

Federal Compliance Audit

## **Town of Kittery, Maine**

June 30, 2022



*Proven Expertise & Integrity*

TOWN OF KITTERY, MAINE

CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 13
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	14 - 15
STATEMENT B - STATEMENT OF ACTIVITIES	16 - 17
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	18
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	22
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	23
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	24
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	25
STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	26
NOTES TO FINANCIAL STATEMENTS	27 - 86

## REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	87
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	88
SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - EDUCATION FUND	89
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	90
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	91
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	92
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY MMEHT PLAN	93
SCHEDULE 6 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MMEHT PLAN	94
SCHEDULE 7 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN	95
SCHEDULE 8 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT PLAN	96
SCHEDULE 9 - SCHEDULE OF CONTRIBUTIONS - OPEB - SET PLAN	97
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	98

## OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	99
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	100
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	101 - 102
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	103

SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	104
SPECIAL REVENUE FUNDS DESCRIPTION	105
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	106 - 114
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	115 - 123
CAPITAL PROJECTS FUNDS DESCRIPTION	124
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	125 - 127
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	128 - 130
PERMANENT FUNDS DESCRIPTION	131
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	132
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	133
FIDUCIARY FUNDS DESCRIPTION	134
SCHEDULE K - COMBINING SCHEDULE OF NET POSITION - PRIVATE-PURPOSE TRUST FUNDS	135 - 136
SCHEDULE L - COMBINING SCHEDULE OF CHANGES IN NET POSITION PRIVATE-PURPOSE TRUST FUNDS	137 - 138
GENERAL CAPITAL ASSETS DESCRIPTION	139
SCHEDULE M - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	140
SCHEDULE N - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	141

## FEDERAL COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	142 - 144
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	145
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	146 - 147
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	148 - 150
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	151

## OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS	152
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM	153



## INDEPENDENT AUDITOR'S REPORT

Town Council  
Town of Kittery  
Kittery, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, Maine as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of

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

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

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

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Kittery, Maine's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 13 and 88 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kittery, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements



themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the Town of Kittery, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Kittery, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kittery, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
March 23, 2023

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**(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, 2022. 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 four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, the education fund and the ARPA 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 \$35,217,880 compared to \$30,621,466 in the prior year, an increase of \$4,596,414. For the business-type activities, total net position is \$11,496,779 compared to \$10,684,784 in the prior year, an increase of \$811,995.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - is \$6,145,716 at the end of this year for governmental activities and \$2,356,204 for the business-type activities.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2021</b>		<b>2021</b>	
	<b>2022</b>	<b>(Restated)</b>	<b>2022</b>	<b>(Restated)</b>
<b>Assets:</b>				
Current Assets	\$ 26,284,600	\$ 25,478,432	\$ 4,027,232	\$ 2,999,595
Noncurrent Assets - Capital Assets	39,462,856	35,879,512	18,675,951	19,774,297
Total Assets	65,747,456	61,357,944	22,703,183	22,773,892
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Dineen Property	157,666	157,666	-	-
Deferred Outflows Related to Pensions	2,361,415	1,551,195	179,228	110,274
Deferred Outflows Related to OPEB	1,560,791	7,039,289	-	-
Total Deferred Outflows of Resources	4,079,872	8,748,150	179,228	110,274
<b>Liabilities:</b>				
Current Liabilities	5,112,468	4,793,701	694,725	694,663
Noncurrent Liabilities	21,876,074	34,463,918	8,935,120	9,966,090
Total Liabilities	26,988,542	39,257,619	9,629,845	10,660,753
<b>Deferred Inflows of Resources:</b>				
Deferred Revenue	-	-	1,360,409	1,533,278
Prepaid Taxes	3,128	3,206	-	-
Deferred Inflows Related to Pensions	4,244,759	176,711	395,378	5,351
Deferred Inflows Related to OPEB	3,373,019	47,092	-	-
Total Deferred Inflows of Resources	7,620,906	227,009	1,755,787	1,538,629
<b>Net Position:</b>				
Net Investment in Capital Assets	25,823,642	20,841,296	9,140,575	9,607,741
Restricted	3,248,522	2,730,353	-	-
Unrestricted (Deficit)	6,145,716	7,049,817	2,356,204	1,077,043
Total Net Position	\$ 35,217,880	\$ 30,621,466	\$ 11,496,779	\$ 10,684,784

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 3.91%, while total expenses increased by 0.06%. The increase in revenues was primarily due to charges for services and taxes. The increase in expenses was primarily due to public safety, recreation and culture and capital outlay partially offset by decreases in general government, education and State of Maine on-behalf payments.

Revenues increased by 28.41% in the Town's business type activities, while the total expenses increased by 9.62%.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 4,197,725	\$ 1,952,392	\$ 3,755,156	\$ 2,924,101
Operating grants and contributions	3,541,322	4,779,857	-	-
<i>General Revenues:</i>				
Taxes	29,250,207	28,827,252	-	-
Grants and contributions not restricted to specific programs	5,711,395	6,345,174	-	-
Investment income	(25,962)	144,716	4,269	13,346
Miscellaneous	1,955,952	904,097	17,217	3,545
Total Revenues	<u>44,630,639</u>	<u>42,953,488</u>	<u>3,776,642</u>	<u>2,940,992</u>
<b>Expenses</b>				
General government	5,530,680	6,393,523	-	-
Public safety	4,106,912	3,497,044	-	-
Public works	2,054,468	2,001,631	-	-
Recreation and culture	2,152,783	1,724,001	-	-
Health and sanitation	625,149	1,009,373	-	-
Social services	67,095	46,765	-	-
Education	20,015,146	20,644,841	-	-
County tax	1,005,790	935,484	-	-
Program expenses	615,028	380,964	-	-
State of Maine on-behalf payments	1,774,450	2,841,207	-	-
Capital outlay	1,475,552	-	-	-
Grant funds/misc. accounts	249,933	237,252	-	-
Unallocated depreciation (Note 5)*	4,860	2,602	-	-
Interest on long-term debt	356,379	297,449	-	-
Sewer department	-	-	2,964,647	2,704,420
Total Expenses	<u>40,034,225</u>	<u>40,012,136</u>	<u>2,964,647</u>	<u>2,704,420</u>
Change in Net Position	4,596,414	2,941,352	811,995	236,572
Net Position - July 1, Restated	<u>30,621,466</u>	<u>27,680,114</u>	<u>10,684,784</u>	<u>10,448,212</u>
Net Position - June 30	<u>\$ 35,217,880</u>	<u>\$ 30,621,466</u>	<u>\$ 11,496,779</u>	<u>\$ 10,684,784</u>

### Financial Analysis of the Town's Fund Statements

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

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

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Change Increase (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 498,893	\$ 400,327	\$ 98,566
Committed	100,000	188,000	(88,000)
Unassigned	10,273,357	8,131,323	2,142,034
Education Fund:			
Nonspendable	158,489	27,718	130,771
Restricted	-	387,019	(387,019)
Assigned	500,000	-	500,000
Unassigned	1,680,194	1,712,481	(32,287)
ARPA Fund:			
Restricted	604,326	-	604,326
Total Major Funds	<u>\$ 13,815,259</u>	<u>\$ 10,846,868</u>	<u>\$ 2,968,391</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 13,617	\$ 8,402	\$ 5,215
Restricted	599,748	215,738	384,010
Committed	3,869,741	3,393,125	476,616
Assigned	652,505	499,889	152,616
Unassigned	(232,824)	(234,693)	1,869
Capital Projects Funds:			
Restricted	1,285,872	1,257,026	28,846
Committed	1,908,116	5,227,350	(3,319,234)
Permanent Funds:			
Nonspendable	60,000	60,000	-
Restricted	684,959	802,168	(117,209)
Unassigned	(1,538)	(1,538)	-
Total Nonmajor Funds	<u>\$ 8,840,196</u>	<u>\$ 11,227,467</u>	<u>\$ (2,387,271)</u>

The changes to total fund balances for the general fund, education fund, ARPA 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 \$811,995 from the prior year due primarily to operating income of \$940,814 that exceeded net nonoperating expenses of \$128,819.



## **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 \$2,165,403. This was a result of all revenue categories being receipted within in or in excess of budgeted amounts with the exception of investment income and other revenue.

The general fund actual expenditures were under budget by \$175,197. All expenditure categories were within or under budget with the exception of health and sanitation and transfers to other funds.

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

The education fund actual revenues exceeded the budget by \$228,115. This was a result of all revenue categories being receipted within or in excess of budgeted amounts.

The education fund actual expenditures were below budget by \$1,015,607. All expenditure categories were within or under budget except for transportation and buses and operations and maintenance.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2022, the net book value of capital assets recorded by the Town increased by \$2,484,998. This increase is a result of capital additions of \$5,759,316 less net disposals of \$68,841 and current year depreciation expense of \$3,205,477. 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>2022</u>	<u>2021 (Restated)</u>
Land	\$ 11,236,886	\$ 11,236,886
Construction in progress	387,116	1,524,298
Land improvements	985,606	773,724
Buildings and improvements	28,086,462	24,354,430
Machinery, equipment and vehicles	4,669,870	4,797,002
Infrastructure	<u>12,772,867</u>	<u>12,967,469</u>
Total	<u>\$ 58,138,807</u>	<u>\$ 55,653,809</u>

#### **Debt**

At June 30, 2022, the Town had \$23,174,590 in bonds and notes from direct borrowings payable versus \$25,204,772 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

#### **Currently Known Facts, Decisions or Conditions**

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

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately eight months, while also maintaining significant reserve accounts for future capital and program needs. The FY 23 School Department budget could be severely impacted by the reduction of funding from the State.

#### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 200 Rogers Road, Kittery, Maine 03904.

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 26,157,748	\$ 2,557	\$ 26,160,305
Investments	1,519,408	-	1,519,408
Accounts receivable (net of allowance for uncollectibles):			
Taxes	656,093	-	656,093
Other	278,983	1,026,044	1,305,027
Prepaid items	571,439	-	571,439
Inventory	22,895	-	22,895
Tax acquired property	76,665	-	76,665
Internal balances	(2,998,631)	2,998,631	-
Total current assets	26,284,600	4,027,232	30,311,832
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	11,338,022	285,980	11,624,002
Buildings and vehicles net of accumulated depreciation	28,124,834	18,389,971	46,514,805
Total noncurrent assets	39,462,856	18,675,951	58,138,807
<b>TOTAL ASSETS</b>	<b>65,747,456</b>	<b>22,703,183</b>	<b>88,450,639</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Dineen property	157,666	-	157,666
Deferred outflows related to pensions	2,361,415	179,228	2,540,643
Deferred outflows related to OPEB	1,560,791	-	1,560,791
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,079,872</b>	<b>179,228</b>	<b>4,259,100</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 69,827,328</b>	<b>\$ 22,882,411</b>	<b>\$ 92,709,739</b>

## STATEMENT A (CONTINUED)

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,432,309	\$ 35,349	\$ 1,467,658
Accrued payroll	940,901	-	940,901
Accrued expenses	749,064	8,576	757,640
Due to other governments	10,866	-	10,866
Escrows	132,808	-	132,808
Current portion of long-term obligations	1,846,520	650,800	2,497,320
Total current liabilities	<u>5,112,468</u>	<u>694,725</u>	<u>5,807,193</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	11,874,452	8,898,394	20,772,846
Notes from direct borrowings payable	111,209	-	111,209
Accrued compensated absences	771,870	55,242	827,112
Net pension liability/(asset)	(178,516)	(18,516)	(197,032)
Net OPEB liability	9,297,059	-	9,297,059
Total noncurrent liabilities	<u>21,876,074</u>	<u>8,935,120</u>	<u>30,811,194</u>
<b>TOTAL LIABILITIES</b>	<u>26,988,542</u>	<u>9,629,845</u>	<u>36,618,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	-	1,360,409	1,360,409
Prepaid taxes	3,128	-	3,128
Deferred inflows related to pensions	4,244,759	395,378	4,640,137
Deferred inflows related to OPEB	3,373,019	-	3,373,019
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>7,620,906</u>	<u>1,755,787</u>	<u>9,376,693</u>
<b>NET POSITION</b>			
Net investment in capital assets	25,823,642	9,140,575	34,964,217
Restricted	3,248,522	-	3,248,522
Unrestricted	6,145,716	2,356,204	8,501,920
<b>TOTAL NET POSITION</b>	<u>35,217,880</u>	<u>11,496,779</u>	<u>46,714,659</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 69,827,328</u>	<u>\$ 22,882,411</u>	<u>\$ 92,709,739</u>

