

Audited Financial Statements and
Other Financial Information

Town of Chebeague Island, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF CHEBEAGUE ISLAND, MAINE

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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Chebeague Island
Chebeague Island, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chebeague Island, Maine as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Chebeague Island, 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.

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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, each major fund and the aggregate remaining fund information of the Town of Chebeague Island, Maine as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 11 and 68 through 78 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 Chebeague Island, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements 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 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 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 April 10, 2023, on our consideration of the Town of Chebeague Island, 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 Chebeague Island, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 10, 2023

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

(UNAUDITED)

The following management's discussion and analysis of Town of Chebeague Island, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Chebeague Island'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 Chebeague Island are:

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

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 Chebeague Island, 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 Chebeague Island can be classified as: governmental funds.

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

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

The Town of Chebeague Island presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and

changes in fund balances. The Town's major governmental funds are the general fund, education fund and the town wharf 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.

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 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

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, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, 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 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 increased \$487,961 from \$5,048,612 to \$5,536,573.

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 \$1,977,912 at the end of this year for governmental activities.

Table 1
Town of Chebeague Island, Maine
Net Position
June 30,

	Governmental Activities	
	2021	2020 (Restated)
Assets:		
Current Assets	\$ 2,554,850	\$ 2,468,520
Noncurrent Assets-Capital Assets	5,977,384	5,797,976
Total Assets	<u>8,532,234</u>	<u>8,266,496</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pension	9,347	14,086
Deferred Outflows Related to OPEB	38,406	17,993
Total Deferred Outflows of Resources	<u>47,753</u>	<u>32,079</u>
Liabilities:		
Current Liabilities	389,974	385,119
Noncurrent Liabilities	2,641,485	2,851,450
Total Liabilities	<u>3,031,459</u>	<u>3,236,569</u>
Deferred Inflows of Resources:		
Prepaid Taxes	8,713	8,064
Deferred Inflows Related to OPEB	3,242	5,330
Total Deferred Inflows of Resources	<u>11,955</u>	<u>13,394</u>
Net Position:		
Net Investment in Capital Assets	3,223,397	2,760,310
Restricted	335,264	137,106
Unrestricted	1,977,912	2,151,196
Total Net Position	<u>\$ 5,536,573</u>	<u>\$ 5,048,612</u>

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

	Governmental Activities	
	2021	2020
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 73,726	\$ 64,364
Operating grants and contributions	208,243	133,454
<i>General Revenues:</i>		
Taxes	3,116,533	3,080,127
Grants and contributions not restricted to specific programs	75,446	77,269
Investment income	6,690	14,564
Miscellaneous	34,160	3,818
Total Revenues	3,514,798	3,373,596
Expenses		
General government	484,463	526,372
Public safety	181,219	161,901
Public services and solid waste	358,242	279,751
Social services	159,703	144,500
Education	895,735	1,105,543
County tax	158,213	205,027
State of Maine on-behalf payments	148,033	75,203
Overlay	12,157	-
Other	237,537	164,526
Program expenses	24,592	-
Unallocated depreciation (Note 5)*	268,951	273,478
Interest on long-term debt	97,992	111,368
Total Expenses	3,026,837	3,047,669
 Change in Net Position	 487,961	 325,927
 Net Position - July 1, Restated	 5,048,612	 4,722,685
 Net Position - June 30	 \$ 5,536,573	 \$ 5,048,612

Revenues and Expenses

Revenues for the Town's governmental activities increased by 4.19%, while total expenses decreased by 0.68%. The increase in revenues was primarily due to operating grants and contributions, taxes and miscellaneous. The decrease in expenses was primarily due to education.

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 Chebeague Island, Maine
Fund Balances - Governmental Funds
June 30,

	2021	2020 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Committed	\$ 120,000	\$ -	\$ 120,000
Assigned	-	150,000	(150,000)
Unassigned	605,924	678,416	(72,492)
Education Fund:			
Restricted	242,049	47,307	194,742
Town Wharf Fund:			
Committed	280,333	303,387	(23,054)
Total Major Funds	\$ 1,248,306	\$ 1,179,110	\$ 69,196
Nonmajor Funds:			
Capital Projects Funds:			
Committed	\$ 1,024,970	\$ 1,069,441	\$ (44,471)
Permanent Funds:			
Restricted	93,215	89,799	3,416
Total Nonmajor Funds	\$ 1,118,185	\$ 1,159,240	\$ (41,055)

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

Budgetary Highlights

The differences between the original and final budget for the general fund was the use of applied revenue and unassigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$76,972. All revenue categories were receipted within or in excess of budgeted amounts with the exception of interest income.

The general fund actual expenditures were under budgeted amounts by \$120,634. All expenditure categories were within or under budgeted amounts.

The difference between the original and final budget for the education fund was due to use of applied revenue.

The education fund actual revenues were under budgeted amounts by \$1,481. All revenue categories were receipted within or under budgeted amounts with the exception of other revenue.

The education fund actual expenditures were under budgeted amounts by \$196,223. All expenditure categories were within or under budgeted amounts with the exception of operations and maintenance and debt service.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$179,408. This increase is a result of capital additions of \$448,359 less current year depreciation expense of \$268,951. Refer to Note 5 of Notes to Financial Statements for additional information.

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

	2021	2020
Land	\$ 196,880	\$ 196,881
Construction in progress	80,332	80,332
Land improvements	3,804	4,123
Buildings and improvements	3,094,528	3,186,173
Machinery and equipment	255,302	469,695
Vehicles	549,510	240,443
Infrastructure	1,797,028	1,620,329
Total	\$ 5,977,384	\$ 5,797,976

Debt

At June 30, 2021, the Town had \$2,753,987 in bonds payable versus \$3,037,666 in the prior 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 Chebeague Island, 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 Chebeague Island, Maine.

The Town has also noted a subsequent event as a currently known fact. Refer to Note 22 of Notes to Financial Statements for more detailed information.

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 four months, while also maintaining significant reserve accounts for future capital and program needs. The FY 22 School Department budget could be severely impacted by the reduction of funding from the State.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 192 North Road, Chebeague Island, Maine 04017.

