386,762)	(355,212)	(299,625)	(277,171)	(220,876)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Department's covered payroll	\$ 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	4.45%	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 auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

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

	2021	2020	2019	2018
<u>SET Life Insurance:</u>				
Proportion of the net OPEB liability	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	240,532	237,241	228,880	210,553
Total	<u>\$ 240,532</u>	<u>\$ 237,241</u>	<u>\$ 228,880</u>	<u>\$ 210,553</u>
Covered payroll	\$ 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%
Plan fiduciary net position as a percentage of the total OPEB liability	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 auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT PLAN
FOR THE YEAR ENDED JUNE 30, 2021

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/18 (Reporting July 1, 2019)	\$ 12,985,817	\$ -	\$ 12,985,817
Changes for the year:			
Service cost	719,758	-	719,758
Interest	282,953	-	282,953
Changes of benefits	-	-	-
Differences between expected and actual experience	570,688	-	570,688
Changes of assumptions	609,042	-	609,042
Contributions - employer	-	364,989	(364,989)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(364,989)	(364,989)	-
Administrative expense	-	-	-
Net changes	1,817,452	-	1,817,452
Balances at 7/1/19 (Reporting July 1, 2020)	<u>\$ 14,803,269</u>	<u>\$ -</u>	<u>\$ 14,803,269</u>

See accompanying independent auditors' 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*

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 719,758	\$ 704,195	\$ 308,137	\$ 93,836
Interest (includes interest on service cost)	282,953	269,416	239,907	121,824
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	570,688	686,240	262,710	3,357,298
Changes of assumptions	609,042	4,299,838	-	282,775
Benefit payments, including refunds of member contributions	(364,989)	(357,097)	(253,943)	(149,825)
Net change in total OPEB liability	\$ 1,817,452	\$ 5,602,592	\$ 556,811	\$ 3,705,908
 Total OPEB liability - beginning	 \$ 12,985,817	 \$ 7,383,225	 \$ 6,826,414	 \$ 3,120,506
Total OPEB liability - ending	\$ 14,803,269	\$ 12,985,817	\$ 7,383,225	\$ 6,826,414
 <u>Plan fiduciary net position</u>				
Contributions - employer	364,989	357,097	253,943	149,825
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(364,989)	(357,097)	(253,943)	(149,825)
Administrative expense	-	-	-	-
Net change in fiduciary net position	-	-	-	-
 Plan fiduciary net position - beginning	 \$ -	 \$ -	 \$ -	 \$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -
 Net OPEB liability - ending	 \$ 14,803,269	 \$ 12,985,817	 \$ 7,383,225	 \$ 6,826,414
 Plan fiduciary net position as a percentage of the total OPEB liability	 -	 -	 -	 -
 Covered payroll	 \$ 4,515,283	 \$ 4,426,748	 \$ 4,444,402	 \$ 4,357,257
Net OPEB liability as a percentage of covered payroll	327.85%	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 auditors' 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, 2021

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/19 (Reporting June 30, 2020)	\$ 2,336,337	\$ -	\$ 2,336,337
Changes for the year:			
Service cost	23,756	-	23,756
Interest	80,861	-	80,861
Changes of benefits	(270,272)	-	(270,272)
Differences between expected and actual experience	246,939	-	246,939
Changes of assumptions	512,972	-	512,972
Contributions - employer	-	100,447	(100,447)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(100,447)	(100,447)	-
Administrative expense	-	-	-
Net changes	493,809	-	493,809
Balances at 6/30/20 (Reporting June 30, 2021)	<u>\$ 2,830,146</u>	<u>\$ -</u>	<u>\$ 2,830,146</u>

See accompanying independent auditors' 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*

	2021	2020	2019
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 23,756	\$ 19,953	\$ 21,415
Interest (includes interest on service cost)	80,861	84,343	81,110
Changes of benefit terms	(270,272)	-	-
Differences between expected and actual experience	246,939	-	-
Changes of assumptions	512,972	120,416	(94,186)
Benefit payments, including refunds of member contributions	(100,447)	(94,776)	(91,500)
Net change in total OPEB liability	\$ 493,809	\$ 129,936	\$ (83,161)
 Total OPEB liability - beginning	 \$ 2,336,337	 \$ 2,206,401	 \$ 2,289,562
Total OPEB liability - ending	\$ 2,830,146	\$ 2,336,337	\$ 2,206,401
 <u>Plan fiduciary net position</u>			
Contributions - employer	100,447	94,776	91,500
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(100,447)	(94,776)	(91,500)
Administrative expense	-	-	-
Net change in fiduciary net position	-	-	-
 Plan fiduciary net position - beginning	 \$ -	 \$ -	 \$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -
 Net OPEB liability - ending	 \$ 2,830,146	 \$ 2,336,337	 \$ 2,206,401
 Plan fiduciary net position as a percentage of the total OPEB liability	 -	 -	 -
 Covered payroll	 \$ 7,445,836	 \$ 7,718,042	 \$ 7,511,476
Net OPEB liability as a percentage of covered payroll	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 auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018
<u>MMEHT:</u>				
Employer contributions	\$ 364,989	\$ 357,097	\$ 253,943	\$ 149,825
Benefit payments	(364,989)	(357,097)	(253,943)	(149,825)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 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%
	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>
Covered payroll	\$ 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%
	2021	2020	2019	
<u>MEABT:</u>				
Employer contributions	\$ 100,447	\$ 94,776	\$ 91,500	
Benefit payments	(100,447)	(94,776)	(91,500)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 7,445,836	\$ 7,718,042	\$ 7,511,476	
Contributions as a percentage of covered payroll		0.00%	0.00%	0.00%

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

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions

MMEHT:

There was a change in the discount rate from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

MEABT:

There was a change in the discount rate from 3.50% to 2.21% per GASB 75 discount rate selection. There was also an updated census, demographic assumptions and economic assumptions.