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

## STATEMENT B

TOWN OF KITTERY, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
<u>Governmental activities:</u>							
General government	\$ 5,530,680	\$ 2,005,360	\$ 24,685	\$ -	\$ (3,500,635)	\$ -	\$ (3,500,635)
Public safety	4,106,912	250,722	-	-	(3,856,190)	-	(3,856,190)
Public works	2,054,468	5,997	-	-	(2,048,471)	-	(2,048,471)
Recreation and culture	2,152,783	1,079,120	-	-	(1,073,663)	-	(1,073,663)
Health and sanitation	625,149	240,933	-	-	(384,216)	-	(384,216)
Social services	67,095	-	-	-	(67,095)	-	(67,095)
Education	20,015,146	32,571	1,742,187	-	(18,240,388)	-	(18,240,388)
County tax	1,005,790	-	-	-	(1,005,790)	-	(1,005,790)
Program expenses	615,028	583,022	-	-	(32,006)	-	(32,006)
State of Maine on-behalf payments	1,774,450	-	1,774,450	-	-	-	-
Capital outlay	1,475,552	-	-	-	(1,475,552)	-	(1,475,552)
Grant funds/misc. accounts	249,933	-	-	-	(249,933)	-	(249,933)
Unallocated depreciation (Note 5)*	4,860	-	-	-	(4,860)	-	(4,860)
Interest on long-term debt	356,379	-	-	-	(356,379)	-	(356,379)
Total governmental activities	<u>40,034,225</u>	<u>4,197,725</u>	<u>3,541,322</u>	<u>-</u>	<u>(32,295,178)</u>	<u>-</u>	<u>(32,295,178)</u>
<u>Business-type activities:</u>							
Sewer department	2,964,647	3,755,156	-	-	-	790,509	790,509
Total business-type activities	<u>2,964,647</u>	<u>3,755,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,509</u>	<u>790,509</u>
Total government	<u>\$ 42,998,872</u>	<u>\$ 7,952,881</u>	<u>\$ 3,541,322</u>	<u>\$ -</u>	<u>(32,295,178)</u>	<u>790,509</u>	<u>(31,504,669)</u>

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

STATEMENT B (CONTINUED)  
TOWN OF KITTERY, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(32,295,178)	790,509	(31,504,669)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	27,142,283	-	27,142,283
Excise taxes	2,107,924	-	2,107,924
Grants and contributions not restricted to specific programs	5,711,395	-	5,711,395
Investment income, net of unrealized gains/(losses)	(25,962)	4,269	(21,693)
Miscellaneous	1,955,952	17,217	1,973,169
Total general revenues	36,891,592	21,486	36,913,078
Change in net position	4,596,414	811,995	5,408,409
NET POSITION - JULY 1, RESTATED	30,621,466	10,684,784	41,306,250
NET POSITION - JUNE 30	\$ 35,217,880	\$ 11,496,779	\$ 46,714,659

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

## TOWN OF KITTERY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Education Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,999,168	\$ 95,474	\$ -	\$ 63,106	\$ 26,157,748
Investments	944,218	-	-	575,190	1,519,408
Accounts receivables (net of allowance for uncollectibles):					
Taxes/liens	656,093	-	-	-	656,093
Other	49,741	54,854	-	174,388	278,983
Prepaid items	412,950	158,489	-	-	571,439
Inventory	9,278	-	-	13,617	22,895
Tax acquired property	76,665	-	-	-	76,665
Due from other funds	2,691,874	6,236,581	604,326	9,268,835	18,801,616
<b>TOTAL ASSETS</b>	<b>30,839,987</b>	<b>6,545,398</b>	<b>604,326</b>	<b>10,095,136</b>	<b>48,084,847</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Dineen property	157,666	-	-	-	157,666
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>157,666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,666</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 30,997,653</b>	<b>\$ 6,545,398</b>	<b>\$ 604,326</b>	<b>\$ 10,095,136</b>	<b>\$ 48,242,513</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 233,204	\$ 307,908	\$ -	\$ 891,197	\$ 1,432,309
Accrued payroll	82,840	858,061	-	-	940,901
Accrued expenses	36,449	712,615	-	-	749,064
Due to other governments	10,866	-	-	-	10,866
Escrows	132,808	-	-	-	132,808
Due to other funds	19,108,373	2,328,131	-	363,743	21,800,247
<b>TOTAL LIABILITIES</b>	<b>19,604,540</b>	<b>4,206,715</b>	<b>-</b>	<b>1,254,940</b>	<b>25,066,195</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes	3,128	-	-	-	3,128
Deferred tax revenues	517,735	-	-	-	517,735
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>520,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>520,863</b>
<b>FUND BALANCES</b>					
Nonspendable	498,893	158,489	-	73,617	730,999
Restricted	-	-	604,326	2,570,579	3,174,905
Committed	100,000	-	-	5,777,857	5,877,857
Assigned	-	500,000	-	652,505	1,152,505
Unassigned	10,273,357	1,680,194	-	(234,362)	11,719,189
<b>TOTAL FUND BALANCES</b>	<b>10,872,250</b>	<b>2,338,683</b>	<b>604,326</b>	<b>8,840,196</b>	<b>22,655,455</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 30,997,653</b>	<b>\$ 6,545,398</b>	<b>\$ 604,326</b>	<b>\$ 10,095,136</b>	<b>\$ 48,242,513</b>

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

## TOWN OF KITTERY, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

	Total Governmental Funds
Total Fund Balances	\$ 22,655,455
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	39,462,856
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	517,735
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	2,361,415
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	1,560,791
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(13,408,254)
Notes from direct borrowings payable	(230,960)
Accrued compensated absences	(964,837)
Net pension (liability)/asset	178,516
Net OPEB liability	(9,297,059)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(4,244,759)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(3,373,019)
Net position of governmental activities	<u>\$ 35,217,880</u>

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



## TOWN OF KITTERY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Education Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General tax revenue	\$ 12,558,403	\$ 16,794,304	\$ -	\$ -	\$ 29,352,707
Intergovernmental revenue	1,831,068	2,246,477	1,038,246	2,362,476	7,478,267
Charges for services	3,582,132	32,571	-	583,022	4,197,725
Investment income, net of unrealized gains/(losses)	13,026	-	-	(38,988)	(25,962)
State of Maine on-behalf payments	-	1,419,061	-	-	1,419,061
Other revenue	110,589	160,635	-	1,684,728	1,955,952
<b>TOTAL REVENUES</b>	<b>18,095,218</b>	<b>20,653,048</b>	<b>1,038,246</b>	<b>4,591,238</b>	<b>44,377,750</b>
<b>EXPENDITURES</b>					
Current:					
General government	4,597,177	-	-	70,733	4,667,910
Public safety	3,518,402	-	-	226,099	3,744,501
Public works	1,172,475	-	-	-	1,172,475
Recreation and culture	1,748,419	-	-	180,232	1,928,651
Health and sanitation	590,140	-	-	32,500	622,640
Social services	67,095	-	-	-	67,095
Education	-	17,530,825	-	2,022,005	19,552,830
County tax	1,005,790	-	-	-	1,005,790
State of Maine on-behalf payments	-	1,419,061	-	-	1,419,061
Grant funds/misc. accounts	249,933	-	-	-	249,933
Program expenses	-	-	433,920	181,108	615,028
Debt service:					
Principal	889,955	603,500	-	-	1,493,455
Interest	238,882	117,497	-	-	356,379
Capital outlay	-	-	-	6,900,882	6,900,882
<b>TOTAL EXPENDITURES</b>	<b>14,078,268</b>	<b>19,670,883</b>	<b>433,920</b>	<b>9,613,559</b>	<b>43,796,630</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,016,950</b>	<b>982,165</b>	<b>604,326</b>	<b>(5,022,321)</b>	<b>581,120</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	35,000	35,680	-	2,811,628	2,882,308
Transfers (out)	(1,899,350)	(806,380)	-	(176,578)	(2,882,308)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,864,350)</b>	<b>(770,700)</b>	<b>-</b>	<b>2,635,050</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,152,600</b>	<b>211,465</b>	<b>604,326</b>	<b>(2,387,271)</b>	<b>581,120</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>8,719,650</b>	<b>2,127,218</b>	<b>-</b>	<b>11,227,467</b>	<b>22,074,335</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 10,872,250</b>	<b>\$ 2,338,683</b>	<b>\$ 604,326</b>	<b>\$ 8,840,196</b>	<b>\$ 22,655,455</b>

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

## TOWN OF KITTERY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 581,120</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	7,276,064
Capital asset disposals	(1,593,139)
Depreciation expense	<u>(2,099,581)</u>
	<u>3,583,344</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	810,220
OPEB	<u>(5,478,498)</u>
	<u>(4,668,278)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>(102,500)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(257,595)</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>1,656,597</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	(4,068,048)
OPEB	<u>(3,325,927)</u>
	<u>(7,393,975)</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	(33,444)
Net pension liability/(asset)	4,074,519
Net OPEB liability	<u>7,156,626</u>
	<u>11,197,701</u>
Change in net position of governmental activities (Statement B)	<u>\$ 4,596,414</u>

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

## TOWN OF KITTERY, MAINE

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2022

	<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)	1,026,044
Due from other funds	<u>2,998,631</u>
Total current assets	<u>4,027,232</u>
Noncurrent assets:	
Capital assets:	
Land	285,980
Buildings and improvements	19,456,787
Machinery, equipment and vehicles	722,258
Infrastructure	<u>11,723,215</u>
Total capital assets	<u>32,188,240</u>
Less: accumulated depreciation	<u>(13,512,289)</u>
Total noncurrent assets	<u>18,675,951</u>
TOTAL ASSETS	<u>22,703,183</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>179,228</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>179,228</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 22,882,411</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 35,349
Accrued expenses	8,576
Current portion of long-term obligations	<u>650,800</u>
Total current liabilities	<u>694,725</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	8,898,394
Accrued compensated absences	55,242
Net pension liability	<u>(18,516)</u>
Total noncurrent liabilities	<u>8,935,120</u>
TOTAL LIABILITIES	<u>9,629,845</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	1,360,409
Deferred inflows related to pensions	<u>395,378</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,755,787</u>
NET POSITION	
Net investment in capital assets	9,140,575
Unrestricted	<u>2,356,204</u>
TOTAL NET POSITION	<u>11,496,779</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 22,882,411</u>

See accompanying independent auditor's 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, 2022

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
OPERATING REVENUES	
Charges for services	\$ 3,755,156
Other	17,217
TOTAL OPERATING REVENUES	<u>3,772,373</u>
OPERATING EXPENSES	
Salaries and wages	543,940
Benefits	236,058
Increase (decrease) in expenses related to net pension liability, deferred outflows and inflows of resources related to pensions	(63,012)
Contracted services	93,379
Insurance	31,630
Utilities	198,574
Fuel / motor	29,242
Repairs, maintenance and equipment	48,650
Supplies and office	36,908
Chemicals	155,637
Sludge management	161,917
Depreciation	1,105,896
Other	252,740
TOTAL OPERATING EXPENSES	<u>2,831,559</u>
OPERATING INCOME (LOSS)	<u>940,814</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	4,269
Interest expense	(133,088)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(128,819)</u>
CHANGE IN NET POSITION	811,995
NET POSITION - JULY 1, RESTATED	<u>10,684,784</u>
NET POSITION - JUNE 30	<u><u>\$ 11,496,779</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Fund Sewer Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,695,338
Other receipts	17,217
Internal activity - receipts (payments) from/to other funds	(1,140,688)
Payments to employees	(805,383)
Payments to suppliers	(998,935)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>767,549</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	4,269
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,269</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bond payable	(133,088)
Principal payments on bond payable	(631,180)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(771,818)</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)	\$ 940,814
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	1,105,896
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	113,051
(Increase) decrease in due from other funds	(1,140,688)
(Increase) decrease in deferred outflows related to pensions	(68,954)
(Decrease) increase in accounts payable	7,449
(Decrease) increase in accrued expenses	2,293
(Decrease) increase in accrued compensated absences	(25,385)
(Decrease) increase in deferred revenues	(172,869)
(Decrease) increase in net pension liability	(384,085)
(Decrease) increase in deferred inflows related to pensions	390,027
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 767,549</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2022

	Private- Purpose Trust Funds
ASSETS	
Cash and cash equivalents	\$ 8,317
Due from other governments	<u>5,380</u>
TOTAL ASSETS	<u><u>\$ 13,697</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust	<u><u>\$ 13,697</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Private- Purpose Trust Funds
ADDITIONS	
Interest	\$ 1
Contributions	327
TOTAL ADDITIONS	<u>328</u>
DEDUCTIONS	
Scholarships	<u>2,650</u>
TOTAL DEDUCTIONS	<u>2,650</u>
CHANGE IN NET POSITION	(2,322)
NET POSITION - JULY 1	<u>16,019</u>
NET POSITION - JUNE 30	<u><u>\$ 13,697</u></u>

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

**Implementation of New Accounting Standards**

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer department and is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.
- c. The ARPA Fund is used to account for the proceeds of the Department of the Treasury grants that are legally restricted to expenditures for specified purposes.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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	\$ 19,269,667
Add: On-behalf payments	1,419,061
Total GAAP basis	<u>\$ 20,688,728</u>
Expenditures per budgetary basis	\$ 19,058,202
Add: On-behalf payments	1,419,061
Total GAAP basis	<u>\$ 20,477,263</u>

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

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

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations
- Prime bankers' acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

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, 2022. Accounts receivable netted with allowances for uncollectibles were \$1,305,027 for the year ended June 30, 2022.