TOWN OF CHEBEAGUE ISLAND, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,330,997
Accounts receivable (net of allowance for uncollectibles):	
Taxes	143,204
Due from other governments	80,649
Total current assets	<u>2,554,850</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	277,212
Buildings and vehicles net of accumulated depreciation	5,700,172
Total noncurrent assets	<u>5,977,384</u>
TOTAL ASSETS	<u>8,532,234</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	9,347
Deferred outflows related to OPEB	38,406
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>47,753</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,579,987</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 116,400
Accrued payroll	3,645
Accrued expenses	553
Accrued interest	16,368
Due to other governments	8,147
Current portion of long-term obligations	244,861
Total current liabilities	<u>389,974</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations:	
Bonds payable	2,512,018
Accrued compensated absences	4,338
Net OPEB liability	125,129
Total noncurrent liabilities	<u>2,641,485</u>
TOTAL LIABILITIES	<u>3,031,459</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	8,713
Deferred inflows related to OPEB	3,242
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,955</u>
NET POSITION	
Net investment in capital assets	3,223,397
Restricted	335,264
Unrestricted	1,977,912
TOTAL NET POSITION	<u>5,536,573</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,579,987</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
General government	\$ 484,463	\$ 21,718	\$ -	\$ -	\$ (462,745)
Public safety	181,219	25,267	-	-	(155,952)
Public services and solid waste	358,242	-	-	-	(358,242)
Social services	159,703	-	-	-	(159,703)
Education	895,735	1,377	60,210	-	(834,148)
County tax	158,213	-	-	-	(158,213)
Program expenses	24,592	-	-	-	(24,592)
State of Maine on-behalf payments	148,033	-	148,033	-	-
Overlay	12,157	-	-	-	(12,157)
Other	237,537	25,364	-	-	(212,173)
Unallocated depreciation (Note 5)*	268,951	-	-	-	(268,951)
Interest on long-term debt	97,992	-	-	-	(97,992)
Total government	<u>\$ 3,026,837</u>	<u>\$ 73,726</u>	<u>\$ 208,243</u>	<u>\$ -</u>	<u>(2,744,868)</u>

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

STATEMENT B (CONTINUED)

TOWN OF CHEBEAGUE ISLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(2,744,868)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,981,993
Excise taxes	134,540
Grants and contributions not restricted to specific programs	75,446
Investment income, net of unrealized gains/(losses)	6,690
Miscellaneous	34,160
Total general revenues	3,232,829
Change in net position	487,961
NET POSITION - JULY 1, RESTATED	5,048,612
NET POSITION - JUNE 30	\$ 5,536,573

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

TOWN OF CHEBEAGUE ISLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Education Fund	Town Wharf Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 906,553	\$ -	\$ 304,252	\$ 1,120,192	\$ 2,330,997
Accounts receivables (net of allowance for uncollectibles):					
Taxes/liens	143,204	-	-	-	143,204
Due from other governments	80,649	-	-	-	80,649
Due from other funds	29,086	242,049	-	3,160	274,295
TOTAL ASSETS	\$ 1,159,492	\$ 242,049	\$ 304,252	\$ 1,123,352	\$ 2,829,145
LIABILITIES					
Accounts payable	\$ 116,400	\$ -	\$ -	\$ -	\$ 116,400
Accrued payroll	3,645	-	-	-	3,645
Accrued expenses	553	-	-	-	553
Due to other governments	8,147	-	-	-	8,147
Due to other funds	245,209	-	23,919	5,167	274,295
TOTAL LIABILITIES	373,954	-	23,919	5,167	403,040
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	8,713	-	-	-	8,713
Deferred tax revenues	50,901	-	-	-	50,901
TOTAL DEFERRED INFLOWS OF RESOURCES	59,614	-	-	-	59,614
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	242,049	-	93,215	335,264
Committed	120,000	-	280,333	1,024,970	1,425,303
Assigned	-	-	-	-	-
Unassigned	605,924	-	-	-	605,924
TOTAL FUND BALANCES	725,924	242,049	280,333	1,118,185	2,366,491
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,159,492	\$ 242,049	\$ 304,252	\$ 1,123,352	\$ 2,829,145

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

TOWN OF CHEBEAGUE ISLAND, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	Total Governmental Funds
Total Fund Balances	\$ 2,366,491
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	5,977,384
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	50,901
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	9,347
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	38,406
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,753,987)
Accrued compensated absences	(7,230)
Net OPEB liability	(125,129)
Accrued interest	(16,368)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(3,242)
Net position of governmental activities	\$ 5,536,573

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	General Fund	Education Fund	Town Wharf Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General tax revenue	\$ 3,104,376	\$ -	\$ -	\$ -	\$ 3,104,376
Intergovernmental revenue	75,446	60,210	-	-	135,656
Charges for services	72,349	1,377	-	-	73,726
State of Maine on-behalf payments	-	32,198	-	-	32,198
Interest income	3,345	-	865	2,480	6,690
Other revenue	31,262	642	-	2,256	34,160
TOTAL REVENUES	3,286,778	94,427	865	4,736	3,386,806
EXPENDITURES					
Current:					
General government	467,253	-	-	-	467,253
Public safety	181,219	-	-	-	181,219
Public services and solid waste	358,242	-	-	-	358,242
Social services	159,703	-	-	-	159,703
Education	-	895,811	-	-	895,811
County tax	158,213	-	-	-	158,213
State of Maine on-behalf payments	-	32,198	-	-	32,198
Overlay	12,157	-	-	-	12,157
Other	75,502	138,116	23,919	-	237,537
Program expenses	-	-	-	24,592	24,592
Debt service:					
Principal	283,679	-	-	-	283,679
Interest	99,702	-	-	-	99,702
Capital outlay	-	-	-	448,359	448,359
TOTAL EXPENDITURES	1,795,670	1,066,125	23,919	472,951	3,358,665
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,491,108	(971,698)	(23,054)	(468,215)	28,141
OTHER FINANCING SOURCES					
Transfers in	63,710	1,230,150	-	427,160	1,721,020
Transfers (out)	(1,657,310)	(63,710)	-	-	(1,721,020)
TOTAL OTHER FINANCING SOURCES (USES)	(1,593,600)	1,166,440	-	427,160	-
NET CHANGE IN FUND BALANCES	(102,492)	194,742	(23,054)	(41,055)	28,141
FUND BALANCES - JULY 1, RESTATED	828,416	47,307	303,387	1,159,240	2,338,350
FUND BALANCES - JUNE 30	\$ 725,924	\$ 242,049	\$ 280,333	\$ 1,118,185	\$ 2,366,491

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 28,141</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	448,359
Depreciation expense	<u>(268,951)</u>
	<u>179,408</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(4,739)
OPEB	<u>20,413</u>
	<u>15,674</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>12,157</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>283,679</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:	
OPEB	<u>2,088</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 interest	1,710
Accrued compensated absences	(2,773)
Net OPEB liability	<u>(32,123)</u>
	<u>(33,186)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 487,961</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Chebeague Island was incorporated under the laws of the State of Maine. The Town operates under Selectboard-manager form of government and provides the following services: general government, public safety, public services and solid waste, social services, education, other and program expenses.

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.

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 of 2020, 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. The state of emergency expired on June 30, 2021.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in the state primary and in municipal and school district elections by limiting the number of voting booths and voters allowed in the voting area, providing a one-way traffic pattern and requiring mask and sanitizer use.