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

SCHEDULE A

TOWN OF KITTERY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 10,323,697	\$ 10,437,745	\$ 10,454,386	\$ 16,641
Vehicle excise taxes	1,600,000	1,600,000	2,111,718	511,718
Boat excise taxes	20,000	20,000	33,666	13,666
Intergovernmental revenues:				
State revenue sharing	450,000	450,000	880,453	430,453
Homestead exemption	335,117	300,000	407,281	107,281
GMH Housing	286,000	286,000	289,137	3,137
General assistance	45,000	45,000	33,330	(11,670)
Other	75,091	3,025	157,274	154,249
Charges for services:				
Recreation fees	850,000	850,000	182,586	(667,414)
Library fees	10,000	10,000	2,139	(7,861)
Code enforcement fees	225,000	225,000	383,404	158,404
Registration fees	25,000	25,000	44,399	19,399
Town clerk fees	24,200	24,200	26,077	1,877
Planning fees	15,000	15,000	12,903	(2,097)
Solid waste/recycling	45,000	45,000	73,097	28,097
Solid waste/permits	70,000	70,000	125,945	55,945
Fort Foster fees	175,000	175,000	353,286	178,286
Dispatching services	139,360	139,360	139,576	216
Police department	36,530	36,530	54,756	18,226
Animal control	6,800	6,800	4,815	(1,985)
Public works	11,500	11,500	13,724	2,224
Mooring/launch fees	96,600	96,600	182,417	85,817
Harbor fees	12,000	12,000	24,450	12,450
Investment income:				
Investment income	45,000	45,000	19,407	(25,593)
Other income:				
Interest/fees on taxes	45,000	45,000	58,229	13,229
Payment in lieu of taxes	3,200	3,200	3,123	(77)
Rent	22,900	22,900	22,900	-
Other reimbursements	100,396	100,396	92,094	(8,302)
Transfers from other funds:				
Permanent funds	35,000	35,000	35,000	-
Total Revenues	<u>\$ 15,128,391</u>	<u>\$ 15,135,256</u>	<u>\$ 16,221,572</u>	<u>\$ 1,086,316</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
General government					
Administration	\$ 1,137,633	\$ (25,000)	\$ 1,112,633	\$ 959,176	\$ 153,457
Code enforcement	540,593	-	540,593	524,022	16,571
Benefits	1,638,866	-	1,638,866	1,497,169	141,697
Insurance	1,246,760	-	1,246,760	1,193,750	53,010
Planning board	10,335	-	10,335	7,629	2,706
Elections	22,750	(22,000)	750	-	750
Council	7,350	-	7,350	3,410	3,940
	<u>4,604,287</u>	<u>(47,000)</u>	<u>4,557,287</u>	<u>4,185,156</u>	<u>372,131</u>
Public safety					
Police department	2,341,806	35,000	2,376,806	2,368,520	8,286
Fire department	373,312	(13,000)	360,312	352,911	7,401
Street lights	55,000	-	55,000	38,907	16,093
Hydrants	262,000	-	262,000	255,149	6,851
	<u>3,032,118</u>	<u>22,000</u>	<u>3,054,118</u>	<u>3,015,487</u>	<u>38,631</u>
Public works					
Highways	1,114,500	-	1,114,500	1,047,849	66,651
	<u>1,114,500</u>	<u>-</u>	<u>1,114,500</u>	<u>1,047,849</u>	<u>66,651</u>
Recreation and culture					
Parks	164,062	-	164,062	177,578	(13,516)
Fort Foster	170,024	(16,164)	153,860	137,326	16,534
Recreation	1,053,545	(167,400)	886,145	594,202	291,943
Library	374,856	-	374,856	370,904	3,952
Harbormaster	107,577	1,000	108,577	108,292	285
	<u>1,870,064</u>	<u>(182,564)</u>	<u>1,687,500</u>	<u>1,388,302</u>	<u>299,198</u>
Health and sanitation					
Solid waste	571,906	-	571,906	561,665	10,241
	<u>571,906</u>	<u>-</u>	<u>571,906</u>	<u>561,665</u>	<u>10,241</u>
Social services					
General assistance	65,000	-	65,000	38,344	26,656
Community agencies	7,900	-	7,900	7,900	-
Public health services	520	-	520	521	(1)
	<u>73,420</u>	<u>-</u>	<u>73,420</u>	<u>46,765</u>	<u>26,655</u>

TOWN OF KITTERY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
County tax	935,000	484	935,484	935,484	-
Debt service					
Principal	772,055	-	772,055	672,055	100,000
Interest	142,477	-	142,477	142,477	-
	914,532	-	914,532	814,532	100,000
Overlay	214,712	(214,712)	-	-	-
Grant funds/misc. accounts					
EPA stormwater program	19,600	-	19,600	18,964	636
Memorial day activities	700	-	700	-	700
Computer repair	65,000	-	65,000	49,103	15,897
Mosquito/tick control	38,580	-	38,580	38,856	(276)
PSAP paid to York police dept.	35,000	-	35,000	31,359	3,641
Bank fees	600	-	600	-	600
Adult education	98,970	-	98,970	98,970	-
	258,450	-	258,450	237,252	21,198
Transfers to other funds					
Special revenue funds	83,902	282,080	365,982	372,847	(6,865)
Capital projects funds	1,455,500	214,712	1,670,212	1,670,212	-
	1,539,402	496,792	2,036,194	2,043,059	(6,865)
Total Departmental Operations	<u>\$ 15,128,391</u>	<u>\$ 75,000</u>	<u>\$ 15,203,391</u>	<u>\$ 14,275,551</u>	<u>\$ 927,840</u>

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE C

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 87,422	\$ -	\$ 37,015	\$ 124,437
Investments	-	-	715,139	715,139
Accounts receivable (net of allowance for uncollectibles)	365,332	-	-	365,332
Inventory	8,402	-	-	8,402
Due from other funds	4,871,078	6,850,539	115,975	11,837,592
TOTAL ASSETS	<u>\$ 5,332,234</u>	<u>\$ 6,850,539</u>	<u>\$ 868,129</u>	<u>\$ 13,050,902</u>
LIABILITIES				
Accounts payable	\$ 115,352	\$ 366,163	\$ -	\$ 481,515
Due to other funds	156,530	-	7,499	164,029
TOTAL LIABILITIES	<u>271,882</u>	<u>366,163</u>	<u>7,499</u>	<u>645,544</u>
FUND BALANCES				
Nonspendable	8,402	-	60,000	68,402
Restricted	215,738	1,257,026	802,168	2,274,932
Committed	4,571,016	5,227,350	-	9,798,366
Assigned	499,889	-	-	499,889
Unassigned	(234,693)	-	(1,538)	(236,231)
TOTAL FUND BALANCES	<u>5,060,352</u>	<u>6,484,376</u>	<u>860,630</u>	<u>12,405,358</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,332,234</u>	<u>\$ 6,850,539</u>	<u>\$ 868,129</u>	<u>\$ 13,050,902</u>

