

Federal Compliance Audit

## **Town of Kittery, Maine**

June 30, 2020



*Proven Expertise & Integrity*

TOWN OF KITTERY, MAINE

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JUNE 30, 2020

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## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Kittery  
Kittery, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, Maine as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Kittery, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, Maine as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 13 and 87 through 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kittery, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the Town of Kittery, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kittery, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
December 15, 2020



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**(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, 2020. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Kittery are:

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

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues,

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

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

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

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

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Kittery. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Education Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule

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

### **Other Supplementary Information**

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

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

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities is \$27,125,241 compared to \$27,179,983 in the prior year, a decrease of \$54,742. For the business-type activities, total net position is \$9,037,794 compared to \$9,015,753 in the prior year, an increase of \$22,041.

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 \$932,693 at the end of this year for governmental activities and a deficit balance of \$812,719 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>2019</b>		
	<b>2020</b>	<b>(Restated)</b>	<b>2020</b>	<b>2019</b>
<b>Assets:</b>				
Current Assets	\$ 22,341,477	\$ 17,629,078	\$ 1,239,498	\$ 939,377
Noncurrent Assets - Capital Assets	35,056,609	34,919,967	20,644,426	21,730,589
Total Assets	57,398,086	52,549,045	21,883,924	22,669,966
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	1,440,066	1,395,657	114,352	96,268
Deferred Outflows Related to OPEB	6,417,466	2,978,587	-	-
Total Deferred Outflows of Resources	7,857,532	4,374,244	114,352	96,268
<b>Liabilities:</b>				
Current Liabilities	8,217,540	4,668,941	680,650	714,519
Noncurrent Liabilities	29,084,130	24,286,631	10,547,195	11,197,299
Total Liabilities	37,301,670	28,955,572	11,227,845	11,911,818
<b>Deferred Inflows of Resources:</b>				
Deferred Revenue	-	-	1,652,142	1,771,001
Prepaid Taxes	4,385	871	-	-
Deferred Inflows Related to Pensions	761,532	708,375	80,495	67,662
Deferred Inflows Related to OPEB	62,790	78,488	-	-
Total Deferred Inflows of Resources	828,707	787,734	1,732,637	1,838,663
<b>Net Position:</b>				
Net Investment in Capital Assets	23,741,158	22,305,076	9,850,513	10,313,936
Restricted	2,451,390	1,963,367	-	-
Unrestricted (Deficit)	932,693	2,911,540	(812,719)	(1,298,183)
Total Net Position	\$ 27,125,241	\$ 27,179,983	\$ 9,037,794	\$ 9,015,753

**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>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 2,284,136	\$ 2,681,171	\$ 2,764,063	\$ 2,550,063
Operating grants and contributions	4,550,509	2,749,943	-	-
<i>General Revenues:</i>				
Taxes	27,611,095	26,482,819	-	-
Grants and contributions not restricted to specific programs	3,263,304	3,482,767	-	-
Investment income	201,156	167,937	15,833	17,757
Miscellaneous	686,698	694,822	240	-
Total Revenues	<u>38,596,898</u>	<u>36,259,459</u>	<u>2,780,136</u>	<u>2,567,820</u>
<b>Expenses</b>				
General government	7,191,583	3,986,981	-	-
Public safety	3,533,638	3,281,449	-	-
Public works	1,635,008	1,823,057	-	-
Recreation and culture	2,082,301	2,158,046	-	-
Health and sanitation	572,197	516,996	-	-
Social services	61,435	57,926	-	-
Education	18,331,453	18,341,659	-	-
County tax	894,783	863,018	-	-
Program expenses	566,154	65,258	-	-
State of Maine on-behalf payments	2,977,891	1,573,152	-	-
Capital outlay	-	2,643,732	-	-
Grant funds/misc. accounts	257,276	136,122	-	-
Overlay	150,000	56,519	-	-
Unallocated depreciation (Note 4)*	68,927	44,827	-	-
Interest on long-term debt	328,994	367,431	-	-
Sewer department	-	-	2,758,095	2,903,031
Total Expenses	<u>38,651,640</u>	<u>35,916,173</u>	<u>2,758,095</u>	<u>2,903,031</u>
Transfers	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Change in Net Position	(54,742)	543,286	22,041	(535,211)
Net Position - July 1, Restated	<u>27,179,983</u>	<u>26,636,697</u>	<u>9,015,753</u>	<u>9,550,964</u>
Net Position - June 30	<u>\$ 27,125,241</u>	<u>\$ 27,179,983</u>	<u>\$ 9,037,794</u>	<u>\$ 9,015,753</u>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.45%, while total expenses increased by 7.62%. The increase in revenues was primarily due to taxes. The increase in expenses was primarily due to general government which is a result of pension and OPEB expense.

Revenues increased by 8.27% in the Town's business type activities, while the total expenses decreased by 4.99%.

## 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,**

	2020	2019	Change Increase (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 207,998	\$ 180,108	\$ 27,890
Unassigned	6,565,631	6,313,900	251,731
Education Fund:			
Nonspendable	35,400	299,485	(264,085)
Assigned	-	20,454	(20,454)
Unassigned	530,877	(6,890)	537,767
Total Major Funds	<u>\$ 7,339,906</u>	<u>\$ 6,807,057</u>	<u>\$ 532,849</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 9,976	\$ 10,906	\$ (930)
Restricted	136,525	133,499	3,026
Committed	4,267,420	4,463,252	(195,832)
Assigned	310,128	353,075	(42,947)
Unassigned	(124,988)	(136,871)	11,883
Capital Projects Funds:			
Restricted	1,178,754	1,069,865	108,889
Committed	776,539	661,134	115,405
Unassigned	-	(127,038)	127,038
Permanent Funds:			
Nonspendable	60,000	60,000	-
Restricted	689,092	700,003	(10,911)
Unassigned	(772)	(772)	-
Total Nonmajor Funds	<u>\$ 7,302,674</u>	<u>\$ 7,187,053</u>	<u>\$ 115,621</u>

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

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

The sewer department fund had an increase in net position of \$22,041 from the prior year due primarily to operating income of \$151,705 that exceeded net nonoperating expenses of \$129,664.

### **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 \$106,822. This was a result of all revenue categories being receipted within in or in excess of budgeted amounts with the exception of general tax revenue and charges for services.

The general fund actual expenditures were under budget by \$224,899. All expenditure categories were within or under budget with the exception of social services and grant funds/misc. accounts.

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

The education fund actual revenues exceeded the budget by \$36,561. This was a result of all revenue categories being receipted within or in excess of budgeted amounts with the exception of charges for services and other revenue.

The education fund actual expenditures were below budget by \$624,140. All expenditure categories were within or under budget with the exception of regular instruction and debt service - interest.

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

#### **Capital Assets**

As of June 30, 2020, the net book value of capital assets recorded by the Town decreased by \$949,521. This decrease is a result of capital additions of \$2,096,108 less net disposals of \$75,125 and current year depreciation expense of \$2,970,504. 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>2020</u>	<u>2019 (Restated)</u>
Land	\$ 11,236,886	\$ 11,236,886
Construction in progress	382,517	382,517
Land improvements	857,438	953,626
Buildings and improvements	25,620,344	26,884,860
Machinery, equipment and vehicles	4,351,061	3,750,599
Infrastructure	<u>13,252,789</u>	<u>13,442,068</u>
Total	<u>\$ 55,701,035</u>	<u>\$ 56,650,556</u>

#### **Debt**

At June 30, 2020, the Town had \$22,109,364 in bonds and notes from direct borrowings payable versus \$24,031,544 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

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

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

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

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

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately seven months, while also maintaining significant reserve accounts for future capital and program needs. The FY 21 school department budget could be severely impacted by the reduction of funding from the State.

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

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

## STATEMENT A

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 13,130,425	\$ 2,557	\$ 13,132,982
Investments	1,603,710	-	1,603,710
Accounts receivable (net of allowance for uncollectibles):			
Taxes	3,089,560	-	3,089,560
Other	238,707	1,267,741	1,506,448
Due from other governments	3,994,901	-	3,994,901
Prepaid items	234,363	-	234,363
Inventory	19,011	-	19,011
Internal balances	30,800	(30,800)	-
Total current assets	<u>22,341,477</u>	<u>1,239,498</u>	<u>23,580,975</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	11,333,423	285,980	11,619,403
Buildings and vehicles net of accumulated depreciation	23,723,186	20,358,446	44,081,632
Total noncurrent assets	<u>35,056,609</u>	<u>20,644,426</u>	<u>55,701,035</u>
<b>TOTAL ASSETS</b>	<u>57,398,086</u>	<u>21,883,924</u>	<u>79,282,010</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,440,066	114,352	1,554,418
Deferred outflows related to OPEB	6,417,466	-	6,417,466
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>7,857,532</u>	<u>114,352</u>	<u>7,971,884</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 65,255,618</u>	<u>\$ 21,998,276</u>	<u>\$ 87,253,894</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 355,100	\$ 23,996	\$ 379,096
Accrued payroll	1,546,307	-	1,546,307
Accrued expenses	580,164	-	580,164
Due to other governments	3,994,904	-	3,994,904
Escrows	132,761	-	132,761
Current portion of long-term obligations	1,608,304	656,654	2,264,958
Total current liabilities	<u>8,217,540</u>	<u>680,650</u>	<u>8,898,190</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	9,941,709	10,166,556	20,108,265
Notes from direct borrowings payable	51,689	-	51,689
Accrued compensated absences	694,357	68,361	762,718
Net pension liability	3,074,221	312,278	3,386,499
Net OPEB liability	15,322,154	-	15,322,154
Total noncurrent liabilities	<u>29,084,130</u>	<u>10,547,195</u>	<u>39,631,325</u>
<b>TOTAL LIABILITIES</b>	<u>37,301,670</u>	<u>11,227,845</u>	<u>48,529,515</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	-	1,652,142	1,652,142
Prepaid taxes	4,385	-	4,385
Deferred inflows related to pensions	761,532	80,495	842,027
Deferred inflows related to OPEB	62,790	-	62,790
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>828,707</u>	<u>1,732,637</u>	<u>2,561,344</u>
<b>NET POSITION</b>			
Net investment in capital assets	23,741,158	9,850,513	33,591,671
Restricted	2,451,390	-	2,451,390
Unrestricted (deficit)	932,693	(812,719)	119,974
<b>TOTAL NET POSITION</b>	<u>27,125,241</u>	<u>9,037,794</u>	<u>36,163,035</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 65,255,618</u>	<u>\$ 21,998,276</u>	<u>\$ 87,253,894</u>

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

TOWN OF KITTERY, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 7,191,583	\$ 407,490	\$ 38,136	\$ -	\$ (6,745,957)	\$ -	\$ (6,745,957)
Public safety	3,533,638	201,119	-	-	(3,332,519)	-	(3,332,519)
Public works	1,635,008	39,117	-	-	(1,595,891)	-	(1,595,891)
Recreation and culture	2,082,301	1,105,391	-	-	(976,910)	-	(976,910)
Health and sanitation	572,197	126,086	-	-	(446,111)	-	(446,111)
Social services	61,435	-	-	-	(61,435)	-	(61,435)
Education	18,331,453	19,896	1,534,482	-	(16,777,075)	-	(16,777,075)
County tax	894,783	-	-	-	(894,783)	-	(894,783)
Program expenses	566,154	385,037	-	-	(181,117)	-	(181,117)
State of Maine on-behalf payments	2,977,891	-	2,977,891	-	-	-	-
Grant funds/misc. accounts	257,276	-	-	-	(257,276)	-	(257,276)
Overlay	150,000	-	-	-	(150,000)	-	(150,000)
Unallocated depreciation (Note 4)*	68,927	-	-	-	(68,927)	-	(68,927)
Interest on long-term debt	328,994	-	-	-	(328,994)	-	(328,994)
Total governmental activities	38,651,640	2,284,136	4,550,509	-	(31,816,995)	-	(31,816,995)
<u>Business-type activities:</u>							
Sewer department	2,758,095	2,764,063	-	-	-	5,968	5,968
Total business-type activities	2,758,095	2,764,063	-	-	-	5,968	5,968
Total government	\$ 41,409,735	\$ 5,048,199	\$ 4,550,509	\$ -	(31,816,995)	5,968	(31,811,027)

STATEMENT B (CONTINUED)

TOWN OF KITTERY, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(31,816,995)</u>	<u>5,968</u>	<u>(31,811,027)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	25,612,191	-	25,612,191
Excise taxes	1,998,904	-	1,998,904
Grants and contributions not restricted to specific programs	3,263,304	-	3,263,304
Investment income, net of unrealized gains/(losses)	201,156	15,833	216,989
Miscellaneous	686,698	240	686,938
Total general revenues and transfers	<u>31,762,253</u>	<u>16,073</u>	<u>31,778,326</u>
Change in net position	(54,742)	22,041	(32,701)
NET POSITION - JULY 1	<u>27,179,983</u>	<u>9,015,753</u>	<u>36,195,736</u>
NET POSITION - JUNE 30	<u><u>\$ 27,125,241</u></u>	<u><u>\$ 9,037,794</u></u>	<u><u>\$ 36,163,035</u></u>