Impact on Finances

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

Expected Federal/State Support

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

Conclusion

The 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, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management reclassified student activity funds from fiduciary to special revenue funds.

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

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (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. 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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Education Fund is used to account for all financial resources of the Chebeague Island School Department. Revenue sources are from intergovernmental revenues, charges for services and other revenues.
- c. The Town Wharf Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The primary revenue source for this fund is interest income.

Nonmajor Funds

- 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.

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues per budgetary basis	\$ 62,229
Add: On-behalf payments	<u>32,198</u>
Total GAAP basis	<u><u>\$ 94,427</u></u>
Expenditures per budgetary basis	\$ 1,097,637
Add: On-behalf payments	<u>32,198</u>
Total GAAP basis	<u><u>\$ 1,129,835</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 Selectboard 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 Selectboard.

Deposits and Investments

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

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

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

The Town of Chebeague Island has no formal investment policy but instead follows the State of Maine Statutes.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectibles were \$80,649 for the year ended June 30, 2021.

Tax Acquired Property

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

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by the provisions of the Tax Acquired Property policy, adopted on April 12, 2010.

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 government-wide financial statements as "internal balances".

Transactions Between Funds

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

OPEB

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

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

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

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, which are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes 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 OPEB qualifies 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 August 25, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on June 29, 2021. Interest on unpaid taxes commenced on June 30, 2021, at 4% per annum.

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$27,246 for the year ended June 30, 2021.

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

Program Revenues

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

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.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At June 30, 2021, the Town's cash balance of \$2,330,997 was comprised of bank deposits amounting to \$2,318,522. 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, \$250,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank deposits of \$2,068,522 were uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,681,313
Repurchase agreement	637,209
	<u>\$ 2,318,522</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.

At June 30, 2021, the Town no investments.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General fund	\$ 29,086	\$ 245,209
Education fund	242,049	-
Town wharf fund	-	23,919
Nonmajor capital projects funds	-	5,167
Nonmajor permanent funds	3,160	-
	<u>\$ 274,295</u>	<u>\$ 274,295</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 CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers In	Transfers Out
General fund	\$ 63,710	\$ 1,657,310
Education fund	1,230,150	63,710
Nonmajor capital projects funds	424,000	-
Nonmajor permanent funds	3,160	-
	<u>\$ 1,721,020</u>	<u>\$ 1,721,020</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, 2021:

	Balance, 7/1/20	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 196,880	\$ -	\$ -	\$ 196,880
Construction in progress	80,332	-	-	80,332
	<u>277,212</u>	<u>-</u>	<u>-</u>	<u>277,212</u>
Depreciated assets:				
Land improvements	59,052	-	-	59,052
Buildings and improvements	3,830,311	-	-	3,830,311
Machinery and equipment	516,059	8,700	-	524,759
Vehicles	753,265	156,690	-	909,955
Infrastructure	2,337,155	282,969	-	2,620,124
	7,495,842	448,359	-	7,944,201
Less: accumulated depreciation	<u>(1,975,078)</u>	<u>(268,951)</u>	<u>-</u>	<u>(2,244,029)</u>
	5,520,764	179,408	-	5,700,172
Net capital assets	<u>\$ 5,797,976</u>	<u>\$ 179,408</u>	<u>\$ -</u>	<u>\$ 5,977,384</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT

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

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
Bonds payable	\$ 2,989,424	\$ -	\$ (235,437)	\$ 2,753,987	\$ 241,969
Note from direct borrowings payable	48,242	-	(48,242)	-	-
Total governmental activities	<u>\$ 3,037,666</u>	<u>\$ -</u>	<u>\$ (283,679)</u>	<u>\$ 2,753,987</u>	<u>\$ 241,969</u>

The following is a summary of the outstanding bonds payable:

\$3,000,000, 2008 Maine Municipal Bond Bank General Obligation Bond due in annual principal and interest payments and semi-annual interest payments through October 2037. Interest is at fixed rates varying from 2.50% to 5.50% per annum. Annual principal installments vary.	\$ 1,309,487
\$1,605,000, 2018 Machias Savings Bank General Obligation Bond due in annual principal and interest payments and semi-annual interest payments through May of 2039. Interest is at fixed rates varying from 1.72% to 3.764% per annum. Annual principal installments vary.	<u>1,444,500</u>
Total bonds payable	<u>\$ 2,753,987</u>

The following is a summary of outstanding bonds payable principal and interest requirements for the following fiscal years ending June 30:

	Bonds Payable		Total
	Principal	Interest	Debt Service
2022	\$ 241,969	\$ 93,021	\$ 334,990
2023	249,433	82,420	331,853
2024	257,428	71,355	328,783
2025	265,832	59,786	325,618
2026	275,349	47,684	323,033
2027-2031	821,976	143,112	965,088
2032-2036	401,250	76,650	477,900
2037-2041	240,750	13,063	253,813
	<u>\$ 2,753,987</u>	<u>\$ 587,091</u>	<u>\$ 3,341,078</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
Accrued compensated absences	\$ 4,457	\$ 2,773	\$ -	\$ 7,230	\$ 2,892
Net OPEB liability	93,006	47,439	(15,316)	125,129	-
	<u>\$ 97,463</u>	<u>\$ 50,212</u>	<u>\$ (15,316)</u>	<u>\$ 132,359</u>	<u>\$ 2,892</u>

Refer to Notes 8, 15, 17 and 19 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, 2021, the Town's liability for compensated absences is \$7,230.

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

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

Education fund	\$ 242,049
Nonmajor permanent funds:	
Cemetery perpetual care trust	93,215
	<u>\$ 335,264</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - COMMITTED FUND BALANCES

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

General fund:		
FY 2022 budget	\$	120,000
Town wharf fund		280,333
Nonmajor capital projects funds (Schedule G)		1,024,970
	\$	<u>1,305,303</u>

NOTE 11 - OVERLAPPING DEBT

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

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
Cumberland County	\$ 33,030,193	0.48%	\$ <u>157,352</u>
			\$ <u>157,352</u>

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - 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, 2020, there were 237 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 1.92%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Department's teachers are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for teachers covered by this program was approximately \$224,691 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.33% of the Department's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$32,198 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 4.19%, which totaled \$9,347 for 2021. In addition, the Department is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.96% of compensation and totaled \$0 the year ended June 30, 2021.

Pension Liabilities

SET Plan

At June 30, 2021, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>434,574</u>
Total	\$	<u><u>434,574</u></u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2020, the Town's proportion was 0.00%, which was the same as its proportion measured as of June 30, 2019.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2021, the Town recognized total pension expense of \$57,628 and revenue of \$57,628 for support provided by the State of Maine for the SET plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>9,347</u>	<u>-</u>
Total	<u>\$ 9,347</u>	<u>\$ -</u>

\$9,347 were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>SET Plan</u>
Plan year ended June 30:	
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	-

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2020, compounded annually.