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE D

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 3,778,973	\$ 283,257	\$ -	\$ 4,062,230
Charges for services	316,538	-	-	316,538
Investment income, net of unrealized gains/(losses)	-	-	123,129	123,129
Interest income	-	2,180	-	2,180
Other income	387,210	196,916	60,079	644,205
TOTAL REVENUES	<u>4,482,721</u>	<u>482,353</u>	<u>183,208</u>	<u>5,148,282</u>
EXPENDITURES				
General government	219,182	-	85,578	304,760
Public safety	118,902	-	-	118,902
Public works	-	902,037	-	902,037
Health and sanitation	445,199	-	-	445,199
Recreation and culture	81,537	-	-	81,537
Education	3,522,205	112,807	-	3,635,012
Capital outlay	1,292,953	287,962	-	1,580,915
Other	356,016	24,948	-	380,964
TOTAL EXPENDITURES	<u>6,035,994</u>	<u>1,327,754</u>	<u>85,578</u>	<u>7,449,326</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,553,273)</u>	<u>(845,401)</u>	<u>97,630</u>	<u>(2,301,044)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	5,000,982	-	5,000,982
Premiums on bond issuance	-	-	-	-
Bond issuance costs	-	(30,504)	-	(30,504)
Transfers in	2,187,188	446,045	14,680	2,647,913
Transfers (out)	(260,243)	(42,039)	-	(302,282)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,926,945</u>	<u>5,374,484</u>	<u>14,680</u>	<u>7,316,109</u>
NET CHANGE IN FUND BALANCES	373,672	4,529,083	112,310	5,015,065
FUND BALANCES, JULY 1, RESTATED	<u>4,686,680</u>	<u>1,955,293</u>	<u>748,320</u>	<u>7,390,293</u>
FUND BALANCES, JUNE 30	<u>\$ 5,060,352</u>	<u>\$ 6,484,376</u>	<u>\$ 860,630</u>	<u>\$ 12,405,358</u>

See accompanying independent auditors' 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.

SCHEDULE E

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	ASA Applicant Code	Oil and More Donations	Channel 22	Concert in the Park	D.A.R.E.	Fire Hazmat Spill Cleanup	Thresher Memorial
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	-	286,338	297	216	11,227	7,527
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,338</u>	<u>\$ 297</u>	<u>\$ 216</u>	<u>\$ 11,227</u>	<u>\$ 7,527</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 1,212	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	15	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>15</u>	<u>1,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	285,126	297	216	11,227	7,527
Assigned	-	-	-	-	-	-	-
Unassigned	-	(15)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>(15)</u>	<u>285,126</u>	<u>297</u>	<u>216</u>	<u>11,227</u>	<u>7,527</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,338</u>	<u>\$ 297</u>	<u>\$ 216</u>	<u>\$ 11,227</u>	<u>\$ 7,527</u>

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Accrued Compensated Absences	Ballot Counting Machines	Library Donations	Kittery Block Party	Kittery Community Center	York Hospital
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	289,740	6,078	11,426	888	15,177	13,202
TOTAL ASSETS	<u>\$ 289,740</u>	<u>\$ 6,078</u>	<u>\$ 11,426</u>	<u>\$ 888</u>	<u>\$ 15,177</u>	<u>\$ 13,202</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	289,740	6,078	11,426	888	15,177	13,202
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>289,740</u>	<u>6,078</u>	<u>11,426</u>	<u>888</u>	<u>15,177</u>	<u>13,202</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 289,740</u>	<u>\$ 6,078</u>	<u>\$ 11,426</u>	<u>\$ 888</u>	<u>\$ 15,177</u>	<u>\$ 13,202</u>

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Police Forfeiture	Public Safety Impact Fees	Open Space	MMA Grants	Conservation Committee	TIF Financial Plan
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	11,388	89,312	-	121	568	100,309
TOTAL ASSETS	<u>\$ 11,388</u>	<u>\$ 89,312</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 568</u>	<u>\$ 100,309</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	89,312	-	121	-	-
Committed	11,388	-	-	-	568	100,309
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>11,388</u>	<u>89,312</u>	<u>-</u>	<u>121</u>	<u>568</u>	<u>100,309</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,388</u>	<u>\$ 89,312</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 568</u>	<u>\$ 100,309</u>

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Climate Control Grant	ASA	Sewer Impact Fees	Sewer Betterments	Keep Maine Healthy Grant	DPW Right of Way Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	25,810	15,000	-	-
Inventory	-	-	-	-	-	-
Due from other funds	-	31,341	632,242	189,999	867	629,603
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 31,341</u>	<u>\$ 658,052</u>	<u>\$ 204,999</u>	<u>\$ 867</u>	<u>\$ 629,603</u>
LIABILITIES						
Accounts payable	\$ -	\$ 342	\$ 3,350	\$ -	\$ -	\$ 39,603
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>342</u>	<u>3,350</u>	<u>-</u>	<u>-</u>	<u>39,603</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	30,999	654,702	204,999	867	590,000
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>30,999</u>	<u>654,702</u>	<u>204,999</u>	<u>867</u>	<u>590,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 31,341</u>	<u>\$ 658,052</u>	<u>\$ 204,999</u>	<u>\$ 867</u>	<u>\$ 629,603</u>

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Fort Foster FEMA	KCC Visual Arts Committee	Recreational Vehicle	Highway Vehicle	Fire Dept. Vehicle	KCC Playgrounds	Spruce Creek PH5 Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	2,365	23,050	85,371	195,591	64,718	2,352
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,365</u>	<u>\$ 23,050</u>	<u>\$ 85,371</u>	<u>\$ 195,591</u>	<u>\$ 64,718</u>	<u>\$ 2,352</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	2,365	23,050	85,371	195,591	64,718	2,352
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>2,365</u>	<u>23,050</u>	<u>85,371</u>	<u>195,591</u>	<u>64,718</u>	<u>2,352</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 2,365</u>	<u>\$ 23,050</u>	<u>\$ 85,371</u>	<u>\$ 195,591</u>	<u>\$ 64,718</u>	<u>\$ 2,352</u>