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

## STATEMENT C

## TOWN OF KITTERY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,093,268	\$ 200	\$ 36,957	\$ 13,130,425
Investments	984,779	-	618,931	1,603,710
Accounts receivables (net of allowance for uncollectibles):				
Taxes/liens	3,089,560	-	-	3,089,560
Other	115,652	-	123,055	238,707
Due from other governments	-	3,994,901	-	3,994,901
Prepaid items	198,963	35,400	-	234,363
Inventory	9,035	-	9,976	19,011
Due from other funds	226,118	-	6,771,006	6,997,124
<b>TOTAL ASSETS</b>	<b>\$ 17,717,375</b>	<b>\$ 4,030,501</b>	<b>\$ 7,559,925</b>	<b>\$ 29,307,801</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 163,298	\$ 129,869	\$ 61,933	\$ 355,100
Accrued payroll	131,083	1,415,224	-	1,546,307
Accrued expenses	67,967	512,197	-	580,164
Due to other governments	2,974,989	1,019,915	-	3,994,904
Escrows	132,761	-	-	132,761
Due to other funds	6,771,006	-	195,318	6,966,324
<b>TOTAL LIABILITIES</b>	<b>10,241,104</b>	<b>3,077,205</b>	<b>257,251</b>	<b>13,575,560</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	4,385	-	-	4,385
Deferred tax revenues	698,257	-	-	698,257
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>702,642</b>	<b>-</b>	<b>-</b>	<b>702,642</b>
<b>FUND BALANCES</b>				
Nonspendable	207,998	35,400	69,976	313,374
Restricted	-	387,019	2,004,371	2,391,390
Committed	-	-	5,043,959	5,043,959
Assigned	-	-	310,128	310,128
Unassigned	6,565,631	530,877	(125,760)	6,970,748
<b>TOTAL FUND BALANCES</b>	<b>6,773,629</b>	<b>953,296</b>	<b>7,302,674</b>	<b>15,029,599</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 17,717,375</b>	<b>\$ 4,030,501</b>	<b>\$ 7,559,925</b>	<b>\$ 29,307,801</b>

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

## TOWN OF KITTERY, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

	Total Governmental Funds
Total Fund Balances	\$ 15,029,599
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	35,056,609
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	698,257
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	1,440,066
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	6,417,466
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(11,224,857)
Notes from direct borrowings payable	(90,594)
Accrued compensated absences	(980,608)
Net pension liability	(3,074,221)
Net OPEB liability	(15,322,154)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(761,532)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(62,790)
Net position of governmental activities	<u>\$ 27,125,241</u>

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

## STATEMENT E

## TOWN OF KITTERY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General tax revenue	\$ 11,760,606	\$ 15,728,549	\$ -	\$ 27,489,155
Intergovernmental revenue	1,354,598	1,951,869	1,529,455	4,835,922
Charges for services	1,879,203	19,896	385,037	2,284,136
Investment income, net of unrealized gains/(losses)	172,912	-	28,244	201,156
State of Maine on-behalf payments	-	1,290,696	-	1,290,696
Other revenue	175,236	11,678	499,784	686,698
<b>TOTAL REVENUES</b>	<b>15,342,555</b>	<b>19,002,688</b>	<b>2,442,520</b>	<b>36,787,763</b>
<b>EXPENDITURES</b>				
Current:				
General government	4,067,604	-	369,337	4,436,941
Public safety	2,995,735	-	226,373	3,222,108
Public works	1,018,046	-	9,843	1,027,889
Recreation and culture	1,802,508	-	44,827	1,847,335
Health and sanitation	497,540	-	70,648	568,188
Social services	61,435	-	-	61,435
Education	-	16,192,507	1,688,265	17,880,772
County tax	894,783	-	-	894,783
State of Maine on-behalf payments	-	1,290,696	-	1,290,696
Overlay	150,000	-	-	150,000
Grant funds/misc. accounts	257,276	-	-	257,276
Program expenses	-	-	566,154	566,154
Debt service:				
Principal	667,884	620,000	-	1,287,884
Interest	159,756	169,238	-	328,994
Capital outlay	-	-	1,931,819	1,931,819
<b>TOTAL EXPENDITURES</b>	<b>12,572,567</b>	<b>18,272,441</b>	<b>4,907,266</b>	<b>35,752,274</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,769,988</b>	<b>730,247</b>	<b>(2,464,746)</b>	<b>1,035,489</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	50,000	-	3,330,265	3,380,265
Transfers (out)	(2,540,367)	(90,000)	(749,898)	(3,380,265)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,490,367)</b>	<b>(90,000)</b>	<b>2,580,367</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>279,621</b>	<b>640,247</b>	<b>115,621</b>	<b>1,035,489</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>6,494,008</b>	<b>313,049</b>	<b>7,187,053</b>	<b>13,994,110</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 6,773,629</b>	<b>\$ 953,296</b>	<b>\$ 7,302,674</b>	<b>\$ 15,029,599</b>

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



## TOWN OF KITTERY, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,035,489</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	2,096,108
Capital asset disposals	(75,125)
Depreciation expense	<u>(1,884,341)</u>
	<u>136,642</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	44,409
OPEB	<u>3,438,879</u>
	<u>3,483,288</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>121,940</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>1,299,440</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	(53,157)
OPEB	<u>15,698</u>
	<u>(37,459)</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	(26,437)
Net pension liability	(335,117)
Net OPEB liability	<u>(5,732,528)</u>
	<u>(6,094,082)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (54,742)</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2020

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,557
Accounts receivable (net of allowance for uncollectibles)	<u>1,267,741</u>
Total current assets	<u>1,270,298</u>
Noncurrent assets:	
Capital assets:	
Land	285,980
Buildings and improvements	19,416,324
Machinery, equipment and vehicles	526,657
Infrastructure	<u>11,691,686</u>
Total capital assets	31,920,647
Less: accumulated depreciation	<u>(11,276,221)</u>
Total noncurrent assets	<u>20,644,426</u>
<b>TOTAL ASSETS</b>	<u>21,914,724</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>114,352</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>114,352</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 22,029,076</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 23,996
Due to other funds	30,800
Current portion of long-term obligations	<u>656,654</u>
Total current liabilities	<u>711,450</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	10,166,556
Accrued compensated absences	68,361
Net pension liability	<u>312,278</u>
Total noncurrent liabilities	<u>10,547,195</u>
<b>TOTAL LIABILITIES</b>	<u>11,258,645</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	1,652,142
Deferred inflows related to pensions	<u>80,495</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,732,637</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,850,513
Unrestricted (deficit)	<u>(812,719)</u>
<b>TOTAL NET POSITION</b>	<u>9,037,794</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 22,029,076</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Department</u>
OPERATING REVENUES	
Charges for services	\$ 2,764,063
Other	240
TOTAL OPERATING REVENUES	<u>2,764,303</u>
OPERATING EXPENSES	
Salaries and wages	605,459
Benefits	201,169
Increase (decrease) in expenses related to net pension liability, deferred outflows and inflows of resources related to pensions	(31,060)
Contracted services	121,260
Utilities	167,403
Fuel / motor	29,070
Repairs, maintenance and equipment	68,925
Supplies and office	49,171
Chemicals	108,803
Sludge management	150,234
Depreciation	1,086,163
Other	56,001
TOTAL OPERATING EXPENSES	<u>2,612,598</u>
OPERATING INCOME (LOSS)	<u>151,705</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	15,833
Interest expense	(145,497)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(129,664)</u>
CHANGE IN NET POSITION	22,041
NET POSITION - JULY 1	<u>9,015,753</u>
NET POSITION - JUNE 30	<u><u>\$ 9,037,794</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Fund Sewer Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,544,715
Internal activity - receipts (payments) from/to other funds	(199,630)
Payments to employees	(802,255)
Payments to suppliers	(790,664)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>752,406</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	15,833
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>15,833</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bond payable	(145,497)
Principal payments on bond payable	(622,003)
Principal payments on notes from direct borrowings payable	(737)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(768,237)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2
CASH AND CASH EQUIVALENTS - JULY 1	<u>2,555</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)	\$ 151,705
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	1,086,163
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(100,489)
(Increase) decrease in deferred outflows related to pensions	(18,084)
(Decrease) increase in accounts payable	(39,797)
(Decrease) increase in due to other funds	(199,630)
(Decrease) increase in accrued compensated absences	4,373
(Decrease) increase in deferred revenues	(118,859)
(Decrease) increase in net pension liability	(25,809)
(Decrease) increase in deferred inflows related to pensions	12,833
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 752,406</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2020

	<u>Agency Funds</u> <u>Student</u> <u>Activities</u>	<u>Private-</u> <u>Purpose</u> <u>Trust Funds</u>
ASSETS		
Cash and cash equivalents	<u>\$     82,399</u>	<u>\$     16,467</u>
TOTAL ASSETS	<u><u>\$     82,399</u></u>	<u><u>\$     16,467</u></u>
LIABILITIES		
Accounts payable	\$          -	\$          -
Deposits held for others	<u>     82,399</u>	<u>          -</u>
TOTAL LIABILITIES	<u><u>\$     82,399</u></u>	<u>          -</u>
NET POSITION		
Restricted - held in trust		<u><u>\$     16,467</u></u>

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

## TOWN OF KITTERY, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Private- Purpose Trust Funds
ADDITIONS	
Interest	\$ 7
TOTAL ADDITIONS	<u>7</u>
DEDUCTIONS	
Scholarships	<u>1,000</u>
TOTAL DEDUCTIONS	<u>1,000</u>
CHANGE IN NET POSITION	(993)
NET POSITION - JULY 1	<u>17,460</u>
NET POSITION - JUNE 30	<u><u>\$ 16,467</u></u>

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

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

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

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

**COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of emergency was extended to December 23, 2020 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

*Impact on and Results of Operations*

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 18, 2020 through May 10, 2020. The Town was required to reduce its staff temporarily at the Kittery Community Center due to the suspension of programs that necessitated particular staff.

*Unemployment rates*

Closures of Town facilities and staff reduction increased the unemployment expenditures of the Town above budgeted levels for FY 2020. However, the Town was able to compensate for those expenditures with current available resources.

*Tax and excise tax 60-day deferred revenue extended*

Closures and/or reduced hours of Town facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) allowed municipal officers to extend both tax due dates and interest dates for the fiscal year 2019 property taxes due as well as the option to delay property tax lien filing dates until after the state of emergency has expired. The Town extended tax and interest due dates from May 31, 2020 to July 15, 2020. The Town did not issue tax liens until September 30, 2020.



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on Finances*

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable Federal and /or State programs.

*Expected Federal/State Support*

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

**Implementation of New Accounting Standards**

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and 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. 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. The Education Fund is used to account for all financial resources of the Kittery School Department.

Nonmajor Funds

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

2. Proprietary Funds:

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

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

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

Revenues per budgetary basis	\$ 17,711,992
Add: On-behalf payments	<u>1,290,696</u>
Total GAAP basis	<u><u>\$ 19,002,688</u></u>
Expenditures per budgetary basis	\$ 17,071,745
Add: On-behalf payments	<u>1,290,696</u>
Total GAAP basis	<u><u>\$ 18,362,441</u></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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

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

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$40,000 as of June 30, 2020. Allowances for uncollectible accounts netted with accounts receivable were \$5,501,349 for the year ended June 30, 2020.

**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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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 valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

Estimated useful lives are as follows:

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



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**OPEB**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Net Position**

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

**Fund Balance**

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

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

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town 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.

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 two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

The Town's property tax for the current year was levied September 9, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on October 31, 2019, February 15, 2020 and May 31, 2020. Interest on unpaid taxes commenced on November 1, 2019, February 16, 2020 and June 1, 2020, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$166,618 for the year ended June 30, 2020.