**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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**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.



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 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 OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied September 13, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due on November 1, 2021, February 15, 2022 and May 31, 2022. Interest on unpaid taxes commenced on November 2, 2021, February 16, 2022 and June 1, 2022, at 6% 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$157,292 for the year ended June 30, 2022.

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

**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.

**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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2022, the Town's cash balance of \$26,168,622 was comprised of bank deposits amounting to \$27,152,916. 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, \$447,361 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank deposits of \$26,705,555 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	\$ 2,388,661
Savings accounts	3,108
Money market accounts	4,508,705
Sweep accounts	20,190,563
Cash and cash equivalents	61,879
	<u>\$ 27,152,916</u>

**Investments:**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$1,519,408, all were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

At June 30, 2022, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Debt securities:				
U.S. Agency securities	\$ 322,673	\$ -	\$ 322,673	\$ -
Corporate bonds	240,011	-	240,011	
Equity securities:				
Common stock - domestic	661,931	661,931	-	-
Mutual funds:				
Equity - domestic	212,586	212,586	-	-
Equity - foreign	82,207	82,207	-	-
	<u>\$ 1,519,408</u>	<u>\$ 956,724</u>	<u>\$ 562,684</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, 2022:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
	Total			
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 322,673	\$ 322,673	\$ -	\$ -
Corporate bonds	240,011	-	240,011	-
Total debt securities	562,684	322,673	240,011	-
Equity securities:				
Common stock - domestic	661,931	661,931	-	-
Mutual funds - domestic and foreign	294,793	294,793	-	-
Total equity securities	956,724	956,724	-	-
Total investments by fair value level	1,519,408	\$ 1,279,397	\$ 240,011	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	61,879			
Total cash equivalents measured at the NAV	61,879			
Total investments and cash equivalents measured at fair value	\$ 1,581,287			

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, 2022 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, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	<u>(Due from)</u>	<u>(Due to)</u>
General fund	\$ 2,691,874	\$ 19,108,373
Education fund	6,236,581	2,328,131
ARPA fund	604,326	-
Nonmajor special revenue funds	5,568,215	363,743
Nonmajor capital projects funds	3,595,495	-
Nonmajor permanent funds	105,125	-
Proprietary funds	2,998,631	-
	<u>\$ 21,800,247</u>	<u>\$ 21,800,247</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, 2022, the Town had the following interfund transfers:

	<u>Transfers From</u>	<u>Transfers To</u>
General fund	\$ 35,000	\$ 1,899,350
Education fund	35,680	806,380
Nonmajor special revenue funds	2,204,628	101,897
Nonmajor capital projects funds	607,000	39,681
Nonmajor permanent funds	-	35,000
	<u>\$ 2,882,308</u>	<u>\$ 2,882,308</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, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance, 7/1/21 (Restated)	Additions	Disposals	Balance, 6/30/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 10,950,906	\$ -	\$ -	\$ 10,950,906
Construction in progress	1,524,298	387,116	(1,524,298)	387,116
	<u>12,475,204</u>	<u>387,116</u>	<u>(1,524,298)</u>	<u>11,338,022</u>
Depreciated assets:				
Land improvements	2,203,634	382,517	(34,319)	2,551,832
Buildings and improvements	43,369,273	5,124,353	(49,015)	48,444,611
Machinery, equipment and vehicles	11,146,184	759,453	(92,079)	11,813,558
Infrastructure	13,137,687	622,625	-	13,760,312
	<u>69,856,778</u>	<u>6,888,948</u>	<u>(175,413)</u>	<u>76,570,313</u>
Less: accumulated depreciation	<u>(46,452,470)</u>	<u>(2,099,581)</u>	<u>106,572</u>	<u>(48,445,479)</u>
	<u>23,404,308</u>	<u>4,789,367</u>	<u>(68,841)</u>	<u>28,124,834</u>
Net capital assets	<u>\$ 35,879,512</u>	<u>\$ 5,176,483</u>	<u>\$ (1,593,139)</u>	<u>\$ 39,462,856</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 285,980	\$ -	\$ -	\$ 285,980
	<u>285,980</u>			<u>285,980</u>
Depreciated assets:				
Buildings and improvements	19,456,787	-	-	19,456,787
Machinery, equipment and vehicles	714,708	7,550	-	722,258
Infrastructure	11,723,215	-	-	11,723,215
	<u>31,894,710</u>	<u>7,550</u>	<u>-</u>	<u>31,902,260</u>
Less: accumulated depreciation	<u>(12,406,393)</u>	<u>(1,105,896)</u>	<u>-</u>	<u>(13,512,289)</u>
	<u>19,488,317</u>	<u>(1,098,346)</u>	<u>-</u>	<u>18,389,971</u>
Net capital assets	<u>\$ 19,774,297</u>	<u>\$ (1,098,346)</u>	<u>\$ -</u>	<u>\$ 18,675,951</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation expense:

General government	\$ 121,360
Police	145,691
Fire	216,720
Public works	921,993
Recreation and culture	142,327
Health and sanitation	2,509
Harbormaster	81,805
School department	462,316
Town-wide	4,860
Subtotal governmental	<u>2,099,581</u>
Sewer department	<u>1,105,896</u>
Subtotal business-type	<u>1,105,896</u>
Total depreciation expense	<u><u>\$ 3,205,477</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, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 14,941,709	\$ -	\$ (1,533,455)	\$ 13,408,254	\$ 1,533,802
Notes from direct borrowings payable	96,507	257,595	(123,142)	230,960	119,751
Total governmental activities	<u>\$ 15,038,216</u>	<u>\$ 257,595</u>	<u>\$ (1,656,597)</u>	<u>\$ 13,639,214</u>	<u>\$ 1,653,553</u>
<u>Business-type activities:</u>					
Bonds payable	<u>\$ 10,166,556</u>	<u>\$ -</u>	<u>\$ (631,180)</u>	<u>\$ 9,535,376</u>	<u>\$ 636,982</u>

# TOWN OF KITTERY, MAINE

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Governmental	Business-type
<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.	\$ -	\$ 70,646
\$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.	-	1,386,024
\$5,500,000, 2012 General Obligation Bond due in annual principal installments and semiannual interest installments through January of 2032. Interest is charged at a fixed rate ranging from 2.00% to 3.15% per annum. Annual principal installments are \$275,000.	2,750,000	-
\$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.	210,000	-
\$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.	106,312	
\$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.	380,000	
\$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.	520,000	-
\$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.	320,000	-
\$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.	-	8,078,706

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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.	216,942	-
\$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.	555,000	-
\$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.	8,350,000	-
Total bonds payable	<u>\$ 13,408,254</u>	<u>\$ 9,535,376</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.	\$ 23,866	\$ -
\$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.	35,364	-
\$257,595, 2022 Capital Lease payable to Apple Financial Services. For computer equipment due in annual installments of \$85,865 through August 2025. Interest is charged at a fixed rate of 3.29% per annum.	171,730	-
Total notes from direct borrowings payable	<u>\$ 230,960</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	
2023	\$ 1,533,802	\$ 138,772	\$ 119,751	\$ 1,507	\$ 1,793,832
2024	1,319,188	118,551	94,559	887	1,533,185
2025	1,319,612	99,743	8,979	601	1,428,935
2026	1,320,078	80,802	7,671	305	1,408,856
2027	1,015,590	64,014	-	-	1,079,604
2028-2032	4,537,692	167,668	-	-	4,705,360
2033-2037	1,362,292	9,099	-	-	1,371,391
2038-2042	1,000,000	-	-	-	1,000,000
	<u>\$ 13,408,254</u>	<u>\$ 678,649</u>	<u>\$ 230,960</u>	<u>\$ 3,300</u>	<u>\$ 14,321,163</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	<u>Business-type Activities</u>		
	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
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	759,249	106,610	865,859
2028-2032	3,548,021	400,877	3,948,898
2033-2037	2,523,173	179,348	2,702,521
	<u>\$ 9,535,376</u>	<u>\$ 1,168,137</u>	<u>\$ 10,703,513</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, 2022 was \$133,088.

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, 2022:

	<u>Balance, 7/1/21 (Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 6/30/22</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 931,393	\$ 59,364	\$ (25,920)	\$ 964,837	\$ 192,967
Net pension liability	3,896,003	1,084,775	(5,159,294)	(178,516)	-
Net OPEB liability	16,453,685	680,203	(7,836,829)	9,297,059	-
	<u>\$ 19,376,983</u>	<u>\$ 1,824,342</u>	<u>\$ (13,022,043)</u>	<u>\$ 10,083,380</u>	<u>\$ 192,967</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 94,445	\$ 754	\$ (26,139)	\$ 69,060	\$ 13,818
Net pension liability	365,569	68,954	(453,039)	(18,516)	-
	<u>\$ 409,936</u>	<u>\$ 69,708</u>	<u>\$ (479,178)</u>	<u>\$ 50,544</u>	<u>\$ 13,818</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, 2022

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, 2022, the Town's liability for compensated absences is \$1,033,897.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 87,908,335	\$ 32,188,240
Accumulated depreciation	(48,445,479)	(13,512,289)
Outstanding capital related debt	(13,639,214)	(9,535,376)
	<u>\$ 25,823,642</u>	<u>\$ 9,140,575</u>

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2022, the Town had the following restricted net position:

ARPA fund	\$ 604,326
Nonmajor special revenue funds (Schedule E):	
Public safety impact fees	357,956
MMA grants	285
Affordable housing fund	150,000
Additional snow and ice damages	37,278
School special revenue funds	67,846
Nonmajor capital projects funds (Schedule I):	
State aid to roads	1,285,872
Nonmajor permanent funds:	
Public health trust	26,378
Lester Raynes trust	10,000
Mary Safford Wildes	632,892
George Smart Santa	5,404
Recycling scholarship	11,684
Connie Samuels beautification	58,601
	<u>\$ 3,248,522</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 412,950
Inventory	9,278
Tax acquired property	76,665
Education fund	158,489
Nonmajor special revenue funds (Schedule E)	13,617
Nonmajor permanent funds (Schedule I)	60,000
	<u>\$ 730,999</u>

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2022, the Town had the following restricted fund balances:

ARPA fund	\$ 604,326
Nonmajor special revenue funds (Schedule E)	599,748
Nonmajor capital projects funds (Schedule G)	1,285,872
Nonmajor permanent funds (Schedule I)	684,959
	<u>\$ 3,174,905</u>

NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

General fund:	
Salary and position adjustment	\$ 100,000
Nonmajor special revenue funds (Schedule E)	3,869,741
Nonmajor capital projects funds (Schedule G)	1,908,116
	<u>\$ 5,877,857</u>

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

Education fund	\$ 500,000
Nonmajor special revenue funds (Schedule E)	652,505
	<u>\$ 1,152,505</u>



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 15 - DEFICIT FUND BALANCES

At June 30, 2022, the Town had the following deficit fund balances:

Nonmajor funds:	
Oil and More Donations	\$ 15
PREPA Grant	5,390
Tax Acquired Properties	44,978
Legion Invasives	8,080
Police Grant Support Det.	21,512
Joint Land Use OEA PH1	14,975
Police New Officer	6,513
PFAS	23,902
School Special Revenue Funds	107,459
Total	<u>\$ 232,824</u>

NOTE 16 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2021, there were 305 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 0.93%.