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Tax Acquired Properties	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Mass Transit Reserve Fund	Ogden Fdn. Prog. Dev Grant (KCC)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	4,847	9,289	5,163	50,285	82,500	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,847</u>	<u>\$ 9,289</u>	<u>\$ 5,163</u>	<u>\$ 50,285</u>	<u>\$ 82,500</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	44,178	-	-	-	-	-	-
TOTAL LIABILITIES	<u>44,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	4,847	9,289	5,163	50,285	82,500	-
Assigned	-	-	-	-	-	-	-
Unassigned	(44,178)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(44,178)</u>	<u>4,847</u>	<u>9,289</u>	<u>5,163</u>	<u>50,285</u>	<u>82,500</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 4,847</u>	<u>\$ 9,289</u>	<u>\$ 5,163</u>	<u>\$ 50,285</u>	<u>\$ 82,500</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Police Vehicle Equipment	Emery Field PH 2 LCWF Grant	Records Preservation	Municipal Facility Reserve	Covid Grant	Parks Buildings and Grounds	Billable Police Details	Pol. Grant Support Det.
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	81,355	370,745	10	218,431	42,758	41,921	27,823	-
TOTAL ASSETS	\$ 81,355	\$ 370,745	\$ 10	\$ 218,431	\$ 42,758	\$ 41,921	\$ 27,823	\$ -
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 418	\$ -
Due to other funds	-	-	-	-	-	-	-	7,770
TOTAL LIABILITIES	-	-	-	-	-	-	418	7,770
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	81,355	370,745	10	218,431	42,758	41,921	27,405	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(7,770)
TOTAL FUND BALANCES (DEFICITS)	81,355	370,745	10	218,431	42,758	41,921	27,405	(7,770)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 81,355	\$ 370,745	\$ 10	\$ 218,431	\$ 42,758	\$ 41,921	\$ 27,823	\$ -

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Kittery Community Center 5 Year	Joint Land Use OEA PH1	Port Authority Equipment	Fire Equipment Reserve	Sewer Vehicle Reserve	Sewer Depreciation Reserve	Sewer Safety Grants
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	6,046	-	53,297	210,677	45,722	280,243	27
TOTAL ASSETS	<u>\$ 6,046</u>	<u>\$ -</u>	<u>\$ 53,297</u>	<u>\$ 210,677</u>	<u>\$ 45,722</u>	<u>\$ 280,243</u>	<u>\$ 27</u>
LIABILITIES							
Accounts payable	\$ -	\$ 2,590	\$ -	\$ -	\$ -	\$ 7,775	\$ -
Due to other funds	-	104,567	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>107,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,775</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	6,046	-	53,297	210,677	45,722	272,468	27
Assigned	-	-	-	-	-	-	-
Unassigned	-	(107,157)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,046</u>	<u>(107,157)</u>	<u>53,297</u>	<u>210,677</u>	<u>45,722</u>	<u>272,468</u>	<u>27</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,046</u>	<u>\$ -</u>	<u>\$ 53,297</u>	<u>\$ 210,677</u>	<u>\$ 45,722</u>	<u>\$ 280,243</u>	<u>\$ 27</u>

SCHEDULE E (CONTINUED)

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Police New Officer	Additional Snow and Ice Damages	Athletic Fields	Senior Tax Program	Wetland Mitigation	School Special Revenue Funds	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,422	\$ 87,422
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	324,522	365,332
Inventory	-	-	-	-	-	8,402	8,402
Due from other funds	517	37,278	-	4,000	80,703	516,128	4,871,078
TOTAL ASSETS	<u>\$ 517</u>	<u>\$ 37,278</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 80,703</u>	<u>\$ 936,474</u>	<u>\$ 5,332,234</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,062	\$ 115,352
Due to other funds	-	-	-	-	-	-	156,530
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,062</u>	<u>271,882</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	8,402	8,402
Restricted	517	37,278	-	-	-	88,510	215,738
Committed	-	-	-	4,000	80,703	355,184	4,571,016
Assigned	-	-	-	-	-	499,889	499,889
Unassigned	-	-	-	-	-	(75,573)	(234,693)
TOTAL FUND BALANCES (DEFICITS)	<u>517</u>	<u>37,278</u>	<u>-</u>	<u>4,000</u>	<u>80,703</u>	<u>876,412</u>	<u>5,060,352</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 517</u>	<u>\$ 37,278</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 80,703</u>	<u>\$ 936,474</u>	<u>\$ 5,332,234</u>

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE F

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	ASA Applicant Code	Oil and More Donations	Channel 22	Concert in the Park	D.A.R.E.	Fire Hazmat Spill Cleanup	Thresher Memorial
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	98,067	1,100	-	1,451	2,050
TOTAL REVENUES	-	-	98,067	1,100	-	1,451	2,050
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	3,195	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	800	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	38,888	-	-	-	3,786
TOTAL EXPENDITURES	-	-	38,888	800	-	3,195	3,786
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	59,179	300	-	(1,744)	(1,736)
OTHER FINANCING SOURCES (USES)							
Transfers in	104,263	-	-	-	-	-	-
Transfers (out)	(111,948)	-	(35,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,685)	-	(35,000)	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(7,685)	-	24,179	300	-	(1,744)	(1,736)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	7,685	(15)	260,947	(3)	216	12,971	9,263
FUND BALANCES (DEFICITS), JUNE 30	\$ -	\$ (15)	\$ 285,126	\$ 297	\$ 216	\$ 11,227	\$ 7,527

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Accrued Compensated Absences	Ballot Counting Machines	Library Donations	Kittery Block Party	Kittery Community Center	York Hospital
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	600	10,000
TOTAL REVENUES	-	-	-	-	600	10,000
EXPENDITURES						
General government	99,183	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Recreation and culture	-	-	60,022	708	6,368	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	12,960
TOTAL EXPENDITURES	99,183	-	60,022	708	6,368	12,960
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(99,183)	-	(60,022)	(708)	(5,768)	(2,960)
OTHER FINANCING SOURCES (USES)						
Transfers in	200,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	200,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	100,817	-	(60,022)	(708)	(5,768)	(2,960)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	188,923	6,078	71,448	1,596	20,945	16,162
FUND BALANCES (DEFICITS), JUNE 30	\$ 289,740	\$ 6,078	\$ 11,426	\$ 888	\$ 15,177	\$ 13,202

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Police Forfeiture	Public Safety Impact Fees	Open Space	MMA Grants	Conservation Committee	TIF Financial Plan
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	62,555	-	-	-	-
Other income	2,259	-	-	4,000	-	-
TOTAL REVENUES	<u>2,259</u>	<u>62,555</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
General government	-	-	-	4,061	-	-
Public safety	-	15,836	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	344	6,752
TOTAL EXPENDITURES	<u>-</u>	<u>15,836</u>	<u>-</u>	<u>4,061</u>	<u>344</u>	<u>6,752</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,259</u>	<u>46,719</u>	<u>-</u>	<u>(61)</u>	<u>(344)</u>	<u>(6,752)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	27,000
Transfers (out)	-	-	(6,890)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(6,890)</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2,259	46,719	(6,890)	(61)	(344)	20,248
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>9,129</u>	<u>42,593</u>	<u>6,890</u>	<u>182</u>	<u>912</u>	<u>80,061</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 11,388</u>	<u>\$ 89,312</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 568</u>	<u>\$ 100,309</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, 2021