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

**Program Revenues**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Operating/Nonoperating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

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

At June 30, 2020, the Town's cash balance of \$13,231,848 was comprised of bank deposits amounting to \$13,213,438. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$500,000 was

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank deposits of \$12,713,438 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	\$ 3,035,827
Savings accounts	3,108
Money market accounts	2,858,393
Sweep accounts	6,162,571
Cash and cash equivalents	1,153,539
	<u>\$ 13,213,438</u>

**Investments:**

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

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

Of the Town's investments of \$1,603,710, all were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2020, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Equity securities:				
Common stock - domestic	\$ 1,272,331	\$ 1,272,331	\$ -	\$ -
Mutual funds:				
Equity - domestic	243,699	243,699	-	-
Equity - foreign	87,680	87,680	-	-
	<u>\$ 1,603,710</u>	<u>\$ 1,603,710</u>	<u>\$ -</u>	<u>\$ -</u>

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2020:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
June 30, 2020 Total			
<u>Investments by fair value level</u>			
Debt securities:			
U.S. Agency Securities	\$ -	\$ -	\$ -
Total debt securities	<u>-</u>	<u>-</u>	<u>-</u>
Equity securities:			
Common stock - domestic	1,272,331	1,272,331	-
Mutual funds - domestic and foreign	331,379	331,379	-
Total equity securities	<u>1,603,710</u>	<u>1,603,710</u>	<u>-</u>
Total investments by fair value level	<u>1,603,710</u>	<u>\$ 1,603,710</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>			
Money market mutual funds	1,153,539		
Total cash equivalents measured at the NAV	<u>1,153,539</u>		
Total investments and cash equivalents measured at fair value	<u>\$ 2,757,249</u>		

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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, 2020 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. As of June 30, 2020, the Town's investments in U.S. agency securities were not rated.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 226,118	\$ 6,771,006
Nonmajor special revenue funds	4,699,386	187,819
Nonmajor capital projects funds	1,971,039	-
Nonmajor permanent funds	100,581	7,499
Proprietary funds	-	30,800
	<u>\$ 6,997,124</u>	<u>\$ 6,997,124</u>

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



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 4 - INTERFUND TRANSFERS

At June 30, 2020, the Town had the following interfund transfers:

	Transfers From	Transfers To
General fund	\$ 50,000	\$ 2,540,367
Education fund	-	90,000
Nonmajor special revenue funds	2,609,475	709,108
Nonmajor capital projects funds	686,500	6,500
Nonmajor permanent funds	34,290	34,290
	<u>\$ 3,380,265</u>	<u>\$ 3,380,265</u>

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 10,950,906	\$ -	\$ -	\$ 10,950,906
Construction in progress	361,142	21,375	-	382,517
	<u>11,312,048</u>	<u>21,375</u>	<u>-</u>	<u>11,333,423</u>
Depreciated assets:				
Land improvements	2,203,634	-	-	2,203,634
Buildings and improvements	43,217,915	94,820	-	43,312,735
Machinery, equipment and vehicles	8,907,945	1,358,444	(83,726)	10,182,663
Infrastructure	12,045,342	621,469	-	12,666,811
	<u>66,374,836</u>	<u>2,074,733</u>	<u>(83,726)</u>	<u>68,365,843</u>
Less: accumulated depreciation	(42,766,917)	(1,884,341)	8,601	(44,642,657)
	<u>23,607,919</u>	<u>190,392</u>	<u>(75,125)</u>	<u>23,723,186</u>
Net capital assets	<u>\$ 34,919,967</u>	<u>\$ 211,767</u>	<u>\$ (75,125)</u>	<u>\$ 35,056,609</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/19	Additions	Disposals	Balance, 6/30/20
<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	19,416,324	-	-	19,416,324
Machinery, equipment and vehicles	526,657	-	-	526,657
Infrastructure	11,691,686	-	-	11,691,686
	<u>31,634,667</u>	<u>-</u>	<u>-</u>	<u>31,634,667</u>
Less: accumulated depreciation	(10,190,058)	(1,086,163)	-	(11,276,221)
	<u>21,444,609</u>	<u>(1,086,163)</u>	<u>-</u>	<u>20,358,446</u>
Net capital assets	<u>\$ 21,730,589</u>	<u>\$ (1,086,163)</u>	<u>\$ -</u>	<u>\$ 20,644,426</u>
<u>Current year depreciation expense:</u>				
General government				\$ 117,945
Police				126,823
Fire				184,707
Public works				771,408
Recreation and culture				159,841
Health and sanitation				4,009
School department				450,681
Town-wide				68,927
Subtotal governmental				<u>1,884,341</u>
Sewer department				
Subtotal business-type				<u>1,086,163</u>
Total depreciation expense				<u>\$ 2,970,504</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 12,512,741	\$ -	\$ (1,287,884)	\$ 11,224,857	\$ 1,283,148
Notes from direct borrowings payable	102,150	-	(11,556)	90,594	38,905
Total governmental activities	<u>\$ 12,614,891</u>	<u>\$ -</u>	<u>\$ (1,299,440)</u>	<u>\$ 11,315,451</u>	<u>\$ 1,322,053</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 11,415,179	\$ -	\$ (622,003)	\$ 10,793,176	\$ 626,620
Notes from direct borrowings payable	1,474	-	(737)	737	737
Total business-type activities	<u>\$ 11,416,653</u>	<u>\$ -</u>	<u>\$ (622,740)</u>	<u>\$ 10,793,913</u>	<u>\$ 627,357</u>

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.	\$ -	\$ 212,601
\$675,000, 2010 General Obligation Bond due in annual principal and interest installments through September of 2031. Interest is charged at a fixed rate ranging from 2.00% to 4.00% per annum. Annual principal installments are \$30,000 to \$35,000.	395,000	-
\$6,525,000, 2010 General Obligation Bond due in annual principal and interest installments through September of 2031. Interest is charged at a fixed rate ranging from 2.00% to 4.00% per annum. Annual principal installments are \$325,000 to \$330,000.	3,925,000	-
\$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.	-	1,715,629
\$5,500,000, 2012 General Obligation Bond due in annual principal installments and semiannual interest installments through January of 2032. Interest is charged at a fixed rate ranging from 2.00% to 3.15% per annum. Annual principal installments are \$275,000.	3,300,000	
\$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.	630,000	

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	Governmental	Business-type
\$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.	119,264	-
\$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.	570,000	-
\$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.	780,000	-
\$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.	480,000	-
\$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.	-	8,864,946
\$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.	240,593	-
\$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.	785,000	-
Total bonds payable	<u>\$ 11,224,857</u>	<u>\$ 10,793,176</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.	\$ 80,928	\$ -
\$56,202, 2015 Capital Lease payable to Norway Savings Bank for photocopiers, due in annual installments of \$12,234 through August of 2020. Interest is charged at a fixed rate of 2.89% per annum.	9,666	737
Total notes from direct borrowings payable	<u>\$ 90,594</u>	<u>\$ 737</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Governmental Activities			
	Bonds Payable		Notes from Direct Borrowings Payable	
	Principal	Interest	Principal	Interest
2021	\$ 1,283,148	\$ 327,845	\$ 38,905	\$ 1,637
2022	1,283,455	300,206	26,219	461
2023	1,283,802	282,825	25,470	344
2024	1,069,188	237,263	-	-
2025	1,069,612	187,229	-	-
2026-2030	3,821,109	565,126	-	-
2031-2035	1,379,593	70,003	-	-
2036-2040	34,950	1,229	-	-
	<u>\$ 11,224,857</u>	<u>\$ 1,971,726</u>	<u>\$ 90,594</u>	<u>\$ 2,442</u>

  

	Business-type Activities			
	Bonds Payable		Notes from Direct Borrowings Payable	
	Principal	Interest	Principal	Interest
2021	\$ 626,620	\$ 137,934	\$ 737	\$ 22
2022	631,183	134,003	-	-
2023	636,981	116,416	-	-
2024	572,019	117,552	-	-
2025	744,231	121,627	-	-
2026-2030	3,834,734	472,942	-	-
2031-2035	3,107,122	298,429	-	-
2036-2040	640,286	44,315	-	-
	<u>\$ 10,793,176</u>	<u>\$ 1,443,218</u>	<u>\$ 737</u>	<u>\$ 22</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, 2020 was \$145,497.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Due Within One Year
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 954,171	\$ 26,437	\$ -	\$ 980,608	\$ 286,251
Net pension liability	2,739,104	1,244,193	(909,076)	3,074,221	-
Net OPEB liability	9,589,626	5,832,975	(100,447)	15,322,154	-
	<u>\$ 13,282,901</u>	<u>\$ 7,103,605</u>	<u>\$ (1,009,523)</u>	<u>\$ 19,376,983</u>	<u>\$ 286,251</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 93,285	\$ 4,373	\$ -	\$ 97,658	\$ 29,297
Net pension liability	338,087	35,235	(61,044)	312,278	-
	<u>\$ 431,372</u>	<u>\$ 39,608</u>	<u>\$ (61,044)</u>	<u>\$ 409,936</u>	<u>\$ 29,297</u>

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

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as 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, 2020, the Town's liability for compensated absences is \$1,078,266.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 9 - RESTRICTED NET POSITION

At June 30, 2020, the Town had the following restricted net position:

Education fund	\$ 387,019
Nonmajor special revenue funds (Schedule E):	
Public safety impact fees	42,593
MMA grants	182
Police new officer	517
Additional snow and ice damages	37,278
School special revenue funds	55,955
Nonmajor capital projects funds (Schedule I):	
Community center	373
Town facilities	30,950
State aid to roads	1,147,431
Nonmajor permanent funds:	
Public health trust	27,275
Lester Raynes trust	10,000
Mary Safford Wildes	642,591
George Smart Santa	5,798
Recycling scholarship	4,827
Connie Samuels beautification	58,601
	<u>\$ 2,451,390</u>

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2020, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 198,963
Inventory	9,035
Education fund	35,400
Nonmajor special revenue funds (Schedule E)	9,976
Nonmajor permanent funds (Schedule I)	60,000
	<u>\$ 313,374</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted fund balances:

Education fund	\$ 387,019
Nonmajor special revenue funds (Schedule E)	136,525
Nonmajor capital projects funds (Schedule G)	1,178,754
Nonmajor permanent funds (Schedule I)	689,092
	<u>\$ 2,391,390</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 4,267,420
Nonmajor capital projects funds (Schedule G)	776,539
	<u>\$ 5,043,959</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 310,128</u>
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NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2020, the Town had the following deficit fund balances:

Nonmajor funds:	
Oil and More Donations	\$ 15
Concert in the Park	3
FEMA Maps Appeal	200
Keep Maine Healthy Grant	1,914
Ogden Fdn. Prog. Dev Grant (KCC)	1,205
Tax Acquired Properties	40,480
Police Grant Support Det.	5,621
Joint Land Use OEA PH1	452
School Special Revenue Funds	75,098
Total	<u>\$ 124,988</u>



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2020, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 1,900,000	5.14%	<u>\$ 97,660</u>

NOTE 16 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

**Plan Description**

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

**Benefits Provided**

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

## TOWN OF KITTERY, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

#### NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2019, there were 307 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 2.69%.

#### **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 8.0% of their annual salary, while all other employees are part of regular plan "AC" and are required to contribute 8.0% of their annual salary. The Town is required to contribute the actuarially determined rates of 16.3% for special plan "1C" members' covered payroll and 10.0% 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, 2020 was \$563,331.

#### MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

#### STATE EMPLOYEE AND TEACHER PLAN

#### **Plan Description**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2019, there were 239 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

**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 \$8,988,666 for the year ended June 30, 2020. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.33% of the Department's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$1,268,859 for the year ended June 30, 2020. Title 5 of the Maine Revised Statutes

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 4.16%, which totaled \$393,956 for 2020. 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 14.95% of compensation and totaled \$20,048 the year ended June 30, 2020.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2020, the Town reported a liability of \$3,064,549 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 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, 2019, the Town's proportion was 1.002589%, which was a decrease of 0.00999% from its proportion measured as of June 30, 2018.

*SET Plan*

At June 30, 2020, 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	\$ 321,950
State's proportionate share of the net pension liability associated with the Town	<u>9,407,634</u>
Total	<u><u>\$ 9,729,584</u></u>

The net pension liability was measured as of June 30, 2019 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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2019, the Town's proportion was 0.021963%, which was a decrease of 0.00071% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the Town recognized total pension expense of \$272,356 for the PLD plan and total pension expense of \$1,705,247 and revenue of \$1,664,798 for support provided by the State of Maine for the SET plan. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 362,853	\$ -	\$ 25,044	\$ -
Changes of assumptions	155,199	-	9,322	-
Net difference between projected and actual earnings on pension plan investments	-	767,593	-	45,446
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,813	22,349	3,900	6,639
Contributions subsequent to the measurement date	563,331	-	393,956	-
Total	<u>\$ 1,122,196</u>	<u>\$ 789,942</u>	<u>\$ 432,222</u>	<u>\$ 52,085</u>

\$563,331 for the PLD plan and \$393,956 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	PLD Plan	SET Plan
Plan year ended June 30:		
2020	\$ 168,196	\$ 15,399
2021	(339,135)	(19,144)
2022	(59,653)	(10,213)
2023	(486)	138
2024	-	-
Thereafter	-	-

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Amortization*

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

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

*Investment Rate of Return* - For the PLD and State Employee and Teacher Plans, 6.75% per annum for the year ended June 30, 2019, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year; state employees, 2.75% to 8.75% per year; teachers, 2.75% to 14.50% per year.

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

*Cost of Living Benefit Increases* - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2019.

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, 2019 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2019 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 6,980,845	\$ 3,064,549	\$ (598,771)
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 582,078	\$ 321,950	\$ 105,181

**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, 2019 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, 2019 with the following exceptions.

*Differences between Expected and Actual Experience*

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 17 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION RETIREMENT  
CORPORATION

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). 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 ICMA-RC 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 ICMA 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 ICMA plan, but not both.

The Town's contributions to the plan for the year ended June 30, 2020 were \$24,260.

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

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

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

ALLEGiant CARE AND MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with Allegiant Care and the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. Allegiant Care and MMEHT are fully funded, self-insured trusts which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

**Employees Covered by Benefit Terms**

At January 1, 2020, the following employees were covered by the benefit terms:

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

**Contributions**

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

**Retiree Premium Amounts:**

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

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

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

At June 30, 2020, the Town reported a liability of \$12,985,817 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$2,153,341. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

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

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.21% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

	1% Decrease	Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB liability	\$ 15,645,127	\$ 12,985,817	\$ 10,914,192
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 15,645,127</u>	<u>\$ 12,985,817</u>	<u>\$ 10,914,192</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 10,700,367	\$ 12,985,817	\$ 15,968,773
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 10,700,367</u>	<u>\$ 12,985,817</u>	<u>\$ 15,968,773</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

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

*Assumptions*

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Discount Rate - 2.21% per annum for year end 2020 reporting. 4.10% per annum for 2019-year end reporting.