**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, 2022 was \$723,239.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The 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, 2021, there were 238 employers, including the State of Maine, participating in the plan.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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 0.93%.

**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 \$9,930,446 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Department's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$1,419,061 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$381,923 for 2022. In addition, the Department is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled \$41,304 the year ended June 30, 2022.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2022, the Town reported a liability/(asset) of (\$312,682) for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2021 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, 2021, the Town's proportion was 0.97299%, which was a decrease of 0.05621% from its proportion measured as of June 30, 2020.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*SET Plan*

At June 30, 2022, 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	\$ 115,650
State's proportionate share of the net pension liability associated with the Town	<u>5,707,190</u>
Total	<u>\$ 5,822,840</u>

The net pension liability was measured as of June 30, 2021 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, 2021, the Town's proportion was 0.013673%, which was an increase of 0.00311% from its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2022, the Town recognized total pension revenue of \$799,336 for the PLD plan and total pension expense of \$1,419,061 and revenue of \$1,488,359 for support provided by the State of Maine for the SET plan. At June 30, 2022, 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, 2022

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	\$ 202,268	\$ 21,252	\$ 1,714	\$ 2,364
Changes of assumptions	1,049,962	-	78,848	-
Net difference between projected and actual earnings on pension plan investments	-	4,261,976	-	157,583
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,321	139,346	32,064	57,616
Contributions subsequent to the measurement date	723,239	-	423,227	-
Total	<u>\$ 2,004,790</u>	<u>\$ 4,422,574</u>	<u>\$ 535,853</u>	<u>\$ 217,563</u>

\$723,239 for the PLD plan and \$423,227 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

	PLD Plan	SET Plan
Plan year ended June 30:		
2022	\$ (518,049)	\$ (45,819)
2023	(468,478)	20,604
2024	(970,178)	(35,795)
2025	(1,184,318)	(43,924)
2026	-	-
Thereafter	-	-

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

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

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. 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, 2021 are as follows:

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

*Mortality Rates* - For the PLD Consolidated Plan and the State Employee and Teacher Plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

*Cost of Living Benefit Increases* - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2021.

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, 2021 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 6.50% for 2021 for each of the Plans. The projection of cash flows used to determine the



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The following table shows how the collective net pension liability as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability	\$ 4,449,651	\$ (312,682)	\$ (4,251,760)
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability	\$ 303,710	\$ 115,650	\$ (40,929)

**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, 2021 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, 2021 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors is recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

resources or deferred inflows of resource. For 2021 and 2020, this was three years for the SET Plan and the PLD Consolidated Plan. For 2020, 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.

*Differences between Expected and Actual Investment Earnings*

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2021 Annual Comprehensive Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 17 - DEFERRED COMPENSATION PLAN

MissionSquare Retirement

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the MissionSquare Retirement. The plan, available to all Town employees permits them to defer a portion 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, 2022 were \$32,873.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

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

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

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

ALLEGIANCARE 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

At January 1, 2022, the following employees were covered by the benefit terms:

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

**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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

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

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

At June 30, 2022, the Town reported a liability of \$6,425,964 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$1,484,483. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

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

Plan year ended June 30:	
2022	\$ 118,891
2023	118,891
2024	(311,707)
2025	(354,596)
2026	(1,018,462)
Thereafter	(1,018,403)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2022. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.54% per annum for June 30, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

**Healthcare Trend**

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

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

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

*Amortization*

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

*Assumptions*

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 3.54% per annum for year end 2022 reporting. 2.06% per annum for year end 2021 reporting.

*Trend Assumptions:*

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2022\_fa was used for this valuation. The following assumptions were input into this model:

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

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

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

Administrative and claims expense: 3% per annum

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

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

Rate of Mortality:

Healthy Annuitant- Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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

Retiree Continuation Percentage:

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

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

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

**Changes in Net OPEB Liability**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2021 was \$876,239.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

**OPEB Plan Fiduciary Net Position**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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, 2021, there were 228 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.mainebers.org](http://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, 2022

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, 2022 were approximately \$27,008.

**OPEB Liabilities and OPEB Expense**

At June 30, 2022, 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, 2022, the District recognized net OPEB expense of \$27,996 and revenue of \$27,996 for support provided by the State of Maine.

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

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

**Plan Description**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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, 2022, the following employees were covered by the benefit terms:

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

**Cost Sharing Provisions/Contributions**

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

**Employee/Retiree Premium Amounts:**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
<b><u>Pre-Medicare</u></b>				
Choice Plus	\$ 782.02	\$ 1,762.53	\$ 1,384.00	\$ 2,145.23
Standard \$200 Ded	\$ 844.48	\$ 1,903.52	\$ 1,494.71	\$ 2,316.85
Standard \$500 Ded	\$ 742.91	\$ 1,674.40	\$ 1,314.81	\$ 2,037.97
Standard \$1,000 Ded	\$ 708.51	\$ 1,596.85	\$ 1,253.91	\$ 1,943.58
<b><u>Medicare</u></b>				
Medicare-eligible retirees	\$ 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, 2022, the Town reported a liability of \$2,871,095 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 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.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$163,316. At June 30, 2022, 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	\$ 176,385	\$ -
Changes of assumptions	445,159	31,394
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	63,008	-
Total	<u>\$ 684,552</u>	<u>\$ 31,394</u>



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

\$63,008 was reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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:	
2022	\$ 116,020
2023	116,022
2024	131,720
2025	111,649
2026	111,647
Thereafter	3,092

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.16% per annum for June 30, 2021 was based upon a measurement date of June 24, 2021. 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>
	1.16%	2.16%	3.16%
Total OPEB liability	\$ 3,356,445	\$ 2,871,095	\$ 2,478,934
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,356,445</u>	<u>\$ 2,871,095</u>	<u>\$ 2,478,934</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, 2022

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	\$ 2,430,151	\$ 2,871,095	\$ 3,428,364
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,430,151</u>	<u>\$ 2,871,095</u>	<u>\$ 3,428,364</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, 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 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, 2022

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 - 2.16% per annum for year-end 2021 reporting, 2.21% per annum for year-end 2020 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2022\_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 2021 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2022 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, 2022

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021 and based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. As of June 30, 2021, 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 inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2020 Maine Public Employees Retirement System State Employee and Teacher Retirement

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2020 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

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

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

Rates are projected generationally using the RPEC\_2021 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\_2021 model are those included in the published MP-2021 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\_2021 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\_2021 model described in the healthy annuitant mortality.

Retiree Continuation Percentage:

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

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

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

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2021, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2020 and projects through June 30, 2021 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

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

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

**Changes in Total OPEB Liability**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2021, 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.

*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, 2021, 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, 2020. 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 21 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2022, the Town had the following overspent appropriations:

Code enforcement	\$ 8,650
Hydrants	149
Parks	22,175
Solid waste	2,533
EPA stormwater program	1,467
EV charging electricity	601
Transfers to other funds	292,597
Total	<u>\$ 328,172</u>

NOTE 22 - CONTINGENCIES

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

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

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

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.



## TOWN OF KITTERY, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

#### NOTE 24 - TAX INCREMENT FINANCING DISTRICTS

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

##### Municipal Development District (Business Park)

On February 8, 2011, the Kittery Town Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy through commercial development. The area of the District is 132.78 acres. The potential projects that will be implemented under this Development Program include: improvements to roads within and outside the District, trolley's trolley stops and related facilities and improvements, sewer and water system improvements including installation of lines, economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is \$2,105,200. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$29,500,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$8,648,766. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. No more than 75% of the property taxes to be generated on the improvements within the District will be returned to the developer. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Council shall determine in its discretion whether it is necessary or appropriate to enter any Credit Enhancement Agreement. The Town will not incur any indebtedness in connection with the Capital Program. The developers of privately-owned property within the District will finance the Capital Program through a combination of the developers' funds, various loans and a

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

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

**Tax Abatements:**

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

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

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

NOTE 25 - COLLATERALIZATION

At June 30, 2022, 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, 2022, authorizes multiple and partial draws only up to the amount of \$24,200,000. There were no draws for the year ended June 30, 2022.

NOTE 26 - COMPARATIVE DATA/RECLASSIFICATIONS

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 27 - RESTATEMENTS

In 2022, it was determined that certain transactions were incorrectly recorded or omitted. The beginning balance for the governmental activities' capital assets was restated as of July 1, 2021 by an increase of \$466,508. The beginning balance for the business-type activities was restated as of July 1, 2021 by an increase of \$36,288.

The governmental activities net position was also restated to correct the beginning balance of the MMEHT OPEB net liability. This liability was reduced by \$1,179,730.

Four special revenue funds were reclassified to be a part of the sewer fund. This restatement decreased nonmajor special revenue funds by \$1,177,892 and increased the sewer fund by the same amount.

These restatements to the governmental activities increased net position from \$30,153,119 to \$30,621,466 and increased business-type activities from \$9,470,604 to \$10,684,784.

### 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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 8,719,650	\$ 8,719,650	\$ 8,719,650	\$ -
Resources (Inflows):				
General tax revenue	12,315,367	12,315,367	12,558,403	243,036
Intergovernmental revenue	1,735,103	1,735,103	1,831,068	95,965
Charges for services	1,735,390	1,735,390	3,582,132	1,846,742
Investment income	25,000	25,000	13,026	(11,974)
Other revenue	118,955	118,955	110,589	(8,366)
Transfers from other funds	35,000	35,000	35,000	-
Amounts Available for Appropriation	<u>24,684,465</u>	<u>24,684,465</u>	<u>26,849,868</u>	<u>2,165,403</u>
Charges to Appropriations (Outflows):				
General government	4,875,065	4,723,590	4,597,177	126,413
Public safety	3,361,227	3,603,702	3,518,402	85,300
Public works	1,134,950	1,174,950	1,172,475	2,475
Recreation and culture	1,775,569	1,832,569	1,748,419	84,150
Health and sanitation	587,607	587,607	590,140	(2,533)
Social services	68,420	68,420	67,095	1,325
County tax	1,006,515	1,006,515	1,005,790	725
Debt service:				
Principal	889,955	889,955	889,955	-
Interest	238,883	238,883	238,882	1
Overlay	157,292	157,292	-	157,292
Grant funds/misc. accounts	262,579	262,579	249,933	12,646
Transfers to other funds	1,606,753	1,606,753	1,899,350	(292,597)
Total Charges to Appropriations	<u>15,964,815</u>	<u>16,152,815</u>	<u>15,977,618</u>	<u>175,197</u>
Budgetary Fund Balance, June 30	<u>\$ 8,719,650</u>	<u>\$ 8,531,650</u>	<u>\$ 10,872,250</u>	<u>\$ 2,340,600</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 188,000</u>	<u>\$ -</u>	<u>\$ (188,000)</u>

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

## TOWN OF KITTERY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - EDUCATION FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,127,218	\$ 2,127,218	\$ 2,127,218	\$ -
Revenues (Inflows):				
Local assessments	16,794,304	16,794,304	16,794,304	-
Intergovernmental revenues:				
State subsidy	1,723,871	1,723,871	1,742,187	18,316
Medicaid	30,000	30,000	38,161	8,161
Impact aid	400,000	400,000	466,129	66,129
Tuition	-	-	11,774	11,774
Charges for services	7,500	7,500	20,797	13,297
Other revenue	3,200	85,877	131,784	45,907
Activity/Gate Fees	-	-	28,851	28,851
Transfers from other funds	-	-	35,680	35,680
Amounts Available for Appropriation	<u>21,086,093</u>	<u>21,168,770</u>	<u>21,396,885</u>	<u>228,115</u>
Charges to Appropriations (Outflows):				
Regular instruction	7,843,531	7,700,343	7,506,166	194,177
Special education	4,368,640	4,368,640	3,535,090	833,550
Career and technical	6,752	6,752	6,752	-
Other instruction	368,606	368,606	334,646	33,960
Student and staff support	2,054,848	2,144,229	2,144,229	-
System administration	748,914	786,314	776,322	9,992
School administration	1,080,586	1,080,886	1,066,875	14,011
Transportation and buses	686,979	720,979	754,821	(33,842)
Operations and maintenance	1,304,899	1,369,683	1,405,924	(36,241)
Debt service:				
Principal	603,500	603,500	603,500	-
Interest	117,497	117,497	117,497	-
Transfers to other funds	100,000	806,380	806,380	-
Total Charges to Appropriations	<u>19,284,752</u>	<u>20,073,809</u>	<u>19,058,202</u>	<u>1,015,607</u>
Budgetary Fund Balance, June 30	<u>\$ 1,801,341</u>	<u>\$ 1,094,961</u>	<u>\$ 2,338,683</u>	<u>\$ 1,243,722</u>
Utilization of assigned fund balance	<u>\$ 325,877</u>	<u>\$ 1,032,257</u>	<u>\$ -</u>	<u>\$ (1,032,257)</u>