	Climate Control Grant	ASA	Sewer Impact Fees	Sewer Betterments	Keep Maine Healthy Grant	DPW Right of Way Reserve
REVENUES						
Intergovernmental revenue	\$ 55,000	\$ -	\$ -	\$ -	\$ 338,642	\$ -
Charges for services	-	3,420	87,400	69,000	-	-
Other income	-	29,844	-	-	-	18,206
TOTAL REVENUES	<u>55,000</u>	<u>33,264</u>	<u>87,400</u>	<u>69,000</u>	<u>338,642</u>	<u>18,206</u>
EXPENDITURES						
General government	-	9,950	-	-	-	-
Public safety	55,000	-	-	-	-	-
Health and sanitation	-	-	73,332	3,863	335,861	-
Recreation and culture	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	633,524
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>55,000</u>	<u>9,950</u>	<u>73,332</u>	<u>3,863</u>	<u>335,861</u>	<u>633,524</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>23,314</u>	<u>14,068</u>	<u>65,137</u>	<u>2,781</u>	<u>(615,318)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	111,948	-	-	-	450,000
Transfers (out)	-	(104,263)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>7,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	30,999	14,068	65,137	2,781	(165,318)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>-</u>	<u>-</u>	<u>640,634</u>	<u>139,862</u>	<u>(1,914)</u>	<u>755,318</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ -</u>	<u>\$ 30,999</u>	<u>\$ 654,702</u>	<u>\$ 204,999</u>	<u>\$ 867</u>	<u>\$ 590,000</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, 2021

	Fort Foster FEMA	KCC Visual Arts Committee	Recreational Vehicle	Highway Vehicle	Fire Dept. Vehicle	KCC Playgrounds	Spruce Creek PH5 Grant
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	550	-	-	-	-	14,270
TOTAL REVENUES	-	550	-	-	-	-	14,270
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	210	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	349,747	-	-	-
Other	218,822	-	2,071	-	-	-	12,990
TOTAL EXPENDITURES	218,822	210	2,071	349,747	-	-	12,990
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(218,822)	340	(2,071)	(349,747)	-	-	1,280
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	361,000	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	361,000	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(218,822)	340	(2,071)	11,253	-	-	1,280
FUND BALANCES (DEFICITS), JULY 1, RESTATED	218,822	2,025	25,121	74,118	195,591	64,718	1,072
FUND BALANCES (DEFICITS), JUNE 30	\$ -	\$ 2,365	\$ 23,050	\$ 85,371	\$ 195,591	\$ 64,718	\$ 2,352

SCHEDULE F (CONTINUED)

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Tax Acquired Properties	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Mass Transit Reserve Fund	Ogden Fdn. Prog. Dev Grant (KCC)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	3,575	-	-	-	-
TOTAL REVENUES	-	-	3,575	-	-	-	-
EXPENDITURES							
General government	3,698	-	-	-	27,583	-	-
Public safety	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	35,473	-	-	-	-	-
Other	-	-	18,384	-	-	32,500	1,195
TOTAL EXPENDITURES	3,698	35,473	18,384	-	27,583	32,500	1,195
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,698)	(35,473)	(14,809)	-	(27,583)	(32,500)	(1,195)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	52,638	-	2,400
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	52,638	-	2,400
NET CHANGE IN FUND BALANCES (DEFICITS)	(3,698)	(35,473)	(14,809)	-	25,055	(32,500)	1,205
FUND BALANCES (DEFICITS), JULY 1, RESTATED	(40,480)	40,320	24,098	5,163	25,230	115,000	(1,205)
FUND BALANCES (DEFICITS), JUNE 30	\$ (44,178)	\$ 4,847	\$ 9,289	\$ 5,163	\$ 50,285	\$ 82,500	\$ -

SCHEDULE F (CONTINUED)

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Police Vehicle Equipment	Emery Field PH 2 LCWF Grant	Records Preservation	Municipal Facility Reserve	Covid Grant	Parks Buildings and Grounds	Billable Police Details	Pol. Grant Support Det.
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 51,365	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	41,720	2,379
Other income	25,376	-	-	-	-	-	-	-
TOTAL REVENUES	25,376	-	-	-	51,365	-	41,720	2,379
EXPENDITURES								
General government	-	-	-	23,707	-	-	-	-
Public safety	-	-	-	-	8,607	-	28,676	4,528
Public works	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	10,929	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	154,679	12,825	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	154,679	12,825	-	23,707	8,607	10,929	28,676	4,528
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(129,303)	(12,825)	-	(23,707)	42,758	(10,929)	13,044	(2,149)
OTHER FINANCING SOURCES (USES)								
Transfers in	147,000	300,000	-	120,355	-	15,000	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	147,000	300,000	-	120,355	-	15,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	17,697	287,175	-	96,648	42,758	4,071	13,044	(2,149)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	63,658	83,570	10	121,783	-	37,850	14,361	(5,621)
FUND BALANCES (DEFICITS), JUNE 30	\$ 81,355	\$ 370,745	\$ 10	\$ 218,431	\$ 42,758	\$ 41,921	\$ 27,405	\$ (7,770)

SCHEDULE F (CONTINUED)

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Kittery Community Center 5 Year	Joint Land Use OEA PH1	Port Authority Equipment	Fire Equipment Reserve	Sewer Vehicle Reserve	Sewer Depreciation Reserve	Sewer Safety Grants
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	3,060	-	-	-
Health and sanitation	-	-	-	-	-	29,172	2,971
Recreation and culture	2,500	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	106,705	-	-	-	-	-
Other	-	-	7,324	-	-	-	-
TOTAL EXPENDITURES	2,500	106,705	7,324	3,060	-	29,172	2,971
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,500)	(106,705)	(7,324)	(3,060)	-	(29,172)	(2,971)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	1,584	44,000	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,584	44,000	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,500)	(106,705)	(5,740)	40,940	-	(29,172)	(2,971)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	8,546	(452)	59,037	169,737	45,722	301,640	2,998
FUND BALANCES (DEFICITS), JUNE 30	\$ 6,046	\$ (107,157)	\$ 53,297	\$ 210,677	\$ 45,722	\$ 272,468	\$ 27