Salary Increases, Merit and Inflation - 2.75%; teachers, 2.75% per year.

Mortality Rates - For active members and non-disabled retirees 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 - 2.20% per annum for the year ended June 30, 2020.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2020 are summarized in the following table.

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020. 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, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75%.

	1% Decrease	Discount Rate	1% Increase
SET Plan:			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

Differences between Expected and Actual Experience

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Differences between Expected and Actual Investment Earnings

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

Changes in Assumptions

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

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Annual Comprehensive Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFERRED COMPENSATION PLAN

MissionSquare Retirement

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the MissionSquare Retirement. The plan, available to all Town employees permits them to defer a portion of their salary, in addition to Town contributions, until future years. Employee's participation in this plan is voluntary. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

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

B. Funding Policy

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

The Town's contributions to the plan for the year ended June 30, 2021 were \$8,618.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

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

Active members	7
Retirees and spouses	<u>0</u>
Total	<u><u>7</u></u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions

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

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single</u>	<u>Family</u>
POS 2500	\$ 840	\$ 1,886
<u>Medicare</u>		
Medicare-Eligible Retirees	\$ 589	\$ 1,179

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

At June 30, 2021, the Town reported a liability of \$51,791 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2021, the Town recognized OPEB expense of \$9,698. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,842	\$ 1,054
Changes of assumptions	7,235	977
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	1,519	-
	<u>1,519</u>	<u>-</u>
Total	<u>\$ 15,596</u>	<u>\$ 2,031</u>

\$1,519 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended June 30:	
2022	\$ 1,855
2023	1,858
2024	2,455
2025	2,733
2026	2,737
Thereafter	408

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 59,266	\$ 51,791	\$ 45,636
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 59,266</u>	<u>\$ 51,791</u>	<u>\$ 45,636</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	\$ 45,107	\$ 51,791	\$ 60,118
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 45,107</u>	<u>\$ 51,791</u>	<u>\$ 60,118</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

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

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

Administrative and claims expense: 3% per annum

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

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - 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 CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$5,788.

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 192 North Road, Chebeague Island, Maine 04017.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2020, there were 233 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.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 CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2021 were approximately \$195.

OPEB Liabilities and OPEB Expense

At June 30, 2021, the School reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School. The total portion of the net OPEB liability that was associated with the School were as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School		<u>1,737</u>
Total	\$	<u>1,737</u>

For the year ended June 30, 2021, the District recognized net OPEB expense of \$192 and revenue of \$192 for support provided by the State of Maine.

NOTE 16 - 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 CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Other Than Pensions. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active members	11
Retirees and spouses	<u>5</u>
Total	<u><u>16</u></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 CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
<u>Pre-Medicare</u>				
Choice Plus	\$ 836	\$ 1,884	\$ 1,479	\$ 2,293
<u>Medicare</u>				
Medicare-eligible retirees	\$ 393	\$ 787		

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

At June 30, 2021, the Town reported a liability of \$73,338 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB revenue of \$76. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,589	\$ -
Changes of assumptions	18,221	1,211
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 22,810</u>	<u>\$ 1,211</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

\$0 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MEABT</u>	
Plan year ended June 30:		
2022	\$	5,268
2023		5,267
2024		5,870
2025		5,064
2025		130
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, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.21% per annum for June 30, 2020 was based upon a measurement date of June 25, 2020. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.16%	2.16%	3.16%
Total OPEB liability	\$ 91,300	\$ 73,338	\$ 59,200
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 91,300</u>	<u>\$ 73,338</u>	<u>\$ 59,200</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - 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	\$ 57,718	\$ 73,338	\$ 93,602
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 57,718</u>	<u>\$ 73,338</u>	<u>\$ 93,602</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

Assumptions

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

Trend Assumptions:

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

Trend Assumption Inputs

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

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

Pre-Medicare - Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2020 grading over 18 years to 3.25% per annum.

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

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

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

Administrative expenses - Included in the per capita claims cost

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

Salaries - Salaries were not provided by the client. Assumed salaries are inferred using the Teachers Age/Service Salary scatter from the Maine State Teachers Retirement System's salary age/service scatter from the June 30, 2020 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter, unless otherwise supplied by the district group during its review of the active data.

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Rate of Mortality:

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

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

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

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

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

Retiree Continuation Percentage:

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

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Pre-Medicare Plan until age 64 and enroll in the Medicare Advantage Plan at age 65.

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

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

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

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

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

Changes in Total OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2021, there were no differences between expected and actual experience.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2021, there were no changes in assumptions.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 192 North Road, Chebeague Island, Maine 04017.

NOTE 17 - CONTINGENCIES

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

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

As a result of negotiations between the Town of Cumberland, Maine School Administrative District No. 51 (MSAD #51) and the Chebeague Island Secession Representatives, the Town entered into an agreement to pay 50% of the property taxes committed to the Town from properties located on Outer Island for a period of 50 years on an annual basis to the Town of Cumberland. This agreement was effective

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - CONTINGENCIES (CONTINUED)

in July of 2007 and will end after June of 2056. For the year ended June 30, 2021 the Town paid \$45,895 under this agreement.

The Town also entered into an agreement to annually pay MSAD #51 a proportionate share of MSAD #51's annual debt service. The proportionate share is based on the ratio of the State valuation of the Town to the combined State valuations of the Towns of Cumberland, North Yarmouth and Chebeague Island. For the year ended June 30, 2021, the Town paid \$138,116 under this agreement.

NOTE 18 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 19 - 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 20 - RESTATEMENTS

The net position of the governmental activities and the governmental funds have both been restated at July 1, 2020 to account for the reclassification of funds from fiduciary to governmental as required by the implementation of GASB Statement No. 84, "Fiduciary Activities". The beginning governmental activities net position and the beginning special revenue funds were both restated by \$89,799. The resulting restatements increased governmental activities net position from \$4,958,813 to \$5,048,612 and increased the permanent funds total fund balance from \$0 to \$89,799.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 20 - RESTATEMENTS (CONTINUED)

In 2021, it was also determined that a restatement to the Town's general fund total fund balance and education fund total fund balance was needed for July 1, 2020. The beginning balance for the general fund total fund balance was restated down by \$47,307 and the education fund total fund balance was increased by the same amount to separate the education fund from the Town's general fund. These restatements had an overall zero effect on the Town's total fund balances. The general fund total fund balance was restated from \$875,723 to \$828,416 and the education fund total fund balance was restated from \$0 to \$47,307.

NOTE 21 - SUBSEQUENT EVENT

On September 23, 2021, the Town entered into a loan agreement with Machais Savings Bank for the amount of \$57,038 which was used for the down payment on the purchase of a new plow truck.