*Trend Assumptions:*

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020\_b was used for this valuation. The following assumptions were input into this model:



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense: 3% per annum

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

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

Retiree Continuation Percentage:

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

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

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

**OPEB Plan Fiduciary Net Position**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2019, there were 239 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**Benefits Provided**

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

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS'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, 2020

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, 2020 were approximately \$21,837.

**OPEB Liabilities and OPEB Expense**

At June 30, 2020, 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>237,241</u>
Total	<u><u>\$ 237,241</u></u>

For the year ended June 30, 2020, the District recognized net OPEB expense of \$22,397 and revenue of \$22,397 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, 2020

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, 2020, the following employees were covered by the benefit terms:

Active members	158
Retirees and spouses	66
Total	<u>224</u>

**Cost Sharing Provisions/Contributions**

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

**Employee/Retiree Premium Amounts:**

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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	\$ 449.52	\$ 943.57		

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

At June 30, 2020, the School reported a liability of \$2,206,401 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The School's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2020, the School recognized OPEB expense of \$8,220. At June 30, 2020, the School 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	\$ -	\$ -
Changes of assumptions	100,347	62,790
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	100,447	-
Total	<u>\$ 200,794</u>	<u>\$ 62,790</u>

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

\$100,447 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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:	
2020	\$ 4,371
2021	4,371
2022	4,371
2023	4,373
2024	20,071
Thereafter	-

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2018. 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 3.50% per annum for June 30, 2018 was based upon a measurement date of June 28, 2018. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.50%	3.50%	4.50%
Total OPEB liability	\$ 2,716,285	\$ 2,336,337	\$ 2,031,801
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,716,285</u>	<u>\$ 2,336,337</u>	<u>\$ 2,031,801</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, 2020

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	\$ 1,996,781	\$ 2,336,337	\$ 2,762,713
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,996,781</u>	<u>\$ 2,336,337</u>	<u>\$ 2,762,713</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, 2019, 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*

Significant actuarial assumptions employed by the actuary for economic purposes are based on GASB 75 paragraph 36. Assumptions other than the discount rate are based on historical and future projections of long-term health care rates:

Discount Rate - 3.50% per annum.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Trend Assumptions:

Pre-Medicare - Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare - Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2018 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of June 30, 2018, they are as follows:

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

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

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

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

Administrative expenses - Included in the per capita claims cost

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

Salaries - Were not available from the client and were assumed using the Teachers/Age Service Salary scatter from the State Retirement Agency. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were assumed to be the midpoint of each service group. Those under 1 year of service, the date was assumed to be January 1, 2018 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants - Based on 99% of the RP\_2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP\_2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected using the RPEC \_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees - Based on 99% of the RP\_2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP\_2014 Total Dataset Healthy Annuitant Mortality Tables after the end of the Total Employee Mortality Table, both projected using the RPEC \_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Disabled Annuitants - Based on 108% and 105% of the RP\_2014 Total Dataset Disabled Annuitant Mortality Table, respectively for males and females, projected from the 2006 base rates using the RPEC\_2015 model with an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Retiree Continuation Percentage:

Retirees currently in the Group Companion Plan (Medicare participants) are assumed to remain in the Group Companion Plan.

Retirees who are currently age 64 or over age 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.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Retirees who are currently under age 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 Group Companion plan at age 65.

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

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2019, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through June 30, 2018 and projects through 2019 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

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

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Group Companion Plan, all retirees under age 64 and current actives with a date of hire before 3/31/1986.

**Changes in Total OPEB Liability**

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2020, there were no differences between expected and actual experience.

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2018. For the fiscal year ended June 30, 2020, 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 School Office at 200 Rogers Road, Kittery, Maine 03904.

NOTE 21 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2020, the Town had the following overspent appropriations:

Social services	\$ 1,750
Grant funds/misc. accounts	3,196
Total	<u>\$ 4,946</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.

## TOWN OF KITTERY, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

#### NOTE 22 - CONTINGENCIES (CONTINUED)

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

#### 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, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

#### NOTE 24 - TAX INCREMENT FINANCING DISTRICTS

The Town has established several tax increment financing districts in accordance with Maine statutes to finance development programs located in the Town of Kittery, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program and to finance future expansion.

##### Municipal Development District #1 (Mixed Use)

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 District #1 is 79.94 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, construction of new Town square, sewer and water system improvements including installation of lines, economic development planning and administrative expenses associated with the development effort. The original assessed

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

value of the property is \$3,156,500. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$14,750,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$4,350,411. 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 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.

Municipal Development District #2 (Route 1 Shopping Corridor)

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 District #2 is 146.77 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, construction of new Town square, sewer and water system improvements including installation of lines, upgrade of Pepperrell Cove piers, economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is \$15,919,000. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$30,500,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$9,065,215. The Development Program provides for 100% of the

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

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 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.

Municipal Development District #3 (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 District #3 is 132.78 acres. The potential projects that will be implemented under this Development Program include: improvements to roads within and outside the District, trolley's trolley stops and related facilities and improvements, sewer and water system improvements including installation of lines, economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is \$2,105,200. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$29,500,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$8,648,766. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.



TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 24 - TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

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

**Tax Abatements:**

As noted above, the Town of Kittery has established three tax increment financing districts (TIFs) 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 each tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value	TIF Cap	New Taxes	Taxes Abated
TIF District #1 (Mixed Use)	\$ 3,156,500	\$ 3,033,800	75%	\$ -	\$ -
TIF District #2 (Route 1 Shopping Corridor)	15,919,000	20,330,100	75%	70,798	-
TIF District #3 (Business Park)	2,105,200	3,058,800	75%	15,305	-

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

TOWN OF KITTERY, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 25 - COLLATERALIZATION

At June 30, 2020, the Town has an outstanding irrevocable standby letter 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 all expire at the close of business on August 19, 2020, authorize one draw only up to the amount of \$14,000,000. There were no draws for the year ended June 30, 2020.

NOTE 26 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 27 - RESTATEMENTS

In 2020, it was determined that certain transactions were incorrectly recorded or omitted. The beginning balance for the governmental activities' capital assets were restated as of July 1, 2019 by an increase of \$500,857 from \$35,420,824 to \$34,919,967.

The net restatement to governmental activities net position was an increase of \$500,857 from \$26,679,126 to \$27,179,983.

### 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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 6,494,008	\$ 6,494,008	\$ 6,494,008	\$ -
Resources (Inflows):				
General tax revenue	11,802,572	11,802,572	11,760,606	(41,966)
Intergovernmental revenue	1,086,590	1,086,590	1,354,598	268,008
Charges for services	2,123,930	2,123,930	1,879,203	(244,727)
Investment income	65,000	65,000	172,912	107,912
Other revenue	157,641	157,641	175,236	17,595
Transfers from other funds	50,000	50,000	50,000	-
Amounts Available for Appropriation	<u>21,779,741</u>	<u>21,779,741</u>	<u>21,886,563</u>	<u>106,822</u>
Charges to Appropriations (Outflows):				
General government	4,211,016	4,151,333	4,067,604	83,729
Public safety	2,996,167	3,036,167	2,995,735	40,432
Public works	1,021,697	1,021,697	1,018,046	3,651
Recreation and culture	1,856,901	1,861,901	1,802,508	59,393
Health and sanitation	523,472	523,472	497,540	25,932
Social services	59,685	59,685	61,435	(1,750)
County tax	893,000	894,783	894,783	-
Debt service:				
Principal	667,884	667,884	667,884	-
Interest	159,846	159,846	159,756	90
Overlay	166,618	166,618	150,000	16,618
Grant funds/misc. accounts	239,080	254,080	257,276	(3,196)
Transfers to other funds	2,490,367	2,540,367	2,540,367	-
Total Charges to Appropriations	<u>15,285,733</u>	<u>15,337,833</u>	<u>15,112,934</u>	<u>224,899</u>
Budgetary Fund Balance, June 30	<u>\$ 6,494,008</u>	<u>\$ 6,441,908</u>	<u>\$ 6,773,629</u>	<u>\$ 331,721</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 52,100</u>	<u>\$ -</u>	<u>\$ (52,100)</u>

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

## TOWN OF KITTERY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - EDUCATION FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	\$ 313,049	\$ 313,049	\$ 313,049	\$ -
Revenues (Inflows):				
Local assessments	15,728,549	15,728,549	15,728,549	-
Intergovernmental revenues:				
State subsidy	1,534,482	1,534,482	1,534,482	-
Medicaid	25,000	25,000	30,173	5,173
Impact aid	350,000	350,000	387,214	37,214
Charges for services	25,500	25,500	19,896	(5,604)
Other revenue	11,900	11,900	11,678	(222)
Amounts Available for Appropriation	<u>17,988,480</u>	<u>17,988,480</u>	<u>18,025,041</u>	<u>36,561</u>
Charges to Appropriations (Outflows):				
Regular instruction	6,957,318	6,957,318	6,958,624	(1,306)
Special education	3,952,542	3,952,542	3,499,609	452,933
Other instruction	340,668	340,668	317,458	23,210
Student and staff support	1,942,731	1,942,731	1,847,898	94,833
System administration	622,541	622,541	620,995	1,546
School administration	1,035,314	1,035,314	1,001,314	34,000
Transportation and buses	609,034	609,034	603,824	5,210
Operations and maintenance	1,356,587	1,356,587	1,342,785	13,802
Debt service:				
Principal	620,000	620,000	620,000	-
Interest	169,150	169,150	169,238	(88)
Transfers to other funds	90,000	90,000	90,000	-
Total Charges to Appropriations	<u>17,695,885</u>	<u>17,695,885</u>	<u>17,071,745</u>	<u>624,140</u>
Budgetary Fund Balance, June 30	<u>\$ 292,595</u>	<u>\$ 292,595</u>	<u>\$ 953,296</u>	<u>\$ 660,701</u>
Utilization of assigned fund balance	<u>\$ 20,454</u>	<u>\$ 20,454</u>	<u>\$ -</u>	<u>\$ (20,454)</u>

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

## TOWN OF KITTERY, MAINE

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

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Proportion of the net pension liability	1.00%	1.01%	0.98%	0.99%	1.02%	1.00%
Proportionate share of the net pension liability	\$ 3,064,549	\$ 2,771,205	\$ 4,022,261	\$ 5,257,645	\$ 3,253,198	\$ 1,538,376
Covered payroll	\$ 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	71.68%	55.90%	87.04%	118.49%	74.37%	37.96%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.60%	88.30%	94.10%
<u>SET Plan:</u>						
School Department's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
School Department's proportionate share of the net pension liability	\$ 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>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>\$ 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	\$ 8,204,989	\$ 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	3.92%	3.76%	3.93%	4.06%	3.20%	2.94%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	85.17%	80.78%	76.21%	81.18%	83.91%

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

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Contractually required contribution	\$ 563,331	\$ 514,920	\$ 562,108	\$ 503,516	\$ 464,330	\$ 416,802
Contributions in relation to the contractually required contribution	<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>
Covered payroll	\$ 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	11.90%	12.04%	11.34%	10.90%	10.46%	9.53%
<u>SET Plan:</u>						
Contractually required contribution	\$ 393,956	\$ 386,762	\$ 355,212	\$ 299,625	\$ 277,171	\$ 220,876
Contributions in relation to the contractually required contribution	<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>
School Department's covered payroll	\$ 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	4.38%	4.71%	4.37%	3.71%	3.65%	2.94%

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

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

## TOWN OF KITTERY, MAINE

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

	<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%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>237,241</u>	<u>228,880</u>	<u>210,553</u>
Total	<u>\$ 237,241</u>	<u>\$ 228,880</u>	<u>\$ 210,553</u>
Covered payroll	\$ 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%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	48.04%	47.29%

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

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



## TOWN OF KITTERY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT PLAN  
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/18 (Reporting July 1, 2019)	\$ 7,383,225	\$ -	\$ 7,383,225
Changes for the year:			
Service cost	704,195	-	704,195
Interest	269,416	-	269,416
Changes of benefits	-	-	-
Differences between expected and actual experience	686,240	-	686,240
Changes of assumptions	4,299,838	-	4,299,838
Contributions - employer	-	357,097	(357,097)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(357,097)	(357,097)	-
Administrative expense	-	-	-
Net changes	5,602,592	-	5,602,592
Balances at 7/1/19 (Reporting July 1, 2020)	<u>\$ 12,985,817</u>	<u>\$ -</u>	<u>\$ 12,985,817</u>

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

## TOWN OF KITTERY, MAINE

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

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 704,195	\$ 308,137	\$ 93,836
Interest (includes interest on service cost)	269,416	239,907	121,824
Changes of benefit terms	-	-	-
Differences between expected and actual experience	686,240	262,710	3,357,298
Changes of assumptions	4,299,838	-	282,775
Benefit payments, including refunds of member contributions	(357,097)	(253,943)	(149,825)
Net change in total OPEB liability	\$ 5,602,592	\$ 556,811	\$ 3,705,908
 Total OPEB liability - beginning	 \$ 7,383,225	 \$ 6,826,414	 \$ 3,120,506
Total OPEB liability - ending	\$ 12,985,817	\$ 7,383,225	\$ 6,826,414
 <u>Plan fiduciary net position</u>			
Contributions - employer	357,097	253,943	149,825
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(357,097)	(253,943)	(149,825)
Administrative expense	-	-	-
Net change in fiduciary net position	-	-	-
 Plan fiduciary net position - beginning	 \$ -	 \$ -	 \$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -
 Net OPEB liability - ending	 \$ 12,985,817	 \$ 7,383,225	 \$ 6,826,414
 Plan fiduciary net position as a percentage of the total OPEB liability	 -	 -	 -
 Covered payroll	 \$ 4,426,748	 \$ 4,444,402	 \$ 4,357,257
Net OPEB liability as a percentage of covered payroll	293.35%	166.12%	156.67%