SCHEDULE F (CONTINUED)

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES and CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Police New Officer	Additional Snow and Ice Damages	Athletic Fields	Senior Tax Program	Wetland Mitigation	School Special Revenue Funds	Total
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 27,360	\$ 3,306,606	\$ 3,778,973
Charges for services	-	-	-	-	-	50,064	316,538
Other income	-	-	-	-	-	175,862	387,210
TOTAL REVENUES	-	-	-	-	27,360	3,532,532	4,482,721
EXPENDITURES							
General government	-	-	-	51,000	-	-	219,182
Public safety	-	-	-	-	-	-	118,902
Health and sanitation	-	-	-	-	-	-	445,199
Recreation and culture	-	-	-	-	-	-	81,537
Education	-	-	-	-	-	3,522,205	3,522,205
Capital outlay	-	-	-	-	-	-	1,292,953
Other	-	-	-	-	-	-	356,016
TOTAL EXPENDITURES	-	-	-	51,000	-	3,522,205	6,035,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(51,000)	27,360	10,327	(1,553,273)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	250,000	2,187,188
Transfers (out)	-	-	(2,142)	-	-	-	(260,243)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,142)	-	-	250,000	1,926,945
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(2,142)	(51,000)	27,360	260,327	373,672
FUND BALANCES (DEFICITS), JULY 1, RESTATED	517	37,278	2,142	55,000	53,343	616,085	4,686,680
FUND BALANCES (DEFICITS), JUNE 30	\$ 517	\$ 37,278	\$ -	\$ 4,000	\$ 80,703	\$ 876,412	\$ 5,060,352

See accompanying independent auditors' 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, 2021

	Community Center	Town Facilities	Street Lights Project	Pepperill Coves Paving/ Utilities	Fire Department Facility	Public Works Sign Shed
ASSETS						
Due from other funds	\$ -	\$ 4,001	\$ 36,639	\$ -	\$ 13,819	\$ 20
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,001</u>	<u>\$ 36,639</u>	<u>\$ -</u>	<u>\$ 13,819</u>	<u>\$ 20</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	4,001	-	-	-	-
Committed	-	-	36,639	-	13,819	20
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>4,001</u>	<u>36,639</u>	<u>-</u>	<u>13,819</u>	<u>20</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 4,001</u>	<u>\$ 36,639</u>	<u>\$ -</u>	<u>\$ 13,819</u>	<u>\$ 20</u>

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Boat Infrastructure Grant	Rice Building Rehab	Fort Foster Bench	State Aid to Roads	Abatement Reserve
ASSETS					
Due from other funds	\$ -	\$ 4,804,213	\$ 10,986	\$ 1,253,025	\$ 214,712
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,804,213</u>	<u>\$ 10,986</u>	<u>\$ 1,253,025</u>	<u>\$ 214,712</u>
LIABILITIES					
Accounts payable	\$ -	\$ 366,163	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>366,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	1,253,025	-
Committed	-	4,438,050	10,986	-	214,712
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>4,438,050</u>	<u>10,986</u>	<u>1,253,025</u>	<u>214,712</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 4,804,213</u>	<u>\$ 10,986</u>	<u>\$ 1,253,025</u>	<u>\$ 214,712</u>

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Government St. Pier Reserve	Climate Action	Covid Vaccine Clinics	Zoning Record Upgrade	School Capital Projects Funds	Total
ASSETS						
Due from other funds	\$ 7,580	\$ 65,000	\$ 7,017	\$ -	\$ 433,527	\$ 6,850,539
TOTAL ASSETS	<u>\$ 7,580</u>	<u>\$ 65,000</u>	<u>\$ 7,017</u>	<u>\$ -</u>	<u>\$ 433,527</u>	<u>\$ 6,850,539</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,163
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,163</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	1,257,026
Committed	7,580	65,000	7,017	-	433,527	5,227,350
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,580</u>	<u>65,000</u>	<u>7,017</u>	<u>-</u>	<u>433,527</u>	<u>6,484,376</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,580</u>	<u>\$ 65,000</u>	<u>\$ 7,017</u>	<u>\$ -</u>	<u>\$ 433,527</u>	<u>\$ 6,850,539</u>

See accompanying independent auditors' 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, 2021

	Community Center	Town Facilities	Street Lights Project	Pepperill Coves Paving/ Utilities	Fire Department Facility	Public Works Sign Shed
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Other income	-	34,504	-	-	-	-
TOTAL REVENUES	-	34,504	-	-	-	-
EXPENDITURES						
Public works	-	-	4,125	2,100	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	4,125	2,100	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	34,504	(4,125)	(2,100)	-	-
OTHER FINANCING SOURCES (USES)						
Bond proceeds				-	-	-
Bond issuance costs	-	(30,504)	-	-	-	-
Transfers in	-	-	-	-	13,500	-
Transfers (out)	(373)	(30,949)	-	(1,496)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(373)	(61,453)	-	(1,496)	13,500	-
NET CHANGE IN FUND BALANCES	(373)	(26,949)	(4,125)	(3,596)	13,500	-
FUND BALANCES - JULY 1	373	30,950	40,764	3,596	319	20
FUND BALANCES - JUNE 30	\$ -	\$ 4,001	\$ 36,639	\$ -	\$ 13,819	\$ 20

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Boat Infrastructure Grant	Rice Building Rehab	Fort Foster Bench	State Aid to Roads	Abatement Reserve
REVENUES					
Intergovernmental revenue	\$ -	\$ 125,000	\$ -	\$ 148,840	\$ -
Interest income	-	2,180	-	-	-
Other income	-	159,350	75	2,987	-
TOTAL REVENUES	-	286,530	75	151,827	-
EXPENDITURES					
Public works	-	895,812	-	-	-
Education	-	-	-	-	-
Capital outlay	-	241,729	-	46,233	-
Other	-	-	370	-	-
TOTAL EXPENDITURES	-	1,137,541	370	46,233	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(851,011)	(295)	105,594	-
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	5,000,982	-	-	-
Bond issuance costs	-	-	-	-	-
Transfers in	-	63,765	-	-	214,712
Transfers (out)	(1,584)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,584)	5,064,747	-	-	214,712
NET CHANGE IN FUND BALANCES	(1,584)	4,213,736	(295)	105,594	214,712
FUND BALANCES - JULY 1	1,584	224,314	11,281	1,147,431	-
FUND BALANCES - JUNE 30	\$ -	\$ 4,438,050	\$ 10,986	\$ 1,253,025	\$ 214,712

