

Audited Financial Statements and
Other Financial Information

Town of Chebeague Island, Maine

June 30, 2022



Proven Expertise & Integrity

TOWN OF CHEBEAGUE ISLAND, MAINE

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Chebeague Island
Chebeague Island, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022 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.

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, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 6 through 13 and 70 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements 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.

Management is responsible for the other information included in the annual report. The other information also comprises the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System and the accompanying schedule of expenditures of federal awards presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended. This additional information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an unrecorded material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Maine Revised Statutes

In accordance with Maine Revised Statutes, we have also issued our report dated September 21, 2023, on our consideration of Town of Chebeague Island, Maine's budgetary controls that are in place, the accuracy of the annual financial report that was submitted to the Maine Department of Education and Town of Chebeague Island, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051. The purpose of that report is to describe the scope of our testing over Town of Chebeague Island, Maine's other information, as described above, and provide an opinion on Town of Chebeague Island, Maine's internal control and compliance with the provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051 and not to provide an opinion on the effectiveness of Town of Chebeague Island, Maine's internal control over financial reporting. That report is an integral part of an audit performed in accordance with Maine Revised Statutes in considering Town of Chebeague Island, Maine's internal control and compliance over the applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 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
September 21, 2023

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

(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, 2022. 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 \$253,850 from \$5,510,545 to \$5,764,395.

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 \$1,986,233 at the end of this year for governmental activities.

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

	Governmental Activities	
	2022	2021 (Restated)
Assets:		
Current Assets	\$ 2,605,096	\$ 2,554,850
Noncurrent Assets-Capital Assets	6,004,621	5,951,356
Total Assets	<u>8,609,717</u>	<u>8,506,206</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pension	11,268	9,347
Deferred Outflows Related to OPEB	34,641	38,406
Total Deferred Outflows of Resources	<u>45,909</u>	<u>47,753</u>
Liabilities:		
Current Liabilities	377,410	389,974
Noncurrent Liabilities	2,483,041	2,641,485
Total Liabilities	<u>2,860,451</u>	<u>3,031,459</u>
Deferred Inflows of Resources:		
Prepaid Taxes	11,025	8,713
Deferred Inflows Related to OPEB	19,755	3,242
Total Deferred Inflows of Resources	<u>30,780</u>	<u>11,955</u>
Net Position:		
Net Investment in Capital Assets	3,368,603	3,197,369
Restricted	409,559	335,264
Unrestricted	1,986,233	1,977,912
Total Net Position	<u>\$ 5,764,395</u>	<u>\$ 5,510,545</u>

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

	Governmental Activities	
	2022	2021
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 86,869	\$ 73,726
Operating grants and contributions	131,189	208,243
<i>General Revenues:</i>		
Taxes	3,108,642	3,116,533
Grants and contributions not restricted to specific programs	148,985	75,446
Investment income	1,720	6,690
Miscellaneous	27,616	34,160
Total Revenues	3,505,021	3,514,798
Expenses		
General government	441,269	479,724
Public safety	196,614	181,219
Public services and solid waste	379,135	358,242
Social services	158,348	159,703
Education	1,009,454	918,236
County tax	162,283	158,213
State of Maine on-behalf payments	65,937	148,033
Overlay	-	12,157
Other	215,845	237,537
Program expenses	56,717	24,592
Capital outlay	185,724	-
Unallocated depreciation (Note 5)*	303,660	268,951
Interest on long-term debt	76,185	97,992
Total Expenses	3,251,171	3,044,599
 Change in Net Position	 253,850	 470,199
 Net Position - July 1, Restated	 5,510,545	 5,022,584
 Net Position - June 30	 \$ 5,764,395	 \$ 5,492,783

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 0.28%, while total expenses increased by 6.79%. The decrease in revenues was primarily due to operating grants and contributions offset by an increase in grants and contributions not restricted to specific programs. The increase 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,