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

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN  
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/18 (Reporting July 1, 2019)	\$ 2,206,401	\$ -	\$ 2,206,401
Changes for the year:			
Service cost	19,953	-	19,953
Interest	84,343	-	84,343
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	120,416	-	120,416
Contributions - employer	-	94,776	(94,776)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(94,776)	(94,776)	-
Administrative expense	-	-	-
Net changes	129,936	-	129,936
Balances at 6/30/19 (Reporting June 30, 2020)	<u>\$ 2,336,337</u>	<u>\$ -</u>	<u>\$ 2,336,337</u>

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

## TOWN OF KITTERY, MAINE

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

	<u>2020</u>	<u>2019</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	\$ 19,953	\$ 21,415
Interest (includes interest on service cost)	84,343	81,110
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	120,416	(94,186)
Benefit payments, including refunds of member contributions	(94,776)	(91,500)
Net change in total OPEB liability	\$ 129,936	\$ (83,161)
 Total OPEB liability - beginning	 \$ 2,206,401	 \$ 2,289,562
Total OPEB liability - ending	\$ 2,336,337	\$ 2,206,401
 <u>Plan fiduciary net position</u>		
Contributions - employer	94,776	91,500
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(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	 \$ 2,336,337	 \$ 2,206,401
 Plan fiduciary net position as a percentage of the total OPEB liability	 -	 -
 Covered payroll	 \$ 7,718,042	 \$ 7,511,476
Net OPEB liability as a percentage of covered payroll	30.3%	29.4%

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

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

## TOWN OF KITTEERY, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	2020	2019	2018
<u>MMEHT:</u>			
Employer contributions	\$ 357,097	\$ 253,943	\$ 149,825
Benefit payments	(357,097)	(253,943)	(149,825)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,426,748	\$ 4,444,402	\$ 4,357,257
Contributions as a percentage of covered-payroll	0.00%	0.00%	0.00%
	2020	2019	2018
<u>SET Life Insurance:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,988,666	\$ 8,204,989	\$ 8,135,669
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%
	2020	2019	
<u>MEABT:</u>			
Employer contributions	\$ 94,776	\$ 91,500	
Benefit payments	(94,776)	(91,500)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 7,718,042	\$ 7,511,476	
Contributions as a percentage of covered payroll	0.00%	0.00%	

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

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

TOWN OF KITTERY, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

**Changes of Assumptions**

MMEHT:

There was a change in the discount rate from 4.10% to 2.21% per GASB 75 discount rate selection. The repeal of the "Cadillac Tax" was reflected in this valuation by removing the previously planned excise tax.

MEABT:

There was a change in the discount rate from 3.87% to 3.50% 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, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 9,975,072	\$ 9,975,072	\$ 9,761,702	\$ (213,370)
Vehicle excise taxes	1,800,000	1,800,000	1,974,662	174,662
Boat excise taxes	27,500	27,500	24,242	(3,258)
Intergovernmental revenues:				
State revenue sharing	460,000	460,000	648,212	188,212
Homestead exemption	288,902	288,902	377,150	88,248
GMH Housing	286,000	286,000	283,178	(2,822)
General assistance	45,000	45,000	38,136	(6,864)
Other	6,688	6,688	7,922	1,234
Charges for services:				
Recreation fees	1,010,000	1,010,000	682,312	(327,688)
Library fees	13,800	13,800	9,320	(4,480)
Code enforcement fees	283,250	283,250	337,005	53,755
Registration fees	27,000	27,000	35,062	8,062
Town clerk fees	24,350	24,350	24,819	469
Planning fees	20,600	20,600	10,604	(9,996)
Solid waste/recycling	120,000	120,000	32,641	(87,359)
Solid waste/permits	50,000	50,000	93,445	43,445
Fort Foster fees	255,000	255,000	271,048	16,048
Dispatching services	125,530	125,530	143,795	18,265
Police department	24,000	24,000	50,762	26,762
Animal control	9,300	9,300	6,562	(2,738)
Public works	12,500	12,500	39,117	26,617
Mooring/launch fees	142,600	142,600	134,820	(7,780)
Harbor fees	6,000	6,000	7,891	1,891
Investment income:				
Investment income	65,000	65,000	172,912	107,912
Other income:				
Interest/fees on taxes	53,000	53,000	38,867	(14,133)
Payment in lieu of taxes	5,000	5,000	9,477	4,477
Rent	22,900	22,900	22,900	-
Other reimbursements	76,741	76,741	103,992	27,251
Transfers from other funds:				
Permanent funds	50,000	50,000	50,000	-
Total Revenues	<u>\$ 15,285,733</u>	<u>\$ 15,285,733</u>	<u>\$ 15,392,555</u>	<u>\$ 106,822</u>

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



## TOWN OF KITTERY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
<b>General government</b>					
Administration	\$ 1,002,128	\$ (60,000)	\$ 942,128	\$ 897,490	\$ 44,638
Code enforcement	521,462	-	521,462	500,768	20,694
Benefits	1,735,673	(1,783)	1,733,890	1,722,711	11,179
Insurance	920,553	-	920,553	918,498	2,055
Planning board	12,050	-	12,050	7,661	4,389
Elections	11,800	2,100	13,900	16,895	(2,995)
Council	7,350	-	7,350	3,581	3,769
	<u>4,211,016</u>	<u>(59,683)</u>	<u>4,151,333</u>	<u>4,067,604</u>	<u>83,729</u>
<b>Public safety</b>					
Police department	2,328,280	40,000	2,368,280	2,365,602	2,678
Fire department	351,083	-	351,083	322,152	28,931
Street lights	55,000	-	55,000	53,802	1,198
Hydrants	261,804	-	261,804	254,179	7,625
	<u>2,996,167</u>	<u>40,000</u>	<u>3,036,167</u>	<u>2,995,735</u>	<u>40,432</u>
<b>Public works</b>					
Highways	1,021,697	-	1,021,697	1,018,046	3,651
	<u>1,021,697</u>	<u>-</u>	<u>1,021,697</u>	<u>1,018,046</u>	<u>3,651</u>
<b>Recreation and culture</b>					
Parks	140,596	-	140,596	132,716	7,880
Fort Foster	131,643	-	131,643	125,923	5,720
Recreation	1,059,675	-	1,059,675	1,042,018	17,657
Library	418,413	-	418,413	395,715	22,698
Port Authority	106,574	5,000	111,574	106,136	5,438
	<u>1,856,901</u>	<u>5,000</u>	<u>1,861,901</u>	<u>1,802,508</u>	<u>59,393</u>
<b>Health and sanitation</b>					
Solid waste	523,472	-	523,472	497,540	25,932
	<u>523,472</u>	<u>-</u>	<u>523,472</u>	<u>497,540</u>	<u>25,932</u>
<b>Social services</b>					
General assistance	50,000	-	50,000	49,229	771
Community agencies	9,165	-	9,165	11,712	(2,547)
Public health services	520	-	520	494	26
	<u>59,685</u>	<u>-</u>	<u>59,685</u>	<u>61,435</u>	<u>(1,750)</u>

## TOWN OF KITTERY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
<b>County tax</b>	893,000	1,783	894,783	894,783	-
<b>Debt service</b>					
Principal	667,884	-	667,884	667,884	-
Interest	159,846	-	159,846	159,756	90
	827,730	-	827,730	827,640	90
<b>Overlay</b>	166,618	-	166,618	150,000	16,618
<b>Grant funds/misc. accounts</b>					
EPA stormwater program	19,600	-	19,600	21,094	(1,494)
Memorial day activities	700	-	700	-	700
Computer repair	45,000	15,000	60,000	66,156	(6,156)
Shellfish conservation	3,560	-	3,560	1,700	1,860
Conservation commission	500	-	500	-	500
Mosquito/tick control	36,750	-	36,750	36,750	-
GIS/web account	3,400	-	3,400	900	2,500
PSAP paid to York police dept.	30,000	-	30,000	31,281	(1,281)
Bank fees	600	-	600	425	175
Adult education	98,970	-	98,970	98,970	-
	239,080	15,000	254,080	257,276	(3,196)
<b>Transfers to other funds</b>					
Special revenue funds	501,850	50,000	551,850	551,850	-
Capital projects funds	1,988,517	-	1,988,517	1,988,517	-
	2,490,367	50,000	2,540,367	2,540,367	-
<b>Total Departmental Operations</b>	<b>\$ 15,285,733</b>	<b>\$ 52,100</b>	<b>\$ 15,337,833</b>	<b>\$ 15,112,934</b>	<b>\$ 224,899</b>

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

## SCHEDULE C

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 36,957	\$ 36,957
Investments	-	-	618,931	618,931
Accounts receivable (net of allowance for uncollectibles)	123,055	-	-	123,055
Inventory	9,976	-	-	9,976
Due from other funds	4,699,386	1,971,039	100,581	6,771,006
TOTAL ASSETS	<u>\$ 4,832,417</u>	<u>\$ 1,971,039</u>	<u>\$ 756,469</u>	<u>\$ 7,559,925</u>
LIABILITIES				
Accounts payable	\$ 45,537	\$ 15,746	\$ 650	\$ 61,933
Due to other funds	187,819	-	7,499	195,318
TOTAL LIABILITIES	<u>233,356</u>	<u>15,746</u>	<u>8,149</u>	<u>257,251</u>
FUND BALANCES				
Nonspendable	9,976	-	60,000	69,976
Restricted	136,525	1,178,754	689,092	2,004,371
Committed	4,267,420	776,539	-	5,043,959
Assigned	310,128	-	-	310,128
Unassigned	(124,988)	-	(772)	(125,760)
TOTAL FUND BALANCES	<u>4,599,061</u>	<u>1,955,293</u>	<u>748,320</u>	<u>7,302,674</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,832,417</u>	<u>\$ 1,971,039</u>	<u>\$ 756,469</u>	<u>\$ 7,559,925</u>

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

## SCHEDULE D

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 1,229,671	\$ 299,784	\$ -	\$ 1,529,455
Charges for services	385,037	-	-	385,037
Investment income, net of unrealized gains/(losses)	-	-	25,574	25,574
Interest income	-	2,670	-	2,670
Other income	471,866	7,337	20,581	499,784
TOTAL REVENUES	<u>2,086,574</u>	<u>309,791</u>	<u>46,155</u>	<u>2,442,520</u>
EXPENDITURES				
General government	312,271	-	57,066	369,337
Public safety	226,373	-	-	226,373
Public works	-	9,843	-	9,843
Health and sanitation	70,648	-	-	70,648
Recreation and culture	44,827	-	-	44,827
Education	1,488,157	200,108	-	1,688,265
Capital outlay	1,569,367	362,452	-	1,931,819
Other	500,098	66,056	-	566,154
TOTAL EXPENDITURES	<u>4,211,741</u>	<u>638,459</u>	<u>57,066</u>	<u>4,907,266</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,125,167)</u>	<u>(328,668)</u>	<u>(10,911)</u>	<u>(2,464,746)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,609,475	686,500	34,290	3,330,265
Transfers (out)	(709,108)	(6,500)	(34,290)	(749,898)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,900,367</u>	<u>680,000</u>	<u>-</u>	<u>2,580,367</u>
NET CHANGE IN FUND BALANCES	(224,800)	351,332	(10,911)	115,621
FUND BALANCES, JULY 1	<u>4,823,861</u>	<u>1,603,961</u>	<u>759,231</u>	<u>7,187,053</u>
FUND BALANCES, JUNE 30	<u>\$ 4,599,061</u>	<u>\$ 1,955,293</u>	<u>\$ 748,320</u>	<u>\$ 7,302,674</u>