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 - Pension
- 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 CHEBEAGUE ISLAND, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 828,416	\$ 828,416	\$ 828,416	\$ -
Resources (Inflows):				
General tax revenue	3,069,281	3,069,281	3,104,376	35,095
Intergovernmental revenue	70,225	70,225	75,446	5,221
Charges for services	44,600	44,600	72,349	27,749
Interest income	3,500	3,500	3,345	(155)
Other revenue	2,500	22,200	31,262	9,062
Transfers from other funds	63,710	63,710	63,710	-
Amounts Available for Appropriation	<u>4,082,232</u>	<u>4,101,932</u>	<u>4,178,904</u>	<u>76,972</u>
Charges to Appropriations (Outflows):				
General government	485,728	485,728	467,253	18,475
Public safety	200,152	216,692	181,219	35,473
Public services and solid waste	397,940	397,940	358,242	39,698
Social services	162,810	162,810	159,703	3,107
Education	1,230,150	-	-	-
County tax	158,213	158,213	158,213	-
Debt service:				
Principal	283,679	283,679	283,679	-
Interest	99,702	99,702	99,702	-
Overlay	27,246	27,246	12,157	15,089
Other	84,294	84,294	75,502	8,792
Transfers to other funds	274,000	1,657,310	1,657,310	-
Total Charges to Appropriations	<u>3,403,914</u>	<u>3,573,614</u>	<u>3,452,980</u>	<u>120,634</u>
Budgetary Fund Balance, June 30	<u>\$ 678,318</u>	<u>\$ 528,318</u>	<u>\$ 725,924</u>	<u>\$ 197,606</u>
Utilization of unassigned fund balance	\$ -	\$ 150,000	\$ -	\$ (150,000)
Utilization of assigned fund balance	150,000	150,000	-	(150,000)
	<u>\$ 150,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 47,307	\$ 47,307	\$ 47,307	\$ -
Revenues (Inflows):				
Local assessments	1,230,150	-	-	-
Intergovernmental revenues:				
State subsidy	-	60,210	60,210	-
Charges for services	-	3,500	1,377	(2,123)
Other revenue	-	-	642	642
Transfers from other funds	-	1,230,150	1,230,150	-
Amounts Available for Appropriation	<u>1,277,457</u>	<u>1,341,167</u>	<u>1,339,686</u>	<u>(1,481)</u>
Charges to Appropriations (Outflows):				
Regular instruction	633,864	633,864	551,188	82,676
Special education	96,462	96,462	74,826	21,636
Student and staff support	26,736	26,736	-	26,736
System administration	73,740	73,740	69,567	4,173
School administration	59,148	59,148	55,904	3,244
Transportation and buses	107,979	107,979	67,154	40,825
Operations and maintenance	47,484	47,484	51,690	(4,206)
Debt service	138,102	138,102	138,116	(14)
Other expenditures	46,635	46,635	25,482	21,153
Transfers to other funds	-	63,710	63,710	-
Total Charges to Appropriations	<u>1,230,150</u>	<u>1,293,860</u>	<u>1,097,637</u>	<u>196,223</u>
Budgetary Fund Balance, June 30	<u>\$ 47,307</u>	<u>\$ 47,307</u>	<u>\$ 242,049</u>	<u>\$ 194,742</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>							
School Department's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School Department's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School Department	434,574	276,871	170,840	174,948	215,760	163,296	146,579
Total	<u>\$ 434,574</u>	<u>\$ 276,871</u>	<u>\$ 170,840</u>	<u>\$ 174,948</u>	<u>\$ 215,760</u>	<u>\$ 163,296</u>	<u>\$ 146,579</u>
School Department's covered payroll	\$ 332,814	\$ 207,446	\$ 195,813	\$ 196,534	\$ 245,800	\$ 242,756	\$ 200,492
School Department's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	81.03%	84.52%	85.17%	80.78%	76.21%	81.18%	83.91%

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

TOWN OF CHEBEAGUE ISLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>							
Contractually required contribution	\$ 9,347	\$ 14,086	\$ 13,229	\$ 6,920	\$ 5,958	\$ 5,716	\$ 4,735
Contributions in relation to the contractually required contribution	<u>(9,347)</u>	<u>(14,086)</u>	<u>(13,229)</u>	<u>(6,920)</u>	<u>(5,958)</u>	<u>(5,716)</u>	<u>(4,735)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Department's covered payroll	\$ 224,691	\$ 332,814	\$ 207,446	\$ 195,813	\$ 196,534	\$ 245,800	\$ 242,756
Contributions as a percentage of covered payroll	4.16%	4.23%	6.38%	3.53%	3.03%	2.33%	1.95%

* 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 CHEBEAGUE ISLAND, MAINE

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>				
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>1,737</u>	<u>1,605</u>	<u>3,078</u>	<u>2,983</u>
Total	<u>\$ 1,737</u>	<u>\$ 1,605</u>	<u>\$ 3,078</u>	<u>\$ 2,983</u>
Covered payroll	\$ 332,814	\$ 207,446	\$ 195,813	\$ 196,534
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	55.40%	49.51%	49.22%	48.04%

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 42,093	\$ -	\$ 42,093
Changes for the year:			
Service cost	6,186	-	6,186
Interest	1,314	-	1,314
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	2,844	-	2,844
Contributions - employer	-	646	(646)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(646)	(646)	-
Administrative expense	-	-	-
Net changes	<u>9,698</u>	<u>-</u>	<u>9,698</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 51,791</u>	<u>\$ -</u>	<u>\$ 51,791</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 6,186	\$ 4,360	\$ 4,692	\$ 4,088
Interest (includes interest on service cost)	1,314	1,053	769	778
Changes of benefit terms	-	(884)	-	-
Differences between expected and actual experience	-	9,578	-	(3,166)
Changes of assumptions	2,844	6,715	(1,668)	(431)
Benefit payments, including refunds of member contributions	(646)	(126)	(121)	(68)
Net change in total OPEB liability	<u>\$ 9,698</u>	<u>\$ 20,696</u>	<u>\$ 3,672</u>	<u>\$ 1,201</u>
Total OPEB liability - beginning	\$ 42,093	\$ 21,397	\$ 17,725	\$ 16,524
Total OPEB liability - ending	<u>\$ 51,791</u>	<u>\$ 42,093</u>	<u>\$ 21,397</u>	<u>\$ 17,725</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	646	126	121	68
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(646)	(126)	(121)	(68)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 51,791</u>	<u>\$ 42,093</u>	<u>\$ 21,397</u>	<u>\$ 17,725</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-
Covered employee payroll	\$ 281,812	\$ 281,812	\$ 247,671	\$ 247,671
Net OPEB liability as a percentage of covered employee payroll	18.38%	14.94%	8.64%	7.16%