	2022	2021	Increase/ (Decrease)
Major Funds:			
General Fund:			
Committed	\$ 175,000	\$ 120,000	\$ 55,000
Unassigned	623,321	605,924	17,397
Education Fund:			
Restricted	271,223	242,049	29,174
Town Wharf Fund:			
Committed	152,186	280,333	(128,147)
Total Major Funds	\$ 1,221,730	\$ 1,248,306	\$ (26,576)
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 36,586	\$ -	\$ 36,586
Unassigned	(5,253)	-	(5,253)
Capital Projects Funds:			
Committed	1,051,844	1,024,970	26,874
Unassigned	(8,056)	-	(8,056)
Permanent Funds:			
Restricted	101,750	93,215	8,535
Total Nonmajor Funds	\$ 1,176,871	\$ 1,118,185	\$ 58,686

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 difference between the original and final budget for the general fund was due to state revenue sharing.

The general fund actual revenues exceeded budgeted amounts by \$52,685. All revenue categories were receipted within or in excess of budgeted amounts with the exception of general tax revenue and interest income.

The general fund actual expenditures were under budgeted amounts by \$157,212. 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 in excess of budgeted amounts by \$10,686. All revenue categories were receipted within or under budgeted.

The education fund actual expenditures were under budgeted amounts by \$18,488. All expenditure categories were within or under budgeted amounts with the exception of regular instruction.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town increased by \$53,265. This increase is a result of capital additions of \$356,925 less current year depreciation expense of \$303,660. 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,**

	2022	2021 (Restated)
Land	\$ 196,880	\$ 196,880
Construction in progress	251,547	18,622
Land improvements	3,804	3,804
Buildings and improvements	3,094,528	3,130,210
Machinery and equipment	255,302	255,302
Vehicles	549,510	549,510
Infrastructure	1,797,028	1,797,028
Total	\$ 6,148,599	\$ 5,951,356

Debt

At June 30, 2022, the Town had \$2,636,018 in bonds payable versus \$2,753,987 in the prior year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 as of the date this report was issued.

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.

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, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,480,297
Accounts receivable (net of allowance for uncollectibles):	
Taxes	124,709
Due from other governments	90
Total current assets	<u>2,605,096</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	448,427
Buildings and vehicles net of accumulated depreciation	5,556,194
Total noncurrent assets	<u>6,004,621</u>
TOTAL ASSETS	<u>8,609,717</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	11,268
Deferred outflows related to OPEB	34,641
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>45,909</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,655,626</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 97,884
Accrued expenses	5,726
Due to other governments	808
Current portion of long-term obligations	272,992
Total current liabilities	<u>377,410</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations:	
Bonds payable	2,365,918
Accrued compensated absences	4,338
Net OPEB liability	112,785
Total noncurrent liabilities	<u>2,483,041</u>
TOTAL LIABILITIES	<u>2,860,451</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	11,025
Deferred inflows related to OPEB	19,755
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>30,780</u>
NET POSITION	
Net investment in capital assets	3,368,603
Restricted	409,559
Unrestricted	1,986,233
TOTAL NET POSITION	<u>5,764,395</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,655,626</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
General government	\$ 441,269	\$ 34,047	\$ -	\$ -	\$ (407,222)
Public safety	196,614	23,053	-	-	(173,561)
Public services and solid waste	379,135	-	-	-	(379,135)
Social services	158,348	-	-	-	(158,348)
Education	1,009,454	-	76,371	-	(933,083)
County tax	162,283	-	-	-	(162,283)
Program expenses	56,717	-	-	-	(56,717)
State of Maine on-behalf payments	65,937	-	65,937	-	-
Capital outlay	185,724	-	-	-	(185,724)
Other	215,845	29,769	-	-	(186,076)
Unallocated depreciation (Note 5)*	303,660	-	-	-	(303,660)
Interest on long-term debt	76,185	-	-	-	(76,185)
Total government	<u>\$ 3,251,171</u>	<u>\$ 86,869</u>	<u>\$ 142,308</u>	<u>\$ -</u>	<u>(3,021,994)</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, 2022