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

### Special Revenue Funds

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

## SCHEDULE E

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	ASA Applicant Code	Oil and More Donations	Channel 22	Concert in the Park	D.A.R.E.	Fire Hazmat Spill Cleanup	Thresher Memorial
<b>ASSETS</b>							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	8,061	-	265,010	-	216	12,971	9,345
<b>TOTAL ASSETS</b>	<u>\$ 8,061</u>	<u>\$ -</u>	<u>\$ 265,010</u>	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 12,971</u>	<u>\$ 9,345</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 5,396	\$ -	\$ 4,063	\$ -	\$ -	\$ -	\$ 82
Due to other funds	-	15	-	3	-	-	-
<b>TOTAL LIABILITIES</b>	<u>5,396</u>	<u>15</u>	<u>4,063</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>82</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	2,665	-	260,947	-	216	12,971	9,263
Assigned	-	-	-	-	-	-	-
Unassigned	-	(15)	-	(3)	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>2,665</u>	<u>(15)</u>	<u>260,947</u>	<u>(3)</u>	<u>216</u>	<u>12,971</u>	<u>9,263</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
	<u>\$ 8,061</u>	<u>\$ -</u>	<u>\$ 265,010</u>	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 12,971</u>	<u>\$ 9,345</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Accrued Compensated Absences	Ballot Counting Machines	Library Donations	Kittery Block Party	Kittery Community Center	York Hospital
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-
Due from other funds	188,923	6,078	71,448	1,596	20,945	16,162
TOTAL ASSETS	<u>\$ 188,923</u>	<u>\$ 6,078</u>	<u>\$ 71,448</u>	<u>\$ 1,596</u>	<u>\$ 20,945</u>	<u>\$ 16,162</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	188,923	6,078	71,448	1,596	20,945	16,162
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>188,923</u>	<u>6,078</u>	<u>71,448</u>	<u>1,596</u>	<u>20,945</u>	<u>16,162</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 188,923</u>	<u>\$ 6,078</u>	<u>\$ 71,448</u>	<u>\$ 1,596</u>	<u>\$ 20,945</u>	<u>\$ 16,162</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Police Forfeiture	Public Safety Impact Fees	Open Space	MMA Grants	Conservation Committee	TIF Financial Plan
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-
Due from other funds	9,129	42,593	6,890	182	912	80,523
TOTAL ASSETS	<u>\$ 9,129</u>	<u>\$ 42,593</u>	<u>\$ 6,890</u>	<u>\$ 182</u>	<u>\$ 912</u>	<u>\$ 80,523</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>462</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	42,593	-	182	-	-
Committed	9,129	-	6,890	-	912	80,061
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>9,129</u>	<u>42,593</u>	<u>6,890</u>	<u>182</u>	<u>912</u>	<u>80,061</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 9,129</u>	<u>\$ 42,593</u>	<u>\$ 6,890</u>	<u>\$ 182</u>	<u>\$ 912</u>	<u>\$ 80,523</u>



## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	FEMA Maps Appeal	Sewer Impact Fees	Sewer Betterments	Keep Maine Healthy Grant	DPW Right of Way Reserve
<b>ASSETS</b>					
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ 14,483	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-
Due from other funds	-	626,151	139,862	-	755,718
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 640,634</u>	<u>\$ 139,862</u>	<u>\$ -</u>	<u>\$ 755,718</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,914	\$ 400
Due to other funds	200	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>200</u>	<u>-</u>	<u>-</u>	<u>1,914</u>	<u>400</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	640,634	139,862	-	755,318
Assigned	-	-	-	-	-
Unassigned	(200)	-	-	(1,914)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(200)</u>	<u>640,634</u>	<u>139,862</u>	<u>(1,914)</u>	<u>755,318</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ -</u>	<u>\$ 640,634</u>	<u>\$ 139,862</u>	<u>\$ -</u>	<u>\$ 755,718</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Fort Foster FEMA	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	218,822	2,025	25,121	74,118	195,591	64,718	2,352
TOTAL ASSETS	<u>\$ 218,822</u>	<u>\$ 2,025</u>	<u>\$ 25,121</u>	<u>\$ 74,118</u>	<u>\$ 195,591</u>	<u>\$ 64,718</u>	<u>\$ 2,352</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,280
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,280</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	218,822	2,025	25,121	74,118	195,591	64,718	1,072
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>218,822</u>	<u>2,025</u>	<u>25,121</u>	<u>74,118</u>	<u>195,591</u>	<u>64,718</u>	<u>1,072</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 218,822</u>	<u>\$ 2,025</u>	<u>\$ 25,121</u>	<u>\$ 74,118</u>	<u>\$ 195,591</u>	<u>\$ 64,718</u>	<u>\$ 2,352</u>

## SCHEDULE E (CONTINUED)

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Tax Acquired Properties	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Mass Transit Reserve Fund	Ogden Fdn. Prog. Dev Grant (KCC)
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	-	40,320	24,098	5,163	51,090	115,000	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 40,320</u>	<u>\$ 24,098</u>	<u>\$ 5,163</u>	<u>\$ 51,090</u>	<u>\$ 115,000</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ 1,551	\$ -	\$ -	\$ -	\$ 25,860	\$ -	\$ -
Due to other funds	38,929	-	-	-	-	-	1,205
TOTAL LIABILITIES	<u>40,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,860</u>	<u>-</u>	<u>1,205</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	40,320	24,098	5,163	25,230	115,000	-
Assigned	-	-	-	-	-	-	-
Unassigned	(40,480)	-	-	-	-	-	(1,205)
TOTAL FUND BALANCES (DEFICITS)	<u>(40,480)</u>	<u>40,320</u>	<u>24,098</u>	<u>5,163</u>	<u>25,230</u>	<u>115,000</u>	<u>(1,205)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 40,320</u>	<u>\$ 24,098</u>	<u>\$ 5,163</u>	<u>\$ 51,090</u>	<u>\$ 115,000</u>	<u>\$ -</u>

## SCHEDULE E (CONTINUED)

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Police Vehicle Equipment	Emery Field PH 2 LCWF Grant	Records Preservation	Municipal Facility Reserve	Public Safety Base Station	Parks Buildings & Grounds	Billable Police Details	Pol. Grant Support Det.
ASSETS								
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Due from other funds	63,658	83,570	10	121,783	-	37,850	14,732	-
TOTAL ASSETS	<u>\$ 63,658</u>	<u>\$ 83,570</u>	<u>\$ 10</u>	<u>\$ 121,783</u>	<u>\$ -</u>	<u>\$ 37,850</u>	<u>\$ 14,732</u>	<u>\$ -</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371	\$ -
Due to other funds	-	-	-	-	-	-	-	5,621
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371</u>	<u>5,621</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	63,658	83,570	10	121,783	-	37,850	14,361	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(5,621)
TOTAL FUND BALANCES (DEFICITS)	<u>63,658</u>	<u>83,570</u>	<u>10</u>	<u>121,783</u>	<u>-</u>	<u>37,850</u>	<u>14,361</u>	<u>(5,621)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 63,658</u>	<u>\$ 83,570</u>	<u>\$ 10</u>	<u>\$ 121,783</u>	<u>\$ -</u>	<u>\$ 37,850</u>	<u>\$ 14,732</u>	<u>\$ -</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Kittery Community Center 5 Year	Joint Land Use OEA PH1	Port Authority Equipment	Fire Equipment Reserve	Sewer Vehicle Reserve	Sewer Depreciation Reserve	Sewer Safety Grants
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	8,546	-	59,037	169,737	45,722	301,640	2,998
TOTAL ASSETS	<u>\$ 8,546</u>	<u>\$ -</u>	<u>\$ 59,037</u>	<u>\$ 169,737</u>	<u>\$ 45,722</u>	<u>\$ 301,640</u>	<u>\$ 2,998</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	452	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	8,546	-	59,037	169,737	45,722	301,640	2,998
Assigned	-	-	-	-	-	-	-
Unassigned	-	(452)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>8,546</u>	<u>(452)</u>	<u>59,037</u>	<u>169,737</u>	<u>45,722</u>	<u>301,640</u>	<u>2,998</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 8,546</u>	<u>\$ -</u>	<u>\$ 59,037</u>	<u>\$ 169,737</u>	<u>\$ 45,722</u>	<u>\$ 301,640</u>	<u>\$ 2,998</u>

## SCHEDULE E (CONTINUED)

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Police New Officer	Additional Snow and Ice Damages	Athletic Fields	Senior Tax Program	Wetland Mitigation	School Special Revenue Funds	Total
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ 4,693	\$ -	\$ -	\$ -	\$ -	\$ 103,879	\$ 123,055
Inventory	-	-	-	-	-	9,976	9,976
Due from other funds	-	37,332	2,142	55,000	53,343	561,153	4,699,386
TOTAL ASSETS	<u>\$ 4,693</u>	<u>\$ 37,332</u>	<u>\$ 2,142</u>	<u>\$ 55,000</u>	<u>\$ 53,343</u>	<u>\$ 675,008</u>	<u>\$ 4,832,417</u>
LIABILITIES							
Accounts payable	\$ 457	\$ 54	\$ -	\$ -	\$ -	\$ 3,647	\$ 45,537
Due to other funds	3,719	-	-	-	-	137,675	187,819
TOTAL LIABILITIES	<u>4,176</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,322</u>	<u>233,356</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	9,976	9,976
Restricted	517	37,278	-	-	-	55,955	136,525
Committed	-	-	2,142	55,000	53,343	232,725	4,267,420
Assigned	-	-	-	-	-	310,128	310,128
Unassigned	-	-	-	-	-	(75,098)	(124,988)
TOTAL FUND BALANCES (DEFICITS)	<u>517</u>	<u>37,278</u>	<u>2,142</u>	<u>55,000</u>	<u>53,343</u>	<u>533,686</u>	<u>4,599,061</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 4,693</u>	<u>\$ 37,332</u>	<u>\$ 2,142</u>	<u>\$ 55,000</u>	<u>\$ 53,343</u>	<u>\$ 675,008</u>	<u>\$ 4,832,417</u>

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

## SCHEDULE F

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	ASA Applicant Code	Oil and More Donations	Channel 22	Concert in the Park	D.A.R.E.	Fire Hazmat Spill Cleanup	Thresher Memorial
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	24,499	-	101,765	-	-	19,344	3,438
TOTAL REVENUES	<u>24,499</u>	<u>-</u>	<u>101,765</u>	<u>-</u>	<u>-</u>	<u>19,344</u>	<u>3,438</u>
EXPENDITURES							
General government	43,602	-	-	-	-	-	-
Public safety	-	-	-	-	-	9,074	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	2,600	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	52,133	-	-	-	2,319
TOTAL EXPENDITURES	<u>43,602</u>	<u>-</u>	<u>52,133</u>	<u>2,600</u>	<u>-</u>	<u>9,074</u>	<u>2,319</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,103)</u>	<u>-</u>	<u>49,632</u>	<u>(2,600)</u>	<u>-</u>	<u>10,270</u>	<u>1,119</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	(50,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(19,103)	-	(368)	(2,600)	-	10,270	1,119
FUND BALANCES (DEFICITS), JULY 1	<u>21,768</u>	<u>(15)</u>	<u>261,315</u>	<u>2,597</u>	<u>216</u>	<u>2,701</u>	<u>8,144</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 2,665</u>	<u>\$ (15)</u>	<u>\$ 260,947</u>	<u>\$ (3)</u>	<u>\$ 216</u>	<u>\$ 12,971</u>	<u>\$ 9,263</u>

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Accrued Compensated Absences	Ballot Counting Machines	Library Donations	Kittery Block Party	Kittery Community Center	York Hospital
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	78,499	22,954	4,800	20,000
TOTAL REVENUES	-	-	78,499	22,954	4,800	20,000
EXPENDITURES						
General government	70,860	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Recreation and culture	-	-	7,051	-	-	-
Education	-	-	-	-	-	-
Other	-	-	-	41,062	6,758	22,353
TOTAL EXPENDITURES	70,860	-	7,051	41,062	6,758	22,353
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(70,860)	-	71,448	(18,108)	(1,958)	(2,353)
OTHER FINANCING SOURCES (USES)						
Transfers in	150,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	150,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	79,140	-	71,448	(18,108)	(1,958)	(2,353)
FUND BALANCES (DEFICITS), JULY 1	109,783	6,078	-	19,704	22,903	18,515
FUND BALANCES (DEFICITS), JUNE 30	\$ 188,923	\$ 6,078	\$ 71,448	\$ 1,596	\$ 20,945	\$ 16,162



## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Police Forfeiture	Public Safety Impact Fees	Open Space	MMA Grants	Conservation Committee	TIF Financial Plan
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	56,780	-	-	-	-
Other income	7,619	-	-	182	-	-
TOTAL REVENUES	<u>7,619</u>	<u>56,780</u>	<u>-</u>	<u>182</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
General government	-	-	-	-	-	19,711
Public safety	26,302	63,135	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>26,302</u>	<u>63,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,711</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,683)</u>	<u>(6,355)</u>	<u>-</u>	<u>182</u>	<u>-</u>	<u>(19,711)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	236,000
Transfers (out)	-	-	-	-	-	(657,443)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(421,443)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(18,683)	(6,355)	-	182	-	(441,154)
FUND BALANCES (DEFICITS), JULY 1	<u>27,812</u>	<u>48,948</u>	<u>6,890</u>	<u>-</u>	<u>912</u>	<u>521,215</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 9,129</u>	<u>\$ 42,593</u>	<u>\$ 6,890</u>	<u>\$ 182</u>	<u>\$ 912</u>	<u>\$ 80,061</u>

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	FEMA Maps Appeal	Sewer Impact Fees	Sewer Betterments	Keep Maine Healthy Grant	DPW Right of Way Reserve
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	46,800	-	-	-
Other income	-	-	-	-	7,257
TOTAL REVENUES	-	46,800	-	-	7,257
EXPENDITURES					
General government	-	-	-	1,914	-
Public safety	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	48,821	-	462,879
Other	-	161,186	-	-	-
TOTAL EXPENDITURES	-	161,186	48,821	1,914	462,879
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(114,386)	(48,821)	(1,914)	(455,622)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,000,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	1,000,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(114,386)	(48,821)	(1,914)	544,378
FUND BALANCES (DEFICITS), JULY 1	(200)	755,020	188,683	-	210,940
FUND BALANCES (DEFICITS), JUNE 30	\$ (200)	\$ 640,634	\$ 139,862	\$ (1,914)	\$ 755,318