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

## TOWN OF KITTERY, MAINE

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

	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>								
Proportion of the net pension liability	0.97%	1.03%	1.00%	1.01%	0.98%	0.99%	1.02%	1.00%
Proportionate share of the net pension liability/(asset)	\$ (312,682)	\$ 4,089,141	\$ 3,064,549	\$ 2,771,205	\$ 4,022,261	\$ 5,257,645	\$ 3,253,198	\$ 1,538,376
Covered payroll	\$ 4,732,851	\$ 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	-6.61%	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	100.86%	88.35%	90.62%	91.14%	86.43%	81.60%	88.30%	94.10%
<u>SET Plan:</u>								
School Department's proportion of the net pension liability	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
School Department's proportionate share of the net pension liability	\$ 172,431	\$ 172,431	\$ 321,950	\$ 305,986	\$ 317,524	\$ 308,441	\$ 240,362	\$ 204,809
State's proportionate share of the net pension liability associated with the School Department	<u>11,136,868</u>	<u>11,136,868</u>	<u>9,407,634</u>	<u>8,627,532</u>	<u>9,439,716</u>	<u>11,131,629</u>	<u>8,327,329</u>	<u>6,502,031</u>
Total	<u>\$ 11,309,299</u>	<u>\$ 11,309,299</u>	<u>\$ 9,729,584</u>	<u>\$ 8,933,518</u>	<u>\$ 9,757,240</u>	<u>\$ 11,440,070</u>	<u>\$ 8,567,691</u>	<u>\$ 6,706,840</u>
School Department's covered payroll	\$ 8,988,666	\$ 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%	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	90.90%	81.03%	84.52%	85.17%	80.78%	76.21%	81.18%	83.91%

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

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

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

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

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



## TOWN OF KITTERY, MAINE

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>					
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	240,532	240,532	237,241	228,880	210,553
Total	<u>\$ 240,532</u>	<u>\$ 240,532</u>	<u>\$ 237,241</u>	<u>\$ 228,880</u>	<u>\$ 210,553</u>
Covered payroll	\$ 8,988,666	\$ 8,988,666	\$ 8,204,989	\$ 8,135,669	\$ 8,075,196
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	55.40%	55.40%	49.51%	49.22%	48.04%

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

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

## TOWN OF KITTELY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT PLAN  
FOR THE YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/19 (Reporting July 1, 2020)	\$ 13,623,539	\$ -	\$ 13,623,539
Changes for the year:			
Service cost	333,782	-	333,782
Interest	214,485	-	214,485
Changes of benefits	-	-	-
Differences between expected and actual experience	(5,519,099)	-	(5,519,099)
Changes of assumptions	(1,864,338)	-	(1,864,338)
Contributions - employer	-	362,405	(362,405)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(362,405)	(364,989)	2,584
Administrative expense	-	-	-
Net changes	(7,197,575)	-	(7,197,575)
Balances at 7/1/20 (Reporting July 1, 2021)	<u>\$ 6,425,964</u>	<u>\$ -</u>	<u>\$ 6,425,964</u>

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

## TOWN OF KITTERY, MAINE

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

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

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

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN  
FOR THE YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/2020 (Reporting June 30, 2021)	\$ 2,830,146	\$ -	\$ 2,830,146
Changes for the year:			
Service cost	47,703	-	47,703
Interest	62,601	-	62,601
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	21,632	-	21,632
Contributions - employer	-	90,987	(90,987)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(90,987)	(90,987)	-
Administrative expense	-	-	-
Net changes	40,949	-	40,949
Balances at 6/30/2021 (Reporting June 30, 2022)	<u>\$ 2,871,095</u>	<u>\$ -</u>	<u>\$ 2,871,095</u>

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

## TOWN OF KITTERY, MAINE

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

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

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

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019
<u>MEABT:</u>				
Employer contributions	\$ 90,987	\$ 100,447	\$ 94,776	\$ 91,500
Benefit payments	(90,987)	(100,447)	(94,776)	(91,500)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,631,982	\$ 7,445,836	\$ 7,718,042	\$ 7,511,476
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF KITTERY, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022

**Changes of Assumptions**

MEPERS PLD Plan:

The discount rate was reduced from 6.75% to 6.50%. In addition, the salary increases for the plan, increased from 2.75% to 2.75% - 11.48% per year.

MEPERS SET Plan:

The discount rate was reduced from 6.75% to 6.50%. In addition, the salary increases for the plan, increased from 2.75% to 2.80% - 13.03% per year.

MMEHT OPEB Plan:

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.06% to 3.54% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

MEABT OPEB Plan

There was a change in the discount rate from 2.21% to 2.16% per GASB 75 discount rate selection.

### Other Supplementary Information

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

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



## TOWN OF KITTERY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 10,359,367	\$ 10,359,367	\$ 10,450,479	\$ 91,112
Vehicle excise taxes	1,936,000	1,936,000	2,066,975	130,975
Boat excise taxes	20,000	20,000	40,949	20,949
Intergovernmental revenues:				
State revenue sharing	775,000	775,000	1,139,122	364,122
Homestead exemption	337,385	337,385	338,913	1,528
BETE	81,418	81,418	-	(81,418)
GMH Housing	306,000	306,000	311,742	5,742
General assistance	45,000	45,000	24,685	(20,315)
Other	190,300	190,300	16,606	(173,694)
Charges for services:				
Recreation fees	550,000	550,000	558,342	8,342
Library fees	2,000	2,000	2,251	251
Code enforcement fees	304,000	304,000	1,920,141	1,616,141
Registration fees	28,000	28,000	44,593	16,593
Town clerk fees	28,800	28,800	32,450	3,650
Planning fees	5,000	5,000	8,176	3,176
Solid waste/recycling	45,000	45,000	135,531	90,531
Solid waste/permits	80,000	80,000	105,402	25,402
Fort Foster fees	300,000	300,000	332,259	32,259
Dispatching services	154,360	154,360	154,360	-
Police department	95,530	95,530	92,416	(3,114)
Animal control	4,000	4,000	3,946	(54)
Public works	-	-	5,997	5,997
Mooring/launch fees	136,300	136,300	178,426	42,126
Harbor fees	2,400	2,400	7,842	5,442
Investment income:				
Investment income	25,000	25,000	13,026	(11,974)
Other income:				
Interest/fees on taxes	47,000	47,000	58,047	11,047
Payment in lieu of taxes	3,200	3,200	6,276	3,076
Rent	22,900	22,900	22,900	-
Other reimbursements	45,855	45,855	23,366	(22,489)
Transfers from other funds:				
Permanent funds	35,000	35,000	35,000	-
Total Revenues	<u>\$ 15,964,815</u>	<u>\$ 15,964,815</u>	<u>\$ 18,130,218</u>	<u>\$ 2,165,403</u>

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
<b>General government</b>					
Administration	\$ 1,210,085	\$ (90,000)	\$ 1,120,085	\$ 1,078,240	\$ 41,845
Code enforcement	555,903	-	555,903	564,553	(8,650)
Benefits	1,058,310	(26,955)	1,031,355	1,010,105	21,250
Insurance	2,012,032	(49,520)	1,962,512	1,921,048	41,464
Planning board	10,785	15,000	25,785	9,414	16,371
Elections	20,600	-	20,600	10,952	9,648
Council	7,350	-	7,350	2,865	4,485
	<u>4,875,065</u>	<u>(151,475)</u>	<u>4,723,590</u>	<u>4,597,177</u>	<u>126,413</u>
<b>Public safety</b>					
Police department	2,425,736	242,475	2,668,211	2,655,821	12,390
Fire department	625,491	-	625,491	575,059	50,432
Street lights	55,000	-	55,000	32,373	22,627
Hydrants	255,000	-	255,000	255,149	(149)
	<u>3,361,227</u>	<u>242,475</u>	<u>3,603,702</u>	<u>3,518,402</u>	<u>85,300</u>
<b>Public works</b>					
Highways	1,134,950	40,000	1,174,950	1,172,475	2,475
	<u>1,134,950</u>	<u>40,000</u>	<u>1,174,950</u>	<u>1,172,475</u>	<u>2,475</u>
<b>Recreation and culture</b>					
Parks	201,767	-	201,767	223,942	(22,175)
Fort Foster	174,883	20,000	194,883	136,861	58,022
Recreation	864,497	-	864,497	829,208	35,289
Library	418,044	22,000	440,044	433,773	6,271
Harbormaster	116,378	15,000	131,378	124,635	6,743
	<u>1,775,569</u>	<u>57,000</u>	<u>1,832,569</u>	<u>1,748,419</u>	<u>84,150</u>
<b>Health and sanitation</b>					
Solid waste	587,607	-	587,607	590,140	(2,533)
	<u>587,607</u>	<u>-</u>	<u>587,607</u>	<u>590,140</u>	<u>(2,533)</u>
<b>Social services</b>					
General assistance	60,000	-	60,000	58,674	1,326
Community agencies	7,900	-	7,900	7,900	-
Public health services	520	-	520	521	(1)
	<u>68,420</u>	<u>-</u>	<u>68,420</u>	<u>67,095</u>	<u>1,325</u>

## TOWN OF KITTERY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
<b>County tax</b>	1,006,515	-	1,006,515	1,005,790	725
<b>Debt service</b>					
Principal	889,955	-	889,955	889,955	-
Interest	238,883	-	238,883	238,882	1
	1,128,838	-	1,128,838	1,128,837	1
<b>Overlay</b>	157,292	-	157,292	-	157,292
<b>Grant funds/misc. accounts</b>					
EPA stormwater program	20,000	-	20,000	21,467	(1,467)
Computer repair	65,000	-	65,000	53,787	11,213
Conservation commission	500	-	500	-	500
Mosquito/tick control	40,000	-	40,000	38,580	1,420
EV charging electricity	-	-	-	601	(601)
PSAP paid to York police dept.	35,000	-	35,000	33,772	1,228
Bank fees	500	-	500	147	353
Adult education	101,579	-	101,579	101,579	-
	262,579	-	262,579	249,933	12,646
<b>Transfers to other funds</b>					
Special revenue funds	17,853	-	17,853		17,853
Capital projects funds	1,588,900	-	1,588,900	1,899,350	(310,450)
	1,606,753	-	1,606,753	1,899,350	(292,597)
<b>Total Departmental Operations</b>	<u>\$ 15,964,815</u>	<u>\$ 188,000</u>	<u>\$ 16,152,815</u>	<u>\$ 15,977,618</u>	<u>\$ 175,197</u>