* 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 CHEBEAGUE ISLAND, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 6/30/19 (Reporting June 30, 2020)	\$ 68,732	\$ -	\$ 68,732
Changes for the year:			
Service cost	2,247	-	2,247
Interest	1,569	-	1,569
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	790	-	790
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>4,606</u>	<u>-</u>	<u>4,606</u>
Balances at 6/30/20 (Reporting June 30, 2021)	<u>\$ 73,338</u>	<u>\$ -</u>	<u>\$ 73,338</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 2,247	\$ 1,063	\$ 880	\$ 956
Interest (includes interest on service cost)	1,569	1,819	1,717	1,628
Changes of benefit terms	-	(14,670)	-	-
Differences between expected and actual experience	-	6,885	-	-
Changes of assumptions	790	22,722	4,833	(3,631)
Benefit payments, including refunds of member contributions	-	-	-	-
Net change in total OPEB liability	<u>\$ 4,606</u>	<u>\$ 17,819</u>	<u>\$ 7,430</u>	<u>\$ (1,047)</u>
Total OPEB liability - beginning	\$ 68,732	\$ 50,913	\$ 43,483	\$ 44,530
Total OPEB liability - ending	<u>\$ 73,338</u>	<u>\$ 68,732</u>	<u>\$ 50,913</u>	<u>\$ 43,483</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	-	-	-	-
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	-	-	-	-
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 73,338</u>	<u>\$ 68,732</u>	<u>\$ 50,913</u>	<u>\$ 43,483</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-
Covered employee payroll	\$ 524,491	\$ 511,698	\$ 656,774	\$ 639,196
Net OPEB liability as a percentage of covered employee payroll	14.0%	13.4%	7.8%	6.8%

* 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 CHEBEAGUE ISLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018
<u>SET Life Insurance:</u>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 224,691	\$ 332,814	\$ 207,446	\$ 195,813
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
<u>MMEHT:</u>				
Employer contributions	\$ 646	\$ 126	\$ 121	\$ 68
Benefit payments	(646)	(126)	(121)	(68)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 281,812	\$ 281,812	\$ 247,671	\$ 247,671
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%
<u>MEABT:</u>				
Employer contributions	\$ -	\$ -	\$ -	\$ -
Benefit payments	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 524,491	\$ 511,698	\$ 656,774	\$ 639,196
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

Changes of Assumptions

MMEHT:

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

MEABT:

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

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 2,974,781	\$ 2,974,781	\$ 2,969,836	\$ (4,945)
Vehicle excise taxes	87,000	87,000	125,149	38,149
Boat excise taxes	7,500	7,500	9,391	1,891
Intergovernmental revenues:				
State revenue sharing	22,843	22,843	28,218	5,375
Homestead exemption	32,231	32,231	32,231	-
BETE	151	151	-	(151)
LRAP	15,000	15,000	14,044	(956)
Other	-	-	953	953
Charges for services:				
Building/other permits	3,000	3,000	10,929	7,929
Electrical permits	800	800	1,739	939
Plumbing permits	1,500	1,500	2,462	962
Town clerk fees	3,000	3,000	6,588	3,588
Solid waste/recycling	20,000	20,000	25,364	5,364
Police fines	2,400	2,400	1,150	(1,250)
Transient tie-up fees	2,500	2,500	1,172	(1,328)
Stone wharf permits	5,500	5,500	10,185	4,685
Shellfish licenses	2,400	2,400	1,930	(470)
Mooring fees	3,500	3,500	10,830	7,330
Interest income	3,500	3,500	3,345	(155)
Other income:				
Interest/fees on taxes	2,500	2,500	7,142	4,642
Grants	-	16,540	16,540	-
Miscellaneous	-	3,160	7,580	4,420
Transfers from other funds:				
Education	63,710	63,710	63,710	-
Total Revenues	\$ 3,253,816	\$ 3,273,516	\$ 3,350,488	\$ 76,972

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration and Selectboard	\$ 247,824	\$ -	\$ 247,824	\$ 235,675	\$ 12,149
Assessor	13,250	-	13,250	12,198	1,052
Elections	1,800	-	1,800	1,432	368
Planning	6,000	-	6,000	680	5,320
Legal services	9,000	-	9,000	3,434	5,566
Code enforcement	26,460	-	26,460	26,640	(180)
Benefits and insurance	181,394	-	181,394	187,194	(5,800)
	<u>485,728</u>	<u>-</u>	<u>485,728</u>	<u>467,253</u>	<u>18,475</u>
Public safety					
Law enforcement	45,872	-	45,872	38,390	7,482
Fire and rescue	108,615	16,540	125,155	102,264	22,891
Harbormaster and shellfish	27,985	-	27,985	26,635	1,350
Animal control	5,250	-	5,250	4,556	694
Street lights	12,430	-	12,430	9,374	3,056
	<u>200,152</u>	<u>16,540</u>	<u>216,692</u>	<u>181,219</u>	<u>35,473</u>
Public services and solid waste					
Public services	216,240	-	216,240	190,209	26,031
Solid waste	181,700	-	181,700	168,033	13,667
	<u>397,940</u>	<u>-</u>	<u>397,940</u>	<u>358,242</u>	<u>39,698</u>
Social services					
Contributions	145,750	-	145,750	144,250	1,500
General assistance	500	-	500	-	500
Cemetery	14,560	-	14,560	13,453	1,107
Public health services	2,000	-	2,000	2,000	-
	<u>162,810</u>	<u>-</u>	<u>162,810</u>	<u>159,703</u>	<u>3,107</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	1,230,150	(1,230,150)	-	-	-
County tax	158,213	-	158,213	158,213	-
Debt service					
Principal	283,679	-	283,679	283,679	-
Interest	99,702	-	99,702	99,702	-
	383,381	-	383,381	383,381	-
Overlay	27,246	-	27,246	12,157	15,089
Other					
Mainland	21,244	-	21,244	21,244	-
Cumberland tax	47,050	-	47,050	45,895	1,155
Contingency	16,000	-	16,000	8,363	7,637
	84,294	-	84,294	75,502	8,792
Transfers to other funds					
Capital projects funds	274,000	150,000	424,000	424,000	-
Permanent funds	-	3,160	3,160	3,160	-
Education fund	-	1,230,150	1,230,150	1,230,150	-
	274,000	1,383,310	1,657,310	1,657,310	-
Total Departmental Operations	\$ 3,403,914	\$ 169,700	\$ 3,573,614	\$ 3,452,980	\$ 120,634