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Fort Foster FEMA	KCC Visual Arts Committee	Recreational Vehicle	Highway Vehicle	Fire Dept. Vehicle	KCC Playgrounds	Spruce Creek PH5 Grant
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,302
Charges for services	-	-	-	-	-	-	-
Other income	-	2,289	-	19,127	-	-	-
TOTAL REVENUES	-	2,289	-	19,127	-	-	10,302
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	5,264	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	117,280	-	-	511,281	325,924	-	-
Other	-	-	-	-	-	-	3,179
TOTAL EXPENDITURES	117,280	5,264	-	511,281	325,924	-	3,179
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(117,280)	(2,975)	-	(492,154)	(325,924)	-	7,123
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	300,000	331,700	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	300,000	331,700	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(117,280)	(2,975)	-	(192,154)	5,776	-	7,123
FUND BALANCES (DEFICITS), JULY 1	336,102	5,000	25,121	266,272	189,815	64,718	(6,051)
FUND BALANCES (DEFICITS), JUNE 30	\$ 218,822	\$ 2,025	\$ 25,121	\$ 74,118	\$ 195,591	\$ 64,718	\$ 1,072

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Tax Acquired Properties	Storm Drain Mapping	Port Authority Boat	Recreational Equipment	Computer	Mass Transit Reserve Fund	Ogden Fdn. Prog. Dev Grant (KCC)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	1,195
TOTAL REVENUES	-	-	-	-	-	-	1,195
EXPENDITURES							
General government	27,871	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Recreation and culture	-	-	-	2,895	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	14,284	400	-	39,183	-	14,400
TOTAL EXPENDITURES	27,871	14,284	400	2,895	39,183	-	14,400
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(27,871)	(14,284)	(400)	(2,895)	(39,183)	-	(13,205)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	10,000	-	-	25,000	115,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	10,000	-	-	25,000	115,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(27,871)	(4,284)	(400)	(2,895)	(14,183)	115,000	(13,205)
FUND BALANCES (DEFICITS), JULY 1	(12,609)	44,604	24,498	8,058	39,413	-	12,000
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ (40,480)</u>	<u>\$ 40,320</u>	<u>\$ 24,098</u>	<u>\$ 5,163</u>	<u>\$ 25,230</u>	<u>\$ 115,000</u>	<u>\$ (1,205)</u>

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Police Vehicle Equipment	Emery Field PH 2 LCWF Grant	Records Preservation	Municipal Facility Reserve	Public Safety Base Station	Parks Buildings & Grounds	Billable Police Details	Pol. Grant Support Det.
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,420	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	4,821
TOTAL REVENUES	-	-	-	-	-	-	56,420	4,821
EXPENDITURES								
General government	-	-	-	93,313	-	-	-	-
Public safety	-	-	-	-	20,845	-	50,235	1,059
Public works	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	2,167	-	-
Education	-	-	-	-	-	-	-	-
Capital outlay	65,762	21,375	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	65,762	21,375	-	93,313	20,845	2,167	50,235	1,059
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(65,762)	(21,375)	-	(93,313)	(20,845)	(2,167)	6,185	3,762
OTHER FINANCING SOURCES (USES)								
Transfers in	95,000	50,000	-	-	-	40,000	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	95,000	50,000	-	-	-	40,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	29,238	28,625	-	(93,313)	(20,845)	37,833	6,185	3,762
FUND BALANCES (DEFICITS), JULY 1	34,420	54,945	10	215,096	20,845	17	8,176	(9,383)
FUND BALANCES (DEFICITS), JUNE 30	\$ 63,658	\$ 83,570	\$ 10	\$ 121,783	\$ -	\$ 37,850	\$ 14,361	\$ (5,621)

## 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, 2020

	Kittery Community Center 5 Year	Joint Land Use OEA PH1	Port Authority Equipment	Fire Equipment Reserve	Sewer Vehicle Reserve	Sewer Depreciation Reserve	Sewer Safety Grants
REVENUES							
Intergovernmental revenue	\$ -	\$ 220,000	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	7,557	-	-	-
TOTAL REVENUES	-	220,000	-	7,557	-	-	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	50,572	-	-	-
Health and sanitation	-	-	-	-	47,160	23,488	-
Recreation and culture	24,850	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	-	-	16,045	-	-	-	-
Other	-	134,875	-	-	-	-	-
TOTAL EXPENDITURES	24,850	134,875	16,045	50,572	47,160	23,488	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(24,850)	85,125	(16,045)	(43,015)	(47,160)	(23,488)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	15,000	50,110	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	15,000	50,110	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(24,850)	85,125	(1,045)	7,095	(47,160)	(23,488)	-
FUND BALANCES (DEFICITS), JULY 1	33,396	(85,577)	60,082	162,642	92,882	325,128	2,998
FUND BALANCES (DEFICITS), JUNE 30	\$ 8,546	\$ (452)	\$ 59,037	\$ 169,737	\$ 45,722	\$ 301,640	\$ 2,998

## 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, 2020

	Police New Officer	Additional Snow and Ice Damages	Athletic Fields	Senior Tax Program	Wetland Mitigation	School Special Revenue Funds	Total
REVENUES							
Intergovernmental revenue	\$ 7,691	\$ -	\$ -	\$ -	\$ -	\$ 935,258	\$ 1,229,671
Charges for services	-	-	-	-	-	281,457	385,037
Other income	-	-	-	-	25,752	120,768	471,866
TOTAL REVENUES	<u>7,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,752</u>	<u>1,337,483</u>	<u>2,086,574</u>
EXPENDITURES							
General government	-	-	-	55,000	-	-	312,271
Public safety	5,151	-	-	-	-	-	226,373
Health and sanitation	-	-	-	-	-	-	70,648
Recreation and culture	-	-	-	-	-	-	44,827
Education	-	-	-	-	-	1,488,157	1,488,157
Capital outlay	-	-	-	-	-	-	1,569,367
Other	-	3,299	-	-	4,667	-	500,098
TOTAL EXPENDITURES	<u>5,151</u>	<u>3,299</u>	<u>-</u>	<u>55,000</u>	<u>4,667</u>	<u>1,488,157</u>	<u>4,211,741</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,540</u>	<u>(3,299)</u>	<u>-</u>	<u>(55,000)</u>	<u>21,085</u>	<u>(150,674)</u>	<u>(2,125,167)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	100,000	-	91,665	2,609,475
Transfers (out)	-	-	-	-	-	(1,665)	(709,108)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>90,000</u>	<u>1,900,367</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2,540	(3,299)	-	45,000	21,085	(60,674)	(224,800)
FUND BALANCES (DEFICITS), JULY 1	<u>(2,023)</u>	<u>40,577</u>	<u>2,142</u>	<u>10,000</u>	<u>32,258</u>	<u>594,360</u>	<u>4,823,861</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 517</u>	<u>\$ 37,278</u>	<u>\$ 2,142</u>	<u>\$ 55,000</u>	<u>\$ 53,343</u>	<u>\$ 533,686</u>	<u>\$ 4,599,061</u>

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

### Capital Projects Funds

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



## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020

	Community Center	Town Facilities	Street Lights Project	Pepperill Coves Paving/ Utilities	Fire Department Facility	Public Works Sign Shed
ASSETS						
Due from other funds	\$ 373	\$ 30,950	\$ 40,764	\$ 3,596	\$ 319	\$ 20
TOTAL ASSETS	<u>\$ 373</u>	<u>\$ 30,950</u>	<u>\$ 40,764</u>	<u>\$ 3,596</u>	<u>\$ 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	373	30,950	-	-	-	-
Committed	-	-	40,764	3,596	319	20
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>373</u>	<u>30,950</u>	<u>40,764</u>	<u>3,596</u>	<u>319</u>	<u>20</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 373</u>	<u>\$ 30,950</u>	<u>\$ 40,764</u>	<u>\$ 3,596</u>	<u>\$ 319</u>	<u>\$ 20</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020

	Boat Infrastructure Grant	Rice Building Rehab	Fort Foster Bench	State Aid to Roads	Kittery Port Authority Railings & Lights
ASSETS					
Due from other funds	\$ 1,584	\$ 230,218	\$ 11,281	\$ 1,147,431	\$ -
TOTAL ASSETS	<u>\$ 1,584</u>	<u>\$ 230,218</u>	<u>\$ 11,281</u>	<u>\$ 1,147,431</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ 5,904	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>5,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	1,147,431	-
Committed	1,584	224,314	11,281	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,584</u>	<u>224,314</u>	<u>11,281</u>	<u>1,147,431</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,584</u>	<u>\$ 230,218</u>	<u>\$ 11,281</u>	<u>\$ 1,147,431</u>	<u>\$ -</u>

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020

	Government St. Pier Reserve	Rice & Taylor Lighting	Rice Beam Replacement	Zoning Record Upgrade	School Capital Projects Funds	Total
ASSETS						
Due from other funds	\$ 22,731	\$ -	\$ -	\$ 23,010	\$ 458,762	\$ 1,971,039
TOTAL ASSETS	<u>\$ 22,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,010</u>	<u>\$ 458,762</u>	<u>\$ 1,971,039</u>
LIABILITIES						
Accounts payable	\$ 9,842	\$ -	\$ -	\$ -	\$ -	\$ 15,746
TOTAL LIABILITIES	<u>9,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,746</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	1,178,754
Committed	12,889	-	-	23,010	458,762	776,539
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>12,889</u>	<u>-</u>	<u>-</u>	<u>23,010</u>	<u>458,762</u>	<u>1,955,293</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,010</u>	<u>\$ 458,762</u>	<u>\$ 1,971,039</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Community Center	Town Facilities	Street Lights Project	Pepperill Coves Paving/ Utilities	Fire Department Facility	Public Works Sign Shed
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	2,670	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	2,670	-	-	-	-
EXPENDITURES						
Public works	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	102,406	53,866	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	102,406	53,866	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,670	(102,406)	(53,866)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	240,000	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	240,000	-	-	-
NET CHANGE IN FUND BALANCES	-	2,670	137,594	(53,866)	-	-
FUND BALANCES - JULY 1	373	28,280	(96,830)	57,462	319	20
FUND BALANCES - JUNE 30	\$ 373	\$ 30,950	\$ 40,764	\$ 3,596	\$ 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, 2020

	Boat Infrastructure Grant	Rice Building Rehab	Fort Foster Bench	State Aid to Roads	Kittery Port Authority Railings & Lights
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 159,784	\$ -
Interest income	-	-	-	-	-
Other income	-	-	200	<b>7,137</b>	-
TOTAL REVENUES	-	-	200	166,921	-
EXPENDITURES					
Public works	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	145,478	-	60,702	-
Other	-	-	119	-	-
TOTAL EXPENDITURES	-	145,478	119	60,702	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(145,478)	81	106,219	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	400,000	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	400,000	-	-	-
NET CHANGE IN FUND BALANCES	-	254,522	81	106,219	-
FUND BALANCES - JULY 1	1,584	(30,208)	11,200	1,041,212	-
FUND BALANCES - JUNE 30	<u>\$ 1,584</u>	<u>\$ 224,314</u>	<u>\$ 11,281</u>	<u>\$ 1,147,431</u>	<u>\$ -</u>

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Government St. Pier Reserve	Rice & Taylor Lighting	Rice Beam Replacement	Zoning Record Upgrade	School Capital Projects Funds	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 140,000	\$ 299,784
Interest income	-	-	-	-	-	2,670
Other income	-	-	-	-	-	7,337
TOTAL REVENUES	-	-	-	-	140,000	309,791
EXPENDITURES						
Public works	9,843	-	-	-	-	9,843
Education	-	-	-	-	200,108	200,108
Capital outlay	-	-	-	-	-	362,452
Other	-	-	-	65,937	-	66,056
TOTAL EXPENDITURES	9,843	-	-	65,937	200,108	638,459
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,843)	-	-	(65,937)	(60,108)	(328,668)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	40,000	6,500	686,500
Transfers (out)	-	-	-	-	(6,500)	(6,500)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	40,000	-	680,000
NET CHANGE IN FUND BALANCES	(9,843)	-	-	(25,937)	(60,108)	351,332
FUND BALANCES - JULY 1	22,732	-	-	48,947	518,870	1,603,961
FUND BALANCES - JUNE 30	\$ 12,889	\$ -	\$ -	\$ 23,010	\$ 458,762	\$ 1,955,293

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

### Permanent Funds

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

## SCHEDULE I

## TOWN OF KITTERY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2020

	Public Health Trust	Mary Safford Wildes	Lester Raynes Trust	George Smart Santa	Recycling Scholarship	Connie Samuels Beautification	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 31,159	\$ -	\$ 5,798	\$ -	\$ -	\$ 36,957
Investments	-	618,931	-	-	-	-	618,931
Due from other funds	27,275	-	9,228	-	5,477	58,601	100,581
TOTAL ASSETS	<u>\$ 27,275</u>	<u>\$ 650,090</u>	<u>\$ 9,228</u>	<u>\$ 5,798</u>	<u>\$ 5,477</u>	<u>\$ 58,601</u>	<u>\$ 756,469</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 650	\$ -	\$ 650
Due to other funds	-	7,499	-	-	-	-	7,499
TOTAL LIABILITIES	<u>-</u>	<u>7,499</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>8,149</u>
FUND BALANCES							
Nonspendable	-	-	10,000	-	-	50,000	60,000
Restricted	27,275	642,591	-	5,798	4,827	8,601	689,092
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(772)	-	-	-	(772)
TOTAL FUND BALANCES	<u>27,275</u>	<u>642,591</u>	<u>9,228</u>	<u>5,798</u>	<u>4,827</u>	<u>58,601</u>	<u>748,320</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 27,275</u>	<u>\$ 650,090</u>	<u>\$ 9,228</u>	<u>\$ 5,798</u>	<u>\$ 5,477</u>	<u>\$ 58,601</u>	<u>\$ 756,469</u>