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

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 63,106	\$ 63,106
Investments	-	-	575,190	575,190
Accounts receivable (net of allowance for uncollectibles)	174,388	-	-	174,388
Inventory	13,617	-	-	13,617
Due from other funds	5,568,215	3,595,495	105,125	9,268,835
TOTAL ASSETS	<u>\$ 5,756,220</u>	<u>\$ 3,595,495</u>	<u>\$ 743,421</u>	<u>\$ 10,095,136</u>
LIABILITIES				
Accounts payable	\$ 489,690	\$ 401,507	\$ -	\$ 891,197
Due to other funds	363,743	-	-	363,743
TOTAL LIABILITIES	<u>853,433</u>	<u>401,507</u>	<u>-</u>	<u>1,254,940</u>
FUND BALANCES				
Nonspendable	13,617	-	60,000	73,617
Restricted	599,748	1,285,872	684,959	2,570,579
Committed	3,869,741	1,908,116	-	5,777,857
Assigned	652,505	-	-	652,505
Unassigned	(232,824)	-	(1,538)	(234,362)
TOTAL FUND BALANCES	<u>4,902,787</u>	<u>3,193,988</u>	<u>743,421</u>	<u>8,840,196</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,756,220</u>	<u>\$ 3,595,495</u>	<u>\$ 743,421</u>	<u>\$ 10,095,136</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 2,060,543	\$ 301,933	\$ -	\$ 2,362,476
Charges for services	583,022	-	-	583,022
Investment income, net of unrealized gains/(losses)	-	-	(38,988)	(38,988)
Interest income	-	-	-	-
Other income	1,160,915	502,801	21,012	1,684,728
TOTAL REVENUES	<u>3,804,480</u>	<u>804,734</u>	<u>(17,976)</u>	<u>4,591,238</u>
EXPENDITURES				
General government	6,500	-	64,233	70,733
Public safety	226,099	-	-	226,099
Public works	-	-	-	-
Health and sanitation	32,500	-	-	32,500
Recreation and culture	180,232	-	-	180,232
Education	2,022,005	-	-	2,022,005
Capital outlay	2,248,506	4,652,376	-	6,900,882
Other	171,043	10,065	-	181,108
TOTAL EXPENDITURES	<u>4,886,885</u>	<u>4,662,441</u>	<u>64,233</u>	<u>9,613,559</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,082,405)</u>	<u>(3,857,707)</u>	<u>(82,209)</u>	<u>(5,022,321)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,204,628	607,000	-	2,811,628
Transfers (out)	(101,897)	(39,681)	(35,000)	(176,578)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,102,731</u>	<u>567,319</u>	<u>(35,000)</u>	<u>2,635,050</u>
NET CHANGE IN FUND BALANCES	1,020,326	(3,290,388)	(117,209)	(2,387,271)
FUND BALANCES - JULY 1, RESTATED	<u>3,882,461</u>	<u>6,484,376</u>	<u>860,630</u>	<u>11,227,467</u>
FUND BALANCES - JUNE 30	<u>\$ 4,902,787</u>	<u>\$ 3,193,988</u>	<u>\$ 743,421</u>	<u>\$ 8,840,196</u>

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

### Special Revenue Funds

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

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Real Estate	Oil and More Donations	Channel 22	Concert in the Park	D.A.R.E.	Fire Hazmat Spill Cleanup	Thresher Memorial
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	558,513	-	255,667	5,097	216	11,227	5,569
TOTAL ASSETS	<u>\$ 558,513</u>	<u>\$ -</u>	<u>\$ 255,667</u>	<u>\$ 5,097</u>	<u>\$ 216</u>	<u>\$ 11,227</u>	<u>\$ 5,569</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 29,488	\$ 3,450	\$ -	\$ -	\$ -
Due to other funds	-	15	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>15</u>	<u>29,488</u>	<u>3,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	558,513	-	226,179	1,647	216	11,227	5,569
Assigned	-	-	-	-	-	-	-
Unassigned	-	(15)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>558,513</u>	<u>(15)</u>	<u>226,179</u>	<u>1,647</u>	<u>216</u>	<u>11,227</u>	<u>5,569</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 558,513</u>	<u>\$ -</u>	<u>\$ 255,667</u>	<u>\$ 5,097</u>	<u>\$ 216</u>	<u>\$ 11,227</u>	<u>\$ 5,569</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Accrued Compensated Absences	Ballot Counting Machines	Library Donations	Kittery Block Party	Kittery Community Center	Bike/Ped Master Plan	York Hospital
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	289,740	6,078	13,691	15,287	9,548	100,000	32,402
TOTAL ASSETS	<u>\$ 289,740</u>	<u>\$ 6,078</u>	<u>\$ 13,691</u>	<u>\$ 15,287</u>	<u>\$ 9,548</u>	<u>\$ 100,000</u>	<u>\$ 32,402</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,072	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	289,740	6,078	13,691	13,215	9,548	100,000	32,402
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>289,740</u>	<u>6,078</u>	<u>13,691</u>	<u>13,215</u>	<u>9,548</u>	<u>100,000</u>	<u>32,402</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 289,740</u>	<u>\$ 6,078</u>	<u>\$ 13,691</u>	<u>\$ 15,287</u>	<u>\$ 9,548</u>	<u>\$ 100,000</u>	<u>\$ 32,402</u>



## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Police Forfeiture	Public Safety Impact Fees	Open Space	MMA Grants	Conservation Committee	375th Celebration	TIF Financial Plan
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	2,292	357,956	25,000	285	568	5,944	120,309
TOTAL ASSETS	<u>\$ 2,292</u>	<u>\$ 357,956</u>	<u>\$ 25,000</u>	<u>\$ 285</u>	<u>\$ 568</u>	<u>\$ 5,944</u>	<u>\$ 120,309</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	-	357,956	-	285	-	-	-
Committed	2,292	-	25,000	-	568	5,944	120,309
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,292</u>	<u>357,956</u>	<u>25,000</u>	<u>285</u>	<u>568</u>	<u>5,944</u>	<u>120,309</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,292</u>	<u>\$ 357,956</u>	<u>\$ 25,000</u>	<u>\$ 285</u>	<u>\$ 568</u>	<u>\$ 5,944</u>	<u>\$ 120,309</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	PREPA Grant	Affordable Housing Fund	ASA	Sewer Impact Fees	Sewer Betterments	Keep Maine Healthy Grant	DPW Right of Way Reserve
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ 43,690	\$ 36,000	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	-	150,000	8,033	-	-	867	177,804
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 8,033</u>	<u>\$ 43,690</u>	<u>\$ 36,000</u>	<u>\$ 867</u>	<u>\$ 177,804</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 6,618	\$ -	\$ -	\$ -	\$ 148,636
Due to other funds	5,390	-	-	43,690	36,000	-	-
TOTAL LIABILITIES	<u>5,390</u>	<u>-</u>	<u>6,618</u>	<u>43,690</u>	<u>36,000</u>	<u>-</u>	<u>148,636</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	150,000	-	-	-	-	-
Committed	-	-	1,415	-	-	867	29,168
Assigned	-	-	-	-	-	-	-
Unassigned	(5,390)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(5,390)</u>	<u>150,000</u>	<u>1,415</u>	<u>-</u>	<u>-</u>	<u>867</u>	<u>29,168</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 8,033</u>	<u>\$ 43,690</u>	<u>\$ 36,000</u>	<u>\$ 867</u>	<u>\$ 177,804</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Fort Foster Invasives	KCC Visual Arts Committee	Recreational Vehicle	Highway Vehicle	Fire Dept. Vehicle	KCC Playgrounds	Spruce Creek PH5 Grant
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	17,002	4,421	23,050	419,870	591	64,718	2,352
<b>TOTAL ASSETS</b>	<b>\$ 17,002</b>	<b>\$ 4,421</b>	<b>\$ 23,050</b>	<b>\$ 419,870</b>	<b>\$ 591</b>	<b>\$ 64,718</b>	<b>\$ 2,352</b>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 231,460	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231,460</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	17,002	4,421	23,050	188,410	591	64,718	2,352
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>17,002</b>	<b>4,421</b>	<b>23,050</b>	<b>188,410</b>	<b>591</b>	<b>64,718</b>	<b>2,352</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 17,002</b>	<b>\$ 4,421</b>	<b>\$ 23,050</b>	<b>\$ 419,870</b>	<b>\$ 591</b>	<b>\$ 64,718</b>	<b>\$ 2,352</b>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Tax Acquired Properties	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Mass Transit Reserve Fund	Legion Invasives
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	-	13,781	8,706	22,993	139,351	50,000	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 13,781</b>	<b>\$ 8,706</b>	<b>\$ 22,993</b>	<b>\$ 139,351</b>	<b>\$ 50,000</b>	<b>\$ -</b>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,395	\$ -	\$ -
Due to other funds	44,978	-	-	-	-	-	8,080
<b>TOTAL LIABILITIES</b>	<b>44,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,395</b>	<b>-</b>	<b>8,080</b>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	13,781	8,706	22,993	134,956	50,000	-
Assigned	-	-	-	-	-	-	-
Unassigned	(44,978)	-	-	-	-	-	(8,080)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(44,978)</b>	<b>13,781</b>	<b>8,706</b>	<b>22,993</b>	<b>134,956</b>	<b>50,000</b>	<b>(8,080)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 13,781</b>	<b>\$ 8,706</b>	<b>\$ 22,993</b>	<b>\$ 139,351</b>	<b>\$ 50,000</b>	<b>\$ -</b>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Police Vehicle Equipment	Emery Field PH 2 LCWF Grant	Records Preservation	Municipal Facility Reserve	Covid Grant	Parks Buildings and Grounds	Billable Police Details
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	155,834	350,536	3,510	224,722	39,188	22,867	20,879
<b>TOTAL ASSETS</b>	<b>\$ 155,834</b>	<b>\$ 350,536</b>	<b>\$ 3,510</b>	<b>\$ 224,722</b>	<b>\$ 39,188</b>	<b>\$ 22,867</b>	<b>\$ 20,879</b>
LIABILITIES							
Accounts payable	\$ 59,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>59,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	95,948	350,536	3,510	224,722	39,188	22,867	20,879
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>95,948</b>	<b>350,536</b>	<b>3,510</b>	<b>224,722</b>	<b>39,188</b>	<b>22,867</b>	<b>20,879</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 155,834</b>	<b>\$ 350,536</b>	<b>\$ 3,510</b>	<b>\$ 224,722</b>	<b>\$ 39,188</b>	<b>\$ 22,867</b>	<b>\$ 20,879</b>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Pol. Grant Support Det.	Kittery Community Center 5 Year	Joint Land Use OEA PH1	Port Authority Equipment	Fire Equipment Reserve	Sewer Safety Grants
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-
Due from other funds	-	24,107	-	45,482	211,794	27
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 24,107</b>	<b>\$ -</b>	<b>\$ 45,482</b>	<b>\$ 211,794</b>	<b>\$ 27</b>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	21,512	-	14,975	-	-	-
<b>TOTAL LIABILITIES</b>	<b>21,512</b>	<b>-</b>	<b>14,975</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	24,107	-	45,482	211,794	27
Assigned	-	-	-	-	-	-
Unassigned	(21,512)	-	(14,975)	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(21,512)</b>	<b>24,107</b>	<b>(14,975)</b>	<b>45,482</b>	<b>211,794</b>	<b>27</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 24,107</b>	<b>\$ -</b>	<b>\$ 45,482</b>	<b>\$ 211,794</b>	<b>\$ 27</b>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Police New Officer	Additional Snow and Ice Damages	PFAS	Senior Tax Program	Wetland Mitigation	School Special Revenue Funds	Total
<b>ASSETS</b>							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,698	\$ 174,388
Inventory	-	-	-	-	-	13,617	13,617
Due from other funds	-	37,278	-	4,000	16,703	1,492,360	5,568,215
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 37,278</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 16,703</u>	<u>\$ 1,600,675</u>	<u>\$ 5,756,220</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ 519	\$ -	\$ -	\$ 3,166	\$ 489,690
Due to other funds	6,513	-	23,383	-	-	159,207	363,743
<b>TOTAL LIABILITIES</b>	<u>6,513</u>	<u>-</u>	<u>23,902</u>	<u>-</u>	<u>-</u>	<u>162,373</u>	<u>853,433</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	13,617	13,617
Restricted	-	37,278	-	-	-	54,229	599,748
Committed	-	-	-	4,000	16,703	825,410	3,869,741
Assigned	-	-	-	-	-	652,505	652,505
Unassigned	(6,513)	-	(23,902)	-	-	(107,459)	(232,824)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(6,513)</u>	<u>37,278</u>	<u>(23,902)</u>	<u>4,000</u>	<u>16,703</u>	<u>1,438,302</u>	<u>4,902,787</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ -</u>	<u>\$ 37,278</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 16,703</u>	<u>\$ 1,600,675</u>	<u>\$ 5,756,220</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Real Estate	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	-	-	-	7,700	-	-	-
Other income	558,513	-	98,948	-	-	-	1,750
TOTAL REVENUES	558,513	-	98,948	7,700	-	-	1,750
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	6,350	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	122,895	-	-	-	3,708
TOTAL EXPENDITURES	-	-	122,895	6,350	-	-	3,708
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	558,513	-	(23,947)	1,350	-	-	(1,958)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	(35,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(35,000)	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	558,513	-	(58,947)	1,350	-	-	(1,958)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	(15)	285,126	297	216	11,227	7,527
FUND BALANCES (DEFICITS) - JUNE 30	\$ 558,513	\$ (15)	\$ 226,179	\$ 1,647	\$ 216	\$ 11,227	\$ 5,569



## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Accrued Compensated Absences	Ballot Counting Machines	Library Donations	Kittery Block Party	Kittery Community Center	Bike/Ped Master Plan	York Hospital
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	3,821	32,175	2,090	100,000	-
TOTAL REVENUES	-	-	3,821	32,175	2,090	100,000	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	19,848	7,719	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	1,556	-	-	-	800
TOTAL EXPENDITURES	-	-	1,556	19,848	7,719	-	800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2,265	12,327	(5,629)	100,000	(800)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	20,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	20,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	2,265	12,327	(5,629)	100,000	19,200
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	289,740	6,078	11,426	888	15,177	-	13,202
FUND BALANCES (DEFICITS) - JUNE 30	\$ 289,740	\$ 6,078	\$ 13,691	\$ 13,215	\$ 9,548	\$ 100,000	\$ 32,402

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Police Forfeiture	Public Safety Impact Fees	Open Space	MMA Grants	Conservation Committee	375th Celebration	TIF Financial Plan
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	397,530	-	-	-	-	-
Other income	-	-	-	4,076	-	4,800	-
TOTAL REVENUES	-	397,530	-	4,076	-	4,800	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	9,096	128,886	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	8,856	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	3,912	-	-	-
TOTAL EXPENDITURES	9,096	128,886	-	3,912	-	8,856	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,096)	268,644	-	164	-	(4,056)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	25,000	-	-	10,000	20,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	25,000	-	-	10,000	20,000
NET CHANGE IN FUND BALANCES (DEFICITS)	(9,096)	268,644	25,000	164	-	5,944	20,000
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	11,388	89,312	-	121	568	-	100,309
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,292	\$ 357,956	\$ 25,000	\$ 285	\$ 568	\$ 5,944	\$ 120,309

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	PREPA Grant	Affordable Housing Fund	ASA	Sewer Impact Fees	Sewer Betterments	Keep Maine Healthy Grant	DPW Right of Way Reserve
REVENUES							
Intergovernmental revenue	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	12,845	-	-	-	-
TOTAL REVENUES	-	150,000	12,845	-	-	-	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	42,429	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,210,832
Other	5,390	-	-	-	-	-	-
TOTAL EXPENDITURES	5,390	-	42,429	-	-	-	1,210,832
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,390)	150,000	(29,584)	-	-	-	(1,210,832)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	650,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	650,000
NET CHANGE IN FUND BALANCES (DEFICITS)	(5,390)	150,000	(29,584)	-	-	-	(560,832)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	-	30,999	-	-	867	590,000
FUND BALANCES (DEFICITS) - JUNE 30	\$ (5,390)	\$ 150,000	\$ 1,415	\$ -	\$ -	\$ 867	\$ 29,168

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Fort Foster Invasives	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	-	3,025	-	3,350	-	-	-
TOTAL REVENUES	-	3,025	-	3,350	-	-	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	46,998	969	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	375,311	288,000	-	-
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	46,998	969	-	375,311	288,000	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(46,998)	2,056	-	(371,961)	(288,000)	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	64,000	-	-	475,000	93,000	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	64,000	-	-	475,000	93,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	17,002	2,056	-	103,039	(195,000)	-	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	2,365	23,050	85,371	195,591	64,718	2,352
FUND BALANCES (DEFICITS) - JUNE 30	\$ 17,002	\$ 4,421	\$ 23,050	\$ 188,410	\$ 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, 2022

	Tax Acquired Properties	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Mass Transit Reserve Fund	Legion Invasives
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	50,000	-	-
TOTAL REVENUES	-	-	-	-	50,000	-	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	32,500	-
Recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	16,066	583	12,170	28,329	-	-
Other	800	-	-	-	-	-	8,080
TOTAL EXPENDITURES	800	16,066	583	12,170	28,329	32,500	8,080
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(800)	(16,066)	(583)	(12,170)	21,671	(32,500)	(8,080)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	25,000	-	30,000	63,000	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	25,000	-	30,000	63,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(800)	8,934	(583)	17,830	84,671	(32,500)	(8,080)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	(44,178)	4,847	9,289	5,163	50,285	82,500	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ (44,978)	\$ 13,781	\$ 8,706	\$ 22,993	\$ 134,956	\$ 50,000	\$ (8,080)

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Police Vehicle Equipment	Emery Field PH 2 LCWF Grant	Records Preservation	Municipal Facility Reserve	Covid Grant	Parks Buildings and Grounds	Billable Police Details
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -
Charges for services	-	-	-	-	-	-	51,082
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	2,500	-	51,082
EXPENDITURES							
General government	-	-	6,500	-	-	-	-
Public safety	-	-	-	-	-	-	57,608
Public works	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	6,070	29,054	-
Education	-	-	-	-	-	-	-
Capital outlay	97,407	20,209	-	32,709	-	-	-
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	97,407	20,209	6,500	32,709	6,070	29,054	57,608
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,407)	(20,209)	(6,500)	(32,709)	(3,570)	(29,054)	(6,526)
OTHER FINANCING SOURCES (USES)							
Transfers in	112,000	-	10,000	39,000	-	10,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	112,000	-	10,000	39,000	-	10,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	14,593	(20,209)	3,500	6,291	(3,570)	(19,054)	(6,526)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	81,355	370,745	10	218,431	42,758	41,921	27,405
FUND BALANCES (DEFICITS) - JUNE 30	\$ 95,948	\$ 350,536	\$ 3,510	\$ 224,722	\$ 39,188	\$ 22,867	\$ 20,879

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Pol. Grant Support Det.	Kittery Community Center 5 Year	Joint Land Use OEA PH1	Port Authority Equipment	Fire Equipment Reserve	Sewer Safety Grants
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 183,023	\$ -	\$ -	\$ -
Charges for services	9,737	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>9,737</u>	<u>-</u>	<u>183,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	23,479	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Recreation and culture	-	11,939	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	91,292	21,315	54,283	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>23,479</u>	<u>11,939</u>	<u>91,292</u>	<u>21,315</u>	<u>54,283</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,742)</u>	<u>(11,939)</u>	<u>91,731</u>	<u>(21,315)</u>	<u>(54,283)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	30,000	451	13,500	55,400	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>30,000</u>	<u>451</u>	<u>13,500</u>	<u>55,400</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(13,742)	18,061	92,182	(7,815)	1,117	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(7,770)</u>	<u>6,046</u>	<u>(107,157)</u>	<u>53,297</u>	<u>210,677</u>	<u>27</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (21,512)</u>	<u>\$ 24,107</u>	<u>\$ (14,975)</u>	<u>\$ 45,482</u>	<u>\$ 211,794</u>	<u>\$ 27</u>

## 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, 2022

	Police New Officer	Additional Snow and Ice Damages	PFAS	Senior Tax Program	Wetland Mitigation	School Special Revenue Funds	Total
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,725,020	\$ 2,060,543
Charges for services	-	-	-	-	-	116,973	583,022
Other income	-	-	-	-	-	285,522	1,160,915
TOTAL REVENUES	-	-	-	-	-	2,127,515	3,804,480
EXPENDITURES							
General government	-	-	-	-	-	-	6,500
Public safety	7,030	-	-	-	-	-	226,099
Health and sanitation	-	-	-	-	-	-	32,500
Recreation and culture	-	-	-	-	-	-	180,232
Education	-	-	-	-	-	2,022,005	2,022,005
Capital outlay	-	-	-	-	-	-	2,248,506
Other	-	-	23,902	-	-	-	171,043
TOTAL EXPENDITURES	7,030	-	23,902	-	-	2,022,005	4,886,885
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,030)	-	(23,902)	-	-	105,510	(1,082,405)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	459,277	2,204,628
Transfers (out)	-	-	-	-	(64,000)	(2,897)	(101,897)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(64,000)	456,380	2,102,731
NET CHANGE IN FUND BALANCES (DEFICITS)	(7,030)	-	(23,902)	-	(64,000)	561,890	1,020,326
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	517	37,278	-	4,000	80,703	876,412	3,882,461
FUND BALANCES (DEFICITS) - JUNE 30	\$ (6,513)	\$ 37,278	\$ (23,902)	\$ 4,000	\$ 16,703	\$ 1,438,302	\$ 4,902,787

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



### Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust fund.

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

	Community Center	Town Facilities	Street Lights Project	Pepperill Coves Paving/ Utilities	Fire Department Facility	Public Works Sign Shed
ASSETS						
Due from other funds	\$ -	\$ -	\$ 36,639	\$ -	\$ 37,319	\$ 20
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,639</u>	<u>\$ -</u>	<u>\$ 37,319</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	-	-	-	-	-	-
Committed	-	-	36,639	-	37,319	20
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>36,639</u>	<u>-</u>	<u>37,319</u>	<u>20</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,639</u>	<u>\$ -</u>	<u>\$ 37,319</u>	<u>\$ 20</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

	Roadside Landscaping	Rice Building Rehab	Fort Foster Bench	State Aid to Roads	Abatement Reserve	Police Equipment Reserve
ASSETS						
Due from other funds	\$ 55,000	\$ 854,024	\$ 10,986	\$ 1,402,243	\$ 264,712	\$ 10,000
TOTAL ASSETS	<u>\$ 55,000</u>	<u>\$ 854,024</u>	<u>\$ 10,986</u>	<u>\$ 1,402,243</u>	<u>\$ 264,712</u>	<u>\$ 10,000</u>
LIABILITIES						
Accounts payable	\$ -	\$ 272,363	\$ -	\$ 116,371	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>272,363</u>	<u>-</u>	<u>116,371</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	1,285,872	-	-
Committed	55,000	581,661	10,986	-	264,712	10,000
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>55,000</u>	<u>581,661</u>	<u>10,986</u>	<u>1,285,872</u>	<u>264,712</u>	<u>10,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 55,000</u>	<u>\$ 854,024</u>	<u>\$ 10,986</u>	<u>\$ 1,402,243</u>	<u>\$ 264,712</u>	<u>\$ 10,000</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

	Government St. Pier Reserve	Climate Action	Covid Vaccine Clinics	Zoning Record Upgrade	School Capital Projects Funds	Total
ASSETS						
Due from other funds	\$ 8,623	\$ 65,000	\$ 15,157	\$ -	\$ 835,772	\$ 3,595,495
TOTAL ASSETS	<u>\$ 8,623</u>	<u>\$ 65,000</u>	<u>\$ 15,157</u>	<u>\$ -</u>	<u>\$ 835,772</u>	<u>\$ 3,595,495</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 12,773	\$ 401,507
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,773</u>	<u>401,507</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	1,285,872
Committed	8,623	65,000	15,157	-	822,999	1,908,116
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>8,623</u>	<u>65,000</u>	<u>15,157</u>	<u>-</u>	<u>822,999</u>	<u>3,193,988</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,623</u>	<u>\$ 65,000</u>	<u>\$ 15,157</u>	<u>\$ -</u>	<u>\$ 835,772</u>	<u>\$ 3,595,495</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Community Center	Town Facilities	Street Lights Project	Pepperill Coves Paving/ Utilities	Fire Department Facility	Public Works Sign Shed
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	23,500	-
Transfers (out)	-	(4,001)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(4,001)	-	-	23,500	-
NET CHANGE IN FUND BALANCES	-	(4,001)	-	-	23,500	-
FUND BALANCES - JULY 1	-	4,001	36,639	-	13,819	20
FUND BALANCES - JUNE 30	\$ -	\$ -	\$ 36,639	\$ -	\$ 37,319	\$ 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, 2022

	Roadside Landscaping	Rice Building Rehab	Fort Foster Bench	State Aid to Roads	Abatement Reserve	Police Equipment Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ 125,000	\$ -	\$ 158,728	\$ -	\$ -
Other income	-	502,801	-	-	-	-
TOTAL REVENUES	-	627,801	-	158,728	-	-
EXPENDITURES						
Capital outlay	-	4,484,190	-	125,881	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	4,484,190	-	125,881	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,856,389)	-	32,847	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	55,000	-	-	-	50,000	10,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	55,000	-	-	-	50,000	10,000
NET CHANGE IN FUND BALANCES	55,000	(3,856,389)	-	32,847	50,000	10,000
FUND BALANCES - JULY 1	-	4,438,050	10,986	1,253,025	214,712	-
FUND BALANCES - JUNE 30	\$ 55,000	\$ 581,661	\$ 10,986	\$ 1,285,872	\$ 264,712	\$ 10,000