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

TOWN OF CHEBEAGUE ISLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,030,137	\$ 90,055	\$ 1,120,192
Due from other funds	-	3,160	3,160
TOTAL ASSETS	<u>\$ 1,030,137</u>	<u>\$ 93,215</u>	<u>\$ 1,123,352</u>
LIABILITIES			
Due to other funds	\$ 5,167	-	\$ 5,167
TOTAL LIABILITIES	<u>5,167</u>	<u>-</u>	<u>5,167</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	93,215	93,215
Committed	1,024,970	-	1,024,970
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>1,024,970</u>	<u>93,215</u>	<u>1,118,185</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,030,137</u>	<u>\$ 93,215</u>	<u>\$ 1,123,352</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Interest income	\$ 2,480	\$ -	\$ 2,480
Other income	2,000	256	2,256
TOTAL REVENUES	<u>4,480</u>	<u>256</u>	<u>4,736</u>
EXPENDITURES			
Capital outlay	448,359	-	448,359
Other	24,592	-	24,592
TOTAL EXPENDITURES	<u>472,951</u>	<u>-</u>	<u>472,951</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(468,471)</u>	<u>256</u>	<u>(468,215)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	424,000	3,160	427,160
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>424,000</u>	<u>3,160</u>	<u>427,160</u>
NET CHANGE IN FUND BALANCES	(44,471)	3,416	(41,055)
FUND BALANCES, JULY 1, RESTATED	<u>1,069,441</u>	<u>89,799</u>	<u>1,159,240</u>
FUND BALANCES, JUNE 30	<u>\$ 1,024,970</u>	<u>\$ 93,215</u>	<u>\$ 1,118,185</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 CHEBEAGUE ISLAND, MAINE

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

	Paving	Rescue Vehicles and Equipment	Dredging	Fire Truck	Easements and Drainage	Town Office	Floats and Ramps	Town Match for Grants	Cousin's Island Parking/CTC Escrow	Indian Point Retaining Wall
ASSETS										
Cash and cash equivalents	\$ 101,269	\$ 97	\$ 251,514	\$ 20,633	\$ 54,102	\$ 35,480	\$ 32,605	\$ 27,746	\$ 19,868	\$ 5,310
TOTAL ASSETS	<u>\$ 101,269</u>	<u>\$ 97</u>	<u>\$ 251,514</u>	<u>\$ 20,633</u>	<u>\$ 54,102</u>	<u>\$ 35,480</u>	<u>\$ 32,605</u>	<u>\$ 27,746</u>	<u>\$ 19,868</u>	<u>\$ 5,310</u>
LIABILITIES										
Due to other funds	\$ 167	\$ -	\$ -	\$ -	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	101,102	-	251,514	20,633	52,702	35,480	32,605	27,746	19,868	5,310
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	97	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>101,102</u>	<u>97</u>	<u>251,514</u>	<u>20,633</u>	<u>52,702</u>	<u>35,480</u>	<u>32,605</u>	<u>27,746</u>	<u>19,868</u>	<u>5,310</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 101,269</u>	<u>\$ 97</u>	<u>\$ 251,514</u>	<u>\$ 20,633</u>	<u>\$ 54,102</u>	<u>\$ 35,480</u>	<u>\$ 32,605</u>	<u>\$ 27,746</u>	<u>\$ 19,868</u>	<u>\$ 5,310</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Facilities	Revaluation	Public Services Equipment	Boat Ramp	Coastal Access Fund	Solar Array	Harbor Master Vessel	Cemetery Capital Reserve	Fire Pond
ASSETS									
Cash and cash equivalents	\$ 19,265	\$ 34,746	\$ 10,403	\$ 10,340	\$ 9,325	\$ 27,604	\$ 6,502	\$ 6,235	\$ 4,818
TOTAL ASSETS	\$ 19,265	\$ 34,746	\$ 10,403	\$ 10,340	\$ 9,325	\$ 27,604	\$ 6,502	\$ 6,235	\$ 4,818
LIABILITIES									
Due to other funds	\$ 3,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	3,600	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	15,665	34,746	10,403	10,340	9,325	27,604	6,502	6,235	4,818
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	15,665	34,746	10,403	10,340	9,325	27,604	6,502	6,235	4,818
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)									
	\$ 19,265	\$ 34,746	\$ 10,403	\$ 10,340	\$ 9,325	\$ 27,604	\$ 6,502	\$ 6,235	\$ 4,818

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Vehicles	Recycling Compactor	Stone Wharf Parking	Broadband Reserve	School Special Ed Reserve	School Tuition Reserve	School Playground	School Capital Improvement Fund	School Capital Transportation Reserve	Total
ASSETS										
Cash and cash equivalents	\$ 3,283	\$ -	\$ 2,811	\$ 10,019	\$ 141,210	\$ 82,620	\$ 7,232	\$ 80,096	\$ 25,004	\$ 1,030,137
TOTAL ASSETS	\$ 3,283	\$ -	\$ 2,811	\$ 10,019	\$ 141,210	\$ 82,620	\$ 7,232	\$ 80,096	\$ 25,004	\$ 1,030,137
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,167
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	5,167
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	3,283	-	2,811	10,019	141,210	82,620	7,232	80,096	25,004	1,024,873
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	97
TOTAL FUND BALANCES (DEFICITS)	3,283	-	2,811	10,019	141,210	82,620	7,232	80,096	25,004	1,024,970
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 3,283	\$ -	\$ 2,811	\$ 10,019	\$ 141,210	\$ 82,620	\$ 7,232	\$ 80,096	\$ 25,004	\$ 1,030,137