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Government St. Pier Reserve	Climate Action	Covid Vaccine Clinics	Zoning Record Upgrade	School Capital Projects Funds	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 9,417	\$ -	\$ -	\$ 283,257
Interest income	-	-	-	-	-	2,180
Other income	-	-	-	-	-	196,916
TOTAL REVENUES	-	-	9,417	-	-	482,353
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	902,037
Education	-	-	-	-	112,807	112,807
Capital outlay	-	-	-	-	-	287,962
Other	6,805	-	2,400	15,373	-	24,948
TOTAL EXPENDITURES	6,805	-	2,400	15,373	112,807	1,327,754
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,805)	-	7,017	(15,373)	(112,807)	(845,401)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	5,000,982
Bond issuance costs	-	-	-	-	-	(30,504)
Transfers in	1,496	65,000	-	-	87,572	446,045
Transfers (out)	-	-	-	(7,637)	-	(42,039)
TOTAL OTHER FINANCING SOURCES (USES)	1,496	65,000	-	(7,637)	87,572	5,374,484
NET CHANGE IN FUND BALANCES	(5,309)	65,000	7,017	(23,010)	(25,235)	4,529,083
FUND BALANCES - JULY 1	12,889	-	-	23,010	458,762	1,955,293
FUND BALANCES - JUNE 30	\$ 7,580	\$ 65,000	\$ 7,017	\$ -	\$ 433,527	\$ 6,484,376

See accompanying independent auditors' 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.

SCHEDULE I

TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Cemetery Trust	Public Health Trust	Mary Safford Wildes	Lester Raynes Trust	George Smart Santa	Recycling Scholarship	Connie Samuels Beautification	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 30,497	\$ -	\$ 6,518	\$ -	\$ -	\$ 37,015
Investments	-	-	715,139	-	-	-	-	715,139
Due from other funds	14,680	26,378	-	8,462	-	7,854	58,601	115,975
TOTAL ASSETS	<u>\$ 14,680</u>	<u>\$ 26,378</u>	<u>\$ 745,636</u>	<u>\$ 8,462</u>	<u>\$ 6,518</u>	<u>\$ 7,854</u>	<u>\$ 58,601</u>	<u>\$ 868,129</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ 7,499	\$ -	\$ -	\$ -	\$ -	\$ 7,499
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,499</u>
FUND BALANCES								
Nonspendable	-	-	-	10,000	-	-	50,000	60,000
Restricted	14,680	26,378	738,137	-	6,518	7,854	8,601	802,168
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,538)	-	-	-	(1,538)
TOTAL FUND BALANCES	<u>14,680</u>	<u>26,378</u>	<u>738,137</u>	<u>8,462</u>	<u>6,518</u>	<u>7,854</u>	<u>58,601</u>	<u>860,630</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,680</u>	<u>\$ 26,378</u>	<u>\$ 745,636</u>	<u>\$ 8,462</u>	<u>\$ 6,518</u>	<u>\$ 7,854</u>	<u>\$ 58,601</u>	<u>\$ 868,129</u>

See accompanying independent auditors' 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, 2021

	Cemetery Trust	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)	\$ -	\$ -	\$ 117,784	\$ -	\$ 5,345	\$ -	\$ -	\$ 123,129
Other income	-	-	50,702	-	-	9,377	-	60,079
TOTAL REVENUES	-	-	168,486	-	5,345	9,377	-	183,208
EXPENDITURES								
Other	-	897	72,940	766	4,625	6,350	-	85,578
TOTAL EXPENDITURES	-	897	72,940	766	4,625	6,350	-	85,578
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(897)	95,546	(766)	720	3,027	-	97,630
OTHER FINANCING SOURCES (USES)								
Transfers in	14,680	-	-	-	-	-	-	14,680
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	14,680	-	-	-	-	-	-	14,680
NET CHANGE IN FUND BALANCES	14,680	(897)	95,546	(766)	720	3,027	-	112,310
FUND BALANCES, JULY 1	-	27,275	642,591	9,228	5,798	4,827	58,601	748,320
FUND BALANCES, JUNE 30	<u>\$ 14,680</u>	<u>\$ 26,378</u>	<u>\$ 738,137</u>	<u>\$ 8,462</u>	<u>\$ 6,518</u>	<u>\$ 7,854</u>	<u>\$ 58,601</u>	<u>\$ 860,630</u>

See accompanying independent auditors' 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, 2021

	Adult Ed Scholarships	Bob Whitten	William Dennett
ASSETS			
Cash and cash equivalents	\$ 5,053	\$ 7,119	\$ 32
TOTAL ASSETS	<u>\$ 5,053</u>	<u>\$ 7,119</u>	<u>\$ 32</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - held in trust	<u>5,053</u>	<u>7,119</u>	<u>32</u>
TOTAL NET POSITION	<u>5,053</u>	<u>7,119</u>	<u>32</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,053</u>	<u>\$ 7,119</u>	<u>\$ 32</u>

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2021

	Priscilla Guy	Louise Whelton Art	Total
ASSETS			
Cash and cash equivalents	\$ 2,196	\$ 1,619	\$ 16,019
TOTAL ASSETS	<u>\$ 2,196</u>	<u>\$ 1,619</u>	<u>\$ 16,019</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - held in trust	2,196	1,619	16,019
TOTAL NET POSITION	<u>2,196</u>	<u>1,619</u>	<u>16,019</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,196</u>	<u>\$ 1,619</u>	<u>\$ 16,019</u>

See accompanying independent auditors' 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, 2021

	Adult Ed Scholarships	Bob Whitten	William Dennett
ADDITIONS			
Interest	\$ -	\$ 1	\$ -
TOTAL ADDITIONS	<u>-</u>	<u>1</u>	<u>-</u>
DEDUCTIONS			
Scholarships	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	-	1	-
NET POSITION - JULY 1	<u>5,053</u>	<u>7,118</u>	<u>32</u>
NET POSITION - JUNE 30	<u><u>\$ 5,053</u></u>	<u><u>\$ 7,119</u></u>	<u><u>\$ 32</u></u>

TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Priscilla Guy	Louise Whelton Art	Total
ADDITIONS			
Interest	\$ 1	\$ -	\$ 2
TOTAL ADDITIONS	<u>1</u>	<u>-</u>	<u>2</u>
DEDUCTIONS			
Scholarships	<u>200</u>	<u>250</u>	<u>450</u>
TOTAL DEDUCTIONS	<u>200</u>	<u>250</u>	<u>450</u>
CHANGE IN NET POSITION	(199)	(250)	(448)
NET POSITION - JULY 1	<u>2,395</u>	<u>1,869</u>	<u>16,467</u>
NET POSITION - JUNE 30	<u>\$ 2,196</u>	<u>\$ 1,619</u>	<u>\$ 16,019</u>

See accompanying independent auditors' 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, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Police	\$ -	\$ 122,076	\$ 1,247,301	\$ -	\$ 1,369,377
General government	4,240	2,933,449	428,946	-	3,366,635
Fire	353,200	2,678,208	3,154,451	-	6,185,859
Public works	8,579,000	3,606,671	4,653,066	12,252,834	29,091,571
Health and sanitation	-	58,183	-	-	58,183
Recreation and culture	3,509,342	9,232,022	126,796	-	12,868,160
Harbor master	-	275,579	55,143	53,866	384,588
Town-wide	-	653,172	106,621	825,777	1,585,570
School department	29,422	26,012,753	908,614	-	26,950,789
Sewer department	285,980	19,427,053	694,625	11,733,635	32,141,293
Total General Capital Assets	12,761,184	64,999,166	11,375,563	24,866,112	114,002,025
Less: Accumulated Depreciation	-	(39,918,562)	(7,033,807)	(11,898,643)	(58,851,012)
Net General Capital Assets	\$ 12,761,184	\$ 25,080,604	\$ 4,341,756	\$ 12,967,469	\$ 55,151,013

See accompanying independent auditors' 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, 2021

	General Capital Assets 7/1/20 (Restated)	Additions	Deletions	General Capital Assets 6/30/21
Police	\$ 1,227,461	\$ 207,157	\$ (65,241)	\$ 1,369,377
General government	3,310,578	56,057	-	3,366,635
Fire	6,154,523	31,336	-	6,185,859
Public works	28,311,846	863,541	(83,816)	29,091,571
Health and sanitation	80,883	-	(22,700)	58,183
Recreation and culture	11,722,619	1,145,541	-	12,868,160
Harbor master	368,893	23,060	(7,365)	384,588
Town-wide	1,546,173	39,397	-	1,585,570
School department	26,950,789	-	-	26,950,789
Sewer department	32,141,293	-	-	32,141,293
Total General Capital Assets	111,815,058	2,366,089	(179,122)	114,002,025
Less: Accumulated Depreciation	(55,918,878)	(3,099,140)	167,006	(58,851,012)
Net General Capital Assets	<u>\$ 55,896,180</u>	<u>\$ (733,051)</u>	<u>\$ (12,116)</u>	<u>\$ 55,151,013</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KITTERY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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 Defense				
Direct Funding:				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	N/A	\$ -	\$ 106,705
Total U.S. Department of Defense			-	106,705
U.S. Department of the Interior				
Passed-through State of Maine - Land, Water and Conservation Fund:				
Sportfishing and Boating Safety Act	15.622	23-00864	-	12,825
Total U.S. Department of the Interior			-	12,825
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 #29303	-	76
Highway Planning and Construction	20.205	CSN #29499	-	3,734
Subtotal Highway Planning and Construction Cluster			-	3,810
Passed-through State of Maine Bureau of Highway Safety:				
NHTSA Discretionary Safety Grants and Cooperative Agreements	20.614	N/A	-	4,529
Total U.S. Department of Transportation			-	8,339
U.S. Department of Treasury				
Passed-through State of Maine - Department of Health and Human Services				
Coronavirus Relief Fund	21.019	N/A	-	1,908,839
Education Stabilization Fund	84.425D	N/A	-	295,799
Total U.S. Department of Treasury			-	1,908,839
National Endowment for the Humanities				
Direct Funding:				
Promotion of the Humanities Challenge Grants	45.130	N/A	-	125,000
Total National Endowment for the Humanities			-	125,000
U.S. Environmental Protection Agency				
Passed-through State of Maine - Department of Environmental Protection:				
Performance Partnership Grants	66.605	20180005	-	12,991
Total U.S. Environmental Protection Agency			-	12,991

TOWN OF KITTERY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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	84.010	3107	-	154,187
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3046	-	266,671
Subtotal Special Education Cluster (IDEA)			-	266,671
Improving Teacher Quality State Grants	84.367	3042	-	5,311
Rural Education	84.358			11,670
Student Support and Academic Enrichment Program	84.424	3345	-	11,559
Total U.S. Department of Education			-	745,197
U.S. Department of Health and Human Services				
Passed-through State of Maine - Department of Health and Human Services:				
Child Care and Development Block Grant	93.575	N/A	-	3,580
Total U.S. Department of Health and Human Services			-	3,580
U.S. Department of Homeland Security				
Direct Funding:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4367-ME	-	141,127
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4522-ME	-	44,268
Assistance to Firefighters Grant	97.044	EMW-2020-FG-0069	-	7,097
Total U.S. Department of Homeland Security			-	192,492
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 3,115,968

TOWN OF KITTERY, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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, 2021 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 December 2, 2021.

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.

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

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*.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
December 2, 2021



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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

We have audited the Town of Kittery, Maine's compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Kittery, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Kittery, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Kittery, Maine's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of the Town of Kittery, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Kittery, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Kittery, Maine's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
December 2, 2021

TOWN OF KITTERY, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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>
-------------------	---

21.019	Coronavirus Relief 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



INDEPENDENT AUDITORS' 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, 2021 and have issued our report thereon dated December 2, 2021. 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
December 2, 2021

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

KITTERY SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM FOR THE YEAR ENDED JUNE 30, 2021

	General Fund (1000)	Special Revenue Funds (2000), (6000) & (9000)	Capital Projects Funds (3000)	Agency Funds (9000)	Total
June 30, 2021 Balance per MEFS	\$ 2,127,218	\$ 788,990	\$ 173,583	\$ 87,422	\$ 3,177,213
Other adjustments:					
Funds Not Reported on MEFS:					
0901 - Mitchell Fund	-	7,002	-	(7,002)	-
0902 - Shapleigh Fund	-	21,548	-	(21,548)	-
0903 - Traip Fund	-	58,872	-	(58,872)	-
Audited GAAP Basis Fund Balance					
June 30, 2021	<u>\$ 2,127,218</u>	<u>\$ 876,412</u>	<u>\$ 173,583</u>	<u>\$ -</u>	<u>\$ 3,177,213</u>