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



## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	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)	\$ -	\$ 25,574	\$ -	\$ -	\$ -	\$ -	\$ 25,574
Other income	-	3,348	-	7,824	9,409	-	20,581
TOTAL REVENUES	-	28,922	-	7,824	9,409	-	46,155
EXPENDITURES							
Other	-	45,436	-	4,630	7,000	-	57,066
TOTAL EXPENDITURES	-	45,436	-	4,630	7,000	-	57,066
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(16,514)	-	3,194	2,409	-	(10,911)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	34,290	-	-	-	-	34,290
Transfers (out)	-	(34,290)	-	-	-	-	(34,290)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(16,514)	-	3,194	2,409	-	(10,911)
FUND BALANCES, JULY 1	27,275	659,105	9,228	2,604	2,418	58,601	759,231
FUND BALANCES, JUNE 30	<u>\$ 27,275</u>	<u>\$ 642,591</u>	<u>\$ 9,228</u>	<u>\$ 5,798</u>	<u>\$ 4,827</u>	<u>\$ 58,601</u>	<u>\$ 748,320</u>

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

### Fiduciary Funds

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2020

	Adult Ed Scholarships	Bob Whitten	William Dennett
ASSETS			
Cash and cash equivalents	\$ 5,053	\$ 7,118	\$ 32
TOTAL ASSETS	<u>\$ 5,053</u>	<u>\$ 7,118</u>	<u>\$ 32</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - held in trust	<u>5,053</u>	<u>7,118</u>	<u>32</u>
TOTAL NET POSITION	<u>5,053</u>	<u>7,118</u>	<u>32</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,053</u>	<u>\$ 7,118</u>	<u>\$ 32</u>

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2020

	Priscilla Guy	Louise Whelton Art	Total
ASSETS			
Cash and cash equivalents	\$ 2,395	\$ 1,869	\$ 16,467
TOTAL ASSETS	<u>\$ 2,395</u>	<u>\$ 1,869</u>	<u>\$ 16,467</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - held in trust	2,395	1,869	16,467
TOTAL NET POSITION	<u>2,395</u>	<u>1,869</u>	<u>16,467</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,395</u>	<u>\$ 1,869</u>	<u>\$ 16,467</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Adult Ed Scholarships	Bob Whitten	William Dennett
ADDITIONS			
Interest	\$ -	\$ 6	\$ -
Contributions	-	-	-
TOTAL ADDITIONS	<u>-</u>	<u>6</u>	<u>-</u>
DEDUCTIONS			
Scholarships	-	-	550
TOTAL DEDUCTIONS	<u>-</u>	<u>-</u>	<u>550</u>
CHANGE IN NET POSITION	-	6	(550)
NET POSITION - JULY 1	<u>5,053</u>	<u>7,112</u>	<u>582</u>
NET POSITION - JUNE 30	<u><u>\$ 5,053</u></u>	<u><u>\$ 7,118</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, 2020

	Priscilla Guy	Louise Whelton Art	Total
ADDITIONS			
Interest	\$ 1	\$ -	\$ 7
Contributions	-	-	-
TOTAL ADDITIONS	<u>1</u>	<u>-</u>	<u>7</u>
DEDUCTIONS			
Scholarships	<u>200</u>	<u>250</u>	<u>1,000</u>
TOTAL DEDUCTIONS	<u>200</u>	<u>250</u>	<u>1,000</u>
CHANGE IN NET POSITION	(199)	(250)	(993)
NET POSITION - JULY 1	<u>2,594</u>	<u>2,119</u>	<u>17,460</u>
NET POSITION - JUNE 30	<u>\$ 2,395</u>	<u>\$ 1,869</u>	<u>\$ 16,467</u>

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

## TOWN OF KITTERY, MAINE

COMBINING SCHEDULE OF CHANGES IN AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
RW Traip Academy	\$ 53,685	\$ 53,330	\$ 51,725	\$ 55,290
Shapleigh School	17,398	24,567	22,070	19,895
Horace Mitchell School	6,710	4,038	3,534	7,214
	<u>\$ 77,793</u>	<u>\$ 81,935</u>	<u>\$ 77,329</u>	<u>\$ 82,399</u>

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

### General Capital Assets

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



## TOWN OF KITTERY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Police	\$ -	\$ 122,076	\$ 1,129,619	\$ -	\$ 1,251,695
General government	-	2,933,449	377,129	-	3,310,578
Fire	353,200	2,678,208	3,123,115	-	6,154,523
Public works	8,579,000	3,826,506	4,375,005	11,820,824	28,601,335
Health and sanitation	-	58,183	22,700	15,000	95,883
Recreation and culture	2,371,801	9,237,232	179,257	-	11,788,290
Town-wide	-	653,172	67,224	825,777	1,546,173
School department	29,422	26,012,753	908,614	-	26,950,789
Sewer department	285,980	19,411,114	526,657	11,696,896	31,920,647
Total General Capital Assets	11,619,403	64,932,693	10,709,320	24,358,497	111,619,913
Less: Accumulated Depreciation	-	(38,449,701)	(6,358,259)	(11,110,918)	(55,918,878)
Net General Capital Assets	<u>\$ 11,619,403</u>	<u>\$ 26,482,992</u>	<u>\$ 4,351,061</u>	<u>\$ 13,247,579</u>	<u>\$ 55,701,035</u>

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

## TOWN OF KITTERY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19 (Restated)	Additions	Deletions	General Capital Assets 6/30/20
Police	\$ 1,092,487	\$ 159,208	\$ -	\$ 1,251,695
General government	3,297,220	13,358	-	3,310,578
Fire	5,467,240	687,283	-	6,154,523
Public works	27,475,599	1,125,736	-	28,601,335
Health and sanitation	95,883	-	-	95,883
Recreation and culture	11,826,190	45,826	(83,726)	11,788,290
Town-wide	1,530,869	15,304	-	1,546,173
School department	26,901,396	49,393	-	26,950,789
Sewer department	31,920,647	-	-	31,920,647
Total General Capital Assets	109,607,531	2,096,108	(83,726)	111,619,913
Less: Accumulated Depreciation	(52,956,975)	(2,970,504)	8,601	(55,918,878)
Net General Capital Assets	<u>\$ 56,650,556</u>	<u>\$ (874,396)</u>	<u>\$ (75,125)</u>	<u>\$ 55,701,035</u>

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

# TOWN OF KITTERY, MAINE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA 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	\$ -	\$ 22,175
National School Lunch Program	10.555	3022	-	92,586
Summer Food Service Program for Children	10.559	3016	-	109,118
Subtotal Child Nutrition Cluster			-	223,879
Total U.S. Department of Agriculture			-	223,879
U.S. Department of Defense				
Direct Funding:				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	N/A	-	134,875
Total U.S. Department of Defense			-	134,875
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	-	21,375
Total U.S. Department of the Interior			-	21,375
U.S. Department of Justice				
Direct Funding:				
Bulletproof Vest Partnership Program	16.607	N/A	-	2,245
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	N/A	-	2,906
Total U.S. Department of Justice			-	5,151
U.S. Department of Transportation				
Passed-through State of Maine - Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CSN #29303	-	252
Highway Planning and Construction	20.205	CSN #29499	-	6,952
Subtotal Highway Planning and Construction Cluster			-	7,204
Passed-through State of Maine Bureau of Highway Safety:				
NHTSA Discretionary Safety Grants and Cooperative Agreements	20.614	N/A	-	857
Total U.S. Department of Transportation			-	8,061
U.S. Department of Treasury				
Passed-through State of Maine - Department of Health and Human Services				
Coronavirus Relief Fund	21.019	N/A	-	23,051
Total U.S. Department of Treasury			-	23,051
U.S. Environmental Protection Agency				
Direct Funding:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	N/A	-	247,054
Total U.S. Environmental Protection Agency			-	247,054

TOWN OF KITTERY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA 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	-	168,159
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3046	-	338,636
Special Education Preschool Grants	84.173	6247	-	2,427
Subtotal Special Education Cluster (IDEA)			-	341,063
Supporting Effective Instruction State Grants	84.367	3042	-	15,076
Rural Education	84.358			1,862
Student Support and Academic Enrichment Program	84.424	3345	-	61,016
Total U.S. Department of Education			-	587,176
U.S. Department of Health and Human Services				
Passed-through State of Maine - Department of Health and Human Services:				
Child Care and Development Block Grant	93.575	N/A	-	12,375
Total U.S. Department of Health and Human Services			-	12,375
U.S. Department of Homeland Security				
Direct Funding:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	117,280
Total U.S. Department of Homeland Security			-	117,280
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 1,380,277

## TOWN OF KITTERY, MAINE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

#### 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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Kittery, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Kittery, Maine.

#### 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Kittery, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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

Town Council  
Town of Kittery  
Kittery, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Kittery, Maine as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Kittery, Maine's basic financial statements and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

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

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kittery, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
December 15, 2020



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

Town Council  
Town of Kittery  
Kittery, Maine

### Report on Compliance for Each Major Federal Program

We have audited the Town of Kittery, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Kittery, Maine's major federal programs for the year ended June 30, 2020. The Town of Kittery, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditors' Responsibility

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



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

#### Opinion on Each Major Federal Program

In our opinion, the Town of Kittery, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

#### Report on Internal Control Over Compliance

Management of the Town of Kittery, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Kittery, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Kittery, Maine's internal control over compliance.

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

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

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

*RHR Smith & Company*

Buxton, Maine  
December 15, 2020

TOWN OF KITTERY, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

**Section I - Summary of Auditor's Results**

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

• *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported  
in accordance with §200.516 of Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster (IDEA)

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

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

**Section II – Financial Statement Findings**

None

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

None



## INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Town Council  
Town of Kittery  
Kittery, Maine

We have audited the financial statements of Town of Kittery, Maine for the year ended June 30, 2020 and have issued our report thereon dated December 15, 2020. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

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

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

*RHR Smith & Company*

Buxton, Maine  
December 15, 2020

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

# KITTERY SCHOOL DEPARTMENT

## RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM FOR THE YEAR ENDED JUNE 30, 2020

	General Fund (1000)	Special Revenue Funds (2000), (6000) & (9000)	Capital Projects Funds (3000)	Total
June 30, 2020 Balance per MEFS	\$ 953,478	\$ -	\$ -	\$ 953,478
<b>Expenditure Adjustments:</b>				
General Fund	(178)	-	-	(178)
<b>Other adjustments:</b>				
Funds Not Reported on MEFS:				
0021 - Mitchell Grant Fund	-	1,004	-	1,004
0022 - Shapleigh Grant Fund	-	1,301	-	1,301
0023 - Traip Grant Fund	-	31,827	-	31,827
0024 - Central Office Grants Fund	-	152	-	152
0028 - Co/Ex-Curricular Reserve	-	20,811	-	20,811
0150 - Adult Education	-	(9,807)	-	(9,807)
0201 - Anthem Flu Clinic Grant	-	1,431	-	1,431
0202 - Odyssey of the Mind	-	17,734	-	17,734
0203 - Traip Trustees Grant	-	12,204	-	12,204
0211 - Melmac Grants	-	4,621	-	4,621
0214 - ELO Fund	-	2,668	-	2,668
0215 - SNP Grants	-	12,352	-	12,352
0216 - Shapleigh Greenhouse Fund	-	1,127	-	1,127
0219 - Unemployment	-	110,443	-	110,443
0220 - Traip Greenhouse/Garden Fund	-	12,795	-	12,795
0221 - Healthy Maine Partnership	-	2,721	-	2,721
0226 - Adult Ed College Transitions	-	(6,337)	-	(6,337)
0230 - Title IA	-	(15,624)	-	(15,624)
0232 - Proficiency Based Education	-	4,400	-	4,400
0240 - Title IVA	-	(8,159)	-	(8,159)
0242 - E-Rate	-	1,923	-	1,923
0260 - COVID-19	-	(21,137)	-	(21,137)
0270 - Title IIA	-	(11,811)	-	(11,811)
0291 - Dedicated Special Ed Reserve	-	15,309	-	15,309
0292 - Dedicated Maintenance Reserve	-	-	285,179	285,179
0293 - DODEA Grant	-	(540)	-	(540)
0295 - Adlt Ed AEFLA	-	(1,683)	-	(1,683)
0298 - Dedicated Unfunded Liabilities	-	223,700	-	223,700
0400 - Capital Improvement Fund	-	-	173,583	173,583
0600 - School Nutrition Fund	-	56,628	-	56,628
0601 - Enterprise Gate Receipts	-	1,331	-	1,331
0615 - Adult Ed Enrichment	-	41,509	-	41,509
0901 - Mitchell Fund	-	9,413	-	9,413
0902 - Shapleigh Fund	-	12,074	-	12,074
0903 - Traip Fund	-	9,306	-	9,306
Rounding	(4)	-	-	(4)
Audited GAAP Basis Fund Balance				
June 30, 2020	\$ 953,296	\$ 533,686	\$ 458,762	\$ 1,945,744