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Government St. Pier Reserve	Climate Action	Covid Vaccine Clinics	Zoning Record Upgrade	School Capital Projects Funds	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 18,205	\$ -	\$ -	\$ 301,933
Other income	-	-	-	-	-	502,801
TOTAL REVENUES	-	-	18,205	-	-	804,734
EXPENDITURES						
Capital outlay	7,457	-	-	-	34,848	4,652,376
Other	-	-	10,065	-	-	10,065
TOTAL EXPENDITURES	7,457	-	10,065	-	34,848	4,662,441
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,457)	-	8,140	-	(34,848)	(3,857,707)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,500	-	-	-	460,000	607,000
Transfers (out)	-	-	-	-	(35,680)	(39,681)
TOTAL OTHER FINANCING SOURCES (USES)	8,500	-	-	-	424,320	567,319
NET CHANGE IN FUND BALANCES	1,043	-	8,140	-	389,472	(3,290,388)
FUND BALANCES - JULY 1	7,580	65,000	7,017	-	433,527	6,484,376
FUND BALANCES - JUNE 30	<u>\$ 8,623</u>	<u>\$ 65,000</u>	<u>\$ 15,157</u>	<u>\$ -</u>	<u>\$ 822,999</u>	<u>\$ 3,193,988</u>

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

### Permanent Funds

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



## TOWN OF KITTERY, MAINE

## COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS

JUNE 30, 2022

	Cemetery Trust	Public Health Trust	Mary Safford Wildes	Lester Raynes Trust	George Smart Santa	Recycling Scholarship	Connie Samuels Beautification	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 57,702	\$ -	\$ 5,404	\$ -	\$ -	\$ 63,106
Investments	-	-	575,190	-	-	-	-	575,190
Due from other funds	-	26,378	-	8,462	-	11,684	58,601	105,125
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 26,378</u>	<u>\$ 632,892</u>	<u>\$ 8,462</u>	<u>\$ 5,404</u>	<u>\$ 11,684</u>	<u>\$ 58,601</u>	<u>\$ 743,421</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	10,000	-	-	50,000	60,000
Restricted	-	26,378	632,892	-	5,404	11,684	8,601	684,959
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,538)	-	-	-	(1,538)
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>26,378</u>	<u>632,892</u>	<u>8,462</u>	<u>5,404</u>	<u>11,684</u>	<u>58,601</u>	<u>743,421</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 26,378</u>	<u>\$ 632,892</u>	<u>\$ 8,462</u>	<u>\$ 5,404</u>	<u>\$ 11,684</u>	<u>\$ 58,601</u>	<u>\$ 743,421</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	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)	\$ -	\$ -	\$ (38,988)	\$ -	\$ -	\$ -	\$ -	\$ (38,988)
Other income	-	-	-	-	5,182	15,830	-	21,012
TOTAL REVENUES	-	-	(38,988)	-	5,182	15,830	-	(17,976)
EXPENDITURES								
Other	14,680	-	31,257	-	6,296	12,000	-	64,233
TOTAL EXPENDITURES	14,680	-	31,257	-	6,296	12,000	-	64,233
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,680)	-	(70,245)	-	(1,114)	3,830	-	(82,209)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	(35,000)	-	-	-	-	(35,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(35,000)	-	-	-	-	(35,000)
NET CHANGE IN FUND BALANCES	(14,680)	-	(105,245)	-	(1,114)	3,830	-	(117,209)
FUND BALANCES - JULY 1	14,680	26,378	738,137	8,462	6,518	7,854	58,601	860,630
FUND BALANCES - JUNE 30	\$ -	\$ 26,378	\$ 632,892	\$ 8,462	\$ 5,404	\$ 11,684	\$ 58,601	\$ 743,421

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

### Fiduciary Funds

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2022

	Adult Ed Scholarships	Bob Whitten	William Dennett
ASSETS			
Cash and cash equivalents	\$ -	\$ 5,620	\$ 32
Due from other governments	5,380	-	-
TOTAL ASSETS	<u>\$ 5,380</u>	<u>\$ 5,620</u>	<u>\$ 32</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - held in trust	5,380	5,620	32
TOTAL NET POSITION	<u>5,380</u>	<u>5,620</u>	<u>32</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,380</u>	<u>\$ 5,620</u>	<u>\$ 32</u>

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2022

	Priscilla Guy	Louise Whelton Art	Total
ASSETS			
Cash and cash equivalents	\$ 2,196	\$ 469	\$ 8,317
Due from other governments	-	-	5,380
TOTAL ASSETS	<u>\$ 2,196</u>	<u>\$ 469</u>	<u>\$ 13,697</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - held in trust	<u>2,196</u>	<u>469</u>	<u>13,697</u>
TOTAL NET POSITION	<u>2,196</u>	<u>469</u>	<u>13,697</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,196</u>	<u>\$ 469</u>	<u>\$ 13,697</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Adult Ed Scholarships	Bob Whitten	William Dennett
ADDITIONS			
Interest	\$ -	\$ 1	\$ -
Contributions	327	-	-
TOTAL ADDITIONS	<u>327</u>	<u>1</u>	<u>-</u>
DEDUCTIONS			
Scholarships	-	1,500	-
TOTAL DEDUCTIONS	<u>-</u>	<u>1,500</u>	<u>-</u>
CHANGE IN NET POSITION	327	(1,499)	-
NET POSITION - JULY 1	<u>5,053</u>	<u>7,119</u>	<u>32</u>
NET POSITION - JUNE 30	<u><u>\$ 5,380</u></u>	<u><u>\$ 5,620</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, 2022

	Priscilla Guy	Louise Whelton Art	Total
ADDITIONS			
Interest	\$ -	\$ -	\$ 1
Contributions	-	-	327
TOTAL ADDITIONS	<u>-</u>	<u>-</u>	<u>328</u>
DEDUCTIONS			
Scholarships	-	1,150	2,650
TOTAL DEDUCTIONS	<u>-</u>	<u>1,150</u>	<u>2,650</u>
CHANGE IN NET POSITION	-	(1,150)	(2,322)
NET POSITION - JULY 1	<u>2,196</u>	<u>1,619</u>	<u>16,019</u>
NET POSITION - JUNE 30	<u>\$ 2,196</u>	<u>\$ 469</u>	<u>\$ 13,697</u>

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

### General Capital Assets

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



## TOWN OF KITTERY, MAINE

## SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Police	\$ -	\$ 122,076	\$ 1,372,087	\$ -	\$ 1,494,163
General government	-	2,933,449	428,946	8,479	3,370,874
Fire	692,985	2,678,208	3,238,504	-	6,609,697
Public works	8,579,000	3,601,461	5,134,274	12,872,190	30,186,925
Health and sanitation	-	58,183	-	-	58,183
Recreation and culture	1,989,284	14,606,005	293,746	-	16,889,035
Harbor master	47,331	928,751	131,409	879,643	1,987,134
School department	29,422	26,068,310	1,214,592	-	27,312,324
Sewer department	285,980	19,456,787	722,258	11,723,215	32,188,240
Total General Capital Assets	11,624,002	70,453,230	12,535,816	25,483,527	120,096,575
Less: Accumulated Depreciation	-	(41,381,162)	(7,865,946)	(12,710,660)	(61,957,768)
Net General Capital Assets	<u>\$ 11,624,002</u>	<u>\$ 29,072,068</u>	<u>\$ 4,669,870</u>	<u>\$ 12,772,867</u>	<u>\$ 58,138,807</u>

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Deletions	General Capital Assets 6/30/22
Police	\$ 1,369,377	\$ 124,786	\$ -	\$ 1,494,163
General government	3,366,635	4,239	-	3,370,874
Fire	6,185,859	423,838	-	6,609,697
Public works	29,273,815	913,110	-	30,186,925
Health and sanitation	58,183	-	-	58,183
Recreation and culture	12,868,160	4,136,367	(115,492)	16,889,035
Harbor master	1,930,761	56,373	-	1,987,134
School department	27,279,193	93,052	(59,921)	27,312,324
Sewer department	32,180,690	7,550	-	32,188,240
Total General Capital Assets	114,512,673	5,759,315	(175,413)	120,096,575
Less: Accumulated Depreciation	(58,858,863)	(3,205,477)	106,572	(61,957,768)
Net General Capital Assets	<u>\$ 55,653,810</u>	<u>\$ 2,553,838</u>	<u>\$ (68,841)</u>	<u>\$ 58,138,807</u>

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

TOWN OF KITTERY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3014	\$ -	\$ 141,979
National School Lunch Program	10.555	3022	-	36,683
National School Lunch Program	10.555	3024	-	430,663
National School Lunch Program	10.555	6662	-	393
Summer Food Service Program for Children	10.559	3016	-	69,349
Subtotal Child Nutrition Cluster			-	679,067
State Administrative Expenses for Child Nutrition	10.560	6670	-	20,982
Pandemic EBT Administrative Costs	10.649	6184	-	1,842
Total U.S. Department of Agriculture			-	701,891
U.S. Department of Defense				
Direct Funding:				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	Land U--EN869-18-01	-	115,468
Total U.S. Department of Defense			-	115,468
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	-	20,093
Total U.S. Department of the Interior			-	20,093

TOWN OF KITTERY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

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 Justice				
Direct Funding:				
Bulletproof Vest Partnership Program	16.607	N/A	-	2,630
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	N/A	-	4,337
Total U.S. Department of Justice			-	6,967
U.S. Department of Transportation				
Passed-through State of Maine - Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CSN #29499	-	9,510
Subtotal Highway Planning and Construction Cluster			-	9,510
Passed-through State of Maine Bureau of Highway Safety:				
NHTSA Discretionary Safety Grants and Cooperative Agreements	20.614	N/A	-	2,434
Total U.S. Department of Transportation			-	11,944
U.S. Department of Treasury				
Passed-through State of Maine - Department of Health and Human Services				
Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-1505-0271	-	433,921
Total U.S. Department of Treasury			-	433,921
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

TOWN OF KITTERY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

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	-	113,306
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3046	-	174,095
Special Education Grants to States	84.027	7170	-	39,814
Special Education Preschool Grants	84.173	6247	-	-
Subtotal Special Education Cluster (IDEA)			-	213,909
Improving Teacher Quality State Grants	84.367	3042	-	40,760
Rural Education	84.358		-	-
Student Support and Academic Enrichment Program	84.424	3345	-	7,772
Education Stabilization Fund	84.425A	ESSERF II	-	157,422
Education Stabilization Fund	84.425U	ESSERF III	-	362,161
			-	519,583
Total U.S. Department of Education			-	895,330
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 2,310,614

## TOWN OF KITTERY, MAINE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

#### 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, 2022. 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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Town Council  
Town of Kittery  
Kittery, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, Maine as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town of Kittery, Maine's basic financial statements and have issued our report thereon dated March 23, 2023.

Internal Control Over Financial Reporting

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

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

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

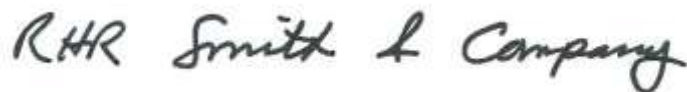
#### Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Kittery, Maine in a separate letter dated February 28, 2023.

#### Purpose of this Report

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

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

Buxton, Maine  
March 23, 2023





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

Town Council  
Town of Kittery  
Kittery, Maine

### Report on Compliance for Each Major Federal Program

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, 2022. 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.

### Auditor's 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, 2022.

#### 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  
March 23, 2023

TOWN OF KITTERY, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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:

AL Numbers                      Name of Federal Program or Cluster

84.425                      Education Stabilization Fund

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

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

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None



## INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Town Council  
Town of Kittery  
Kittery, Maine

We have audited the financial statements of Town of Kittery, Maine for the year ended June 30, 2022 and have issued our report thereon dated March 23, 2023. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

Management has determined that adjustments were necessary to the fiscal books of the Town of Kittery, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

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

*RHR Smith & Company*

Buxton, Maine  
March 23, 2023

# KITTERY SCHOOL DEPARTMENT

## RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM FOR THE YEAR ENDED JUNE 30, 2022

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Funds (4000)	Agency Funds (9000)	Total
June 30, 2022 Balance per MEFS	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other adjustments:</b>					
Fund Balances:					
General fund	2,338,101	-	-	-	2,338,101
Special revenue funds	-	1,436,576	-	-	1,436,576
Capital projects funds	-	-	822,999	-	822,999
Audited GAAP Basis Fund Balance June 30, 2022	<u>\$ 2,338,101</u>	<u>\$ 1,436,576</u>	<u>\$ 822,999</u>	<u>\$ -</u>	<u>\$ 4,597,676</u>