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Paving	Rescue Vehicles and Equipment	Dredging	Fire Truck	Easements and Drainage	Town Office	Floats and Ramps	Town Match for Grants	Cousin's Island Parking/CTC Escrow	Indian Point Retaining Wall
REVENUES										
Interest income	\$ 379	\$ 116	\$ 347	\$ 91	\$ 154	\$ 101	\$ 92	\$ 79	\$ 53	\$ 10
Other income	-	-	-	-	-	-	-	-	2,000	-
TOTAL REVENUES	<u>379</u>	<u>116</u>	<u>347</u>	<u>91</u>	<u>154</u>	<u>101</u>	<u>92</u>	<u>79</u>	<u>2,053</u>	<u>10</u>
EXPENDITURES										
Capital outlay	283,163	122,600	-	34,090	-	-	-	-	-	-
Other	-	-	-	-	1,400	-	-	-	-	-
TOTAL EXPENDITURES	<u>283,163</u>	<u>122,600</u>	<u>-</u>	<u>34,090</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(282,784)</u>	<u>(122,484)</u>	<u>347</u>	<u>(33,999)</u>	<u>(1,246)</u>	<u>101</u>	<u>92</u>	<u>79</u>	<u>2,053</u>	<u>10</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	186,000	-	150,000	-	-	-	-	-	-	5,300
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>186,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,300</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(96,784)</u>	<u>(122,484)</u>	<u>150,347</u>	<u>(33,999)</u>	<u>(1,246)</u>	<u>101</u>	<u>92</u>	<u>79</u>	<u>2,053</u>	<u>5,310</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>197,886</u>	<u>122,581</u>	<u>101,167</u>	<u>54,632</u>	<u>53,948</u>	<u>35,379</u>	<u>32,513</u>	<u>27,667</u>	<u>17,815</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 101,102</u>	<u>\$ 97</u>	<u>\$ 251,514</u>	<u>\$ 20,633</u>	<u>\$ 52,702</u>	<u>\$ 35,480</u>	<u>\$ 32,605</u>	<u>\$ 27,746</u>	<u>\$ 19,868</u>	<u>\$ 5,310</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Facilities	Revaluation	Public Services Equipment	Boat Ramp	Coastal Access Fund	Solar Array	Harbor Master Vessel	Cemetery Capital Reserve	Fire Pond
REVENUES									
Interest income	\$ 48	\$ 80	\$ 34	\$ 28	\$ 27	\$ 62	\$ 18	\$ 18	\$ 13
Other income	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>48</u>	<u>80</u>	<u>34</u>	<u>28</u>	<u>27</u>	<u>62</u>	<u>18</u>	<u>18</u>	<u>13</u>
EXPENDITURES									
Capital outlay	-	-	-	-	-	-	-	-	-
Other	9,500	-	-	-	780	-	-	-	-
TOTAL EXPENDITURES	<u>9,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,452)</u>	<u>80</u>	<u>34</u>	<u>28</u>	<u>(753)</u>	<u>62</u>	<u>18</u>	<u>18</u>	<u>13</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	20,000	20,200	-	-	-	17,500	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>20,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	10,548	20,280	34	28	(753)	17,562	18	18	13
FUND BALANCES (DEFICITS) - JULY 1	<u>5,117</u>	<u>14,466</u>	<u>10,369</u>	<u>10,312</u>	<u>10,078</u>	<u>10,042</u>	<u>6,484</u>	<u>6,217</u>	<u>4,805</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 15,665</u>	<u>\$ 34,746</u>	<u>\$ 10,403</u>	<u>\$ 10,340</u>	<u>\$ 9,325</u>	<u>\$ 27,604</u>	<u>\$ 6,502</u>	<u>\$ 6,235</u>	<u>\$ 4,818</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Vehicles	Recycling Compactor	Stone Wharf Parking	Broadband Reserve	School Special Ed Reserve	School Tuition Reserve	School Playground	School Capital Improvement Fund	School Capital Transportation Reserve	Total
REVENUES										
Interest income	\$ 10	\$ 30	\$ 8	\$ 19	\$ 187	\$ 235	\$ 143	\$ 94	\$ 4	\$ 2,480
Other income	-	-	-	-	-	-	-	-	-	2,000
TOTAL REVENUES	10	30	8	19	187	235	143	94	4	4,480
EXPENDITURES										
Capital outlay	-	8,506	-	-	-	-	-	-	-	448,359
Other	-	9,402	-	-	-	-	3,510	-	-	24,592
TOTAL EXPENDITURES	-	17,908	-	-	-	-	3,510	-	-	472,951
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10	(17,878)	8	19	187	235	(3,367)	94	4	(468,471)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	15,000	-	10,000	-	-	-	-	-	424,000
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	15,000	-	10,000	-	-	-	-	-	424,000
NET CHANGE IN FUND BALANCES (DEFICITS)	10	(2,878)	8	10,019	187	235	(3,367)	94	4	(44,471)
FUND BALANCES (DEFICITS) - JULY 1	3,273	2,878	2,803	-	141,023	82,385	10,599	80,002	25,000	1,069,441
FUND BALANCES (DEFICITS) - JUNE 30	\$ 3,283	\$ -	\$ 2,811	\$ 10,019	\$ 141,210	\$ 82,620	\$ 7,232	\$ 80,096	\$ 25,004	\$ 1,024,970

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 Chebeague Island, 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.

TOWN OF CHEBEAGUE ISLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2021

	Cemetery Perpetual Care	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 90,055	\$ 90,055
Due from other funds	3,160	3,160
TOTAL ASSETS	<u>\$ 93,215</u>	<u>\$ 93,215</u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	93,215	93,215
Committed	-	-
Assigned	-	-
Unassigned	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>93,215</u>	<u>93,215</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 93,215</u>	<u>\$ 93,215</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Cemetery Perpetual Care	Total
REVENUES		
Interest income	\$ 256	\$ 256
TOTAL REVENUES	<u>256</u>	<u>256</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>256</u>	<u>256</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	3,160	3,160
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,160</u>	<u>3,160</u>
NET CHANGE IN FUND BALANCES	3,416	3,416
FUND BALANCES, JULY 1, RESTATED	<u>89,799</u>	<u>89,799</u>
FUND BALANCES, JUNE 30	<u>\$ 93,215</u>	<u>\$ 93,215</u>

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



Proven Expertise & Integrity

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

Selectboard
Town of Chebeague Island
Chebeague Island, 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 Chebeague Island, Maine as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Chebeague Island, Maine's basic financial statements and have issued our report thereon dated April 10, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Chebeague Island, 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 Chebeague Island, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Chebeague Island, Maine's internal control.

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

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of Town of Chebeague Island, Maine in a separate letter dated April 10, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
April 10, 2023

State Compliance

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
TOTAL FEDERAL ASSISTANCE			\$ -	\$ -

TOWN OF CHEBEAGUE ISLAND, MAINE

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Chebeague Island, Maine under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Chebeague Island, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Chebeague Island, 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.
- a. The Town of Chebeague Island, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Uniform Guidance Requirements

Although this schedule has been prepared in accordance with the requirements of the Uniform Guidance, the Town is not required to have a federal 2 CFR Part 200 Uniform Guidance Audit for the year ended June 30, 2021.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Selectboard
Town of Chebeague Island
Chebeague Island, Maine

We have audited the financial statements of Town of Chebeague Island, Maine for the year ended June 30, 2021 and have issued our report thereon dated April 10, 2023. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Town of Chebeague Island, 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 Chebeague Island, 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 Chebeague Island, 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 Chebeague Island, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Selectboard, 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
April 10, 2023

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CHEBEAGUE ISLAND SCHOOL DEPARTMENT

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

	General Fund (1000)	Special Revenue Funds (2000), (6000) & (9000)	Capital Projects Funds (3000)	Total
June 30, 2021 Balance per MEFS	\$ -	\$ -	\$ -	\$ -
Other adjustments:				
Fund Balance	252,049	231,062	105,100	588,211
Audited GAAP Basis Fund Balance June 30, 2021	<u>\$ 252,049</u>	<u>\$ 231,062</u>	<u>\$ 105,100</u>	<u>\$ 588,211</u>