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(3,021,994)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,975,619
Excise taxes	133,023
Grants and contributions not restricted to specific programs	137,866
Investment income, net of unrealized gains/(losses)	1,720
Miscellaneous	27,616
Total general revenues	3,275,844
Change in net position	253,850
NET POSITION - JULY 1, RESTATED	5,510,545
NET POSITION - JUNE 30	\$ 5,764,395

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

TOWN OF CHEBEAGUE ISLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Education Fund	Town Wharf Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,092,106	\$ -	\$ 202,786	\$ 1,185,405	\$ 2,480,297
Accounts receivables (net of allowance for uncollectibles):					
Taxes/liens	124,709	-	-	-	124,709
Due from other governments	90	-	-	-	90
Due from other funds	104,158	275,768	-	45,024	424,950
TOTAL ASSETS	\$ 1,321,063	\$ 275,768	\$ 202,786	\$ 1,230,429	\$ 3,030,046
LIABILITIES					
Accounts payable	\$ 97,884	\$ -	\$ -	\$ -	\$ 97,884
Accrued expenses	1,181	4,545	-	-	5,726
Due to other governments	808	-	-	-	808
Due to other funds	320,792	-	50,600	53,558	424,950
TOTAL LIABILITIES	420,665	4,545	50,600	53,558	529,368
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	11,025	-	-	-	11,025
Deferred tax revenues	91,052	-	-	-	91,052
TOTAL DEFERRED INFLOWS OF RESOURCES	102,077	-	-	-	102,077
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	271,223	-	138,336	409,559
Committed	175,000	-	152,186	1,051,844	1,379,030
Assigned	-	-	-	-	-
Unassigned	623,321	-	-	(13,309)	610,012
TOTAL FUND BALANCES	798,321	271,223	152,186	1,176,871	2,398,601
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,321,063	\$ 275,768	\$ 202,786	\$ 1,230,429	\$ 3,030,046

See accompanying independent auditor's 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, 2022

	Total Governmental Funds
Total Fund Balances	\$ 2,398,601
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	6,004,621
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	91,052
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	11,268
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	34,641
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,636,018)
Accrued compensated absences	(7,230)
Net OPEB liability	(112,785)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(19,755)
Net position of governmental activities	\$ 5,764,395

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

STATEMENT E

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	General Fund	Education Fund	Town Wharf Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General tax revenue	\$ 3,068,491	\$ -	\$ -	\$ -	\$ 3,068,491
Intergovernmental revenue	85,440	76,371	-	52,426	214,237
Charges for services	86,869	-	-	-	86,869
State of Maine on-behalf payments	-	38,705	-	-	38,705
Interest income	481	-	-	1,239	1,720
Other revenue	13,653	5,013	-	8,950	27,616
TOTAL REVENUES	3,254,934	120,089	-	62,615	3,437,638
EXPENDITURES					
Current:					
General government	455,534	-	-	-	455,534
Public safety	196,614	-	-	-	196,614
Public services and solid waste	379,135	-	-	-	379,135
Social services	158,348	-	-	-	158,348
Education	-	989,176	-	-	989,176
County tax	162,283	-	-	-	162,283
State of Maine on-behalf payments	-	38,705	-	-	38,705
Other	82,368	133,477	-	-	215,845
Program expenses	-	-	-	56,717	56,717
Debt service:					
Principal	241,969	-	-	-	241,969
Interest	92,553	-	-	-	92,553
Capital outlay	-	-	126,147	416,502	542,649
TOTAL EXPENDITURES	1,768,804	1,161,358	126,147	473,219	3,529,528
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,486,130	(1,041,269)	(126,147)	(410,604)	(91,890)
OTHER FINANCING SOURCES					
Bond proceeds	-	-	-	124,000	124,000
Transfers in	70,698	1,141,141	-	345,790	1,557,629
Transfers (out)	(1,484,431)	(70,698)	(2,000)	(500)	(1,557,629)
TOTAL OTHER FINANCING SOURCES (USES)	(1,413,733)	1,070,443	(2,000)	469,290	124,000
NET CHANGE IN FUND BALANCES	72,397	29,174	(128,147)	58,686	32,110
FUND BALANCES - JULY 1	725,924	242,049	280,333	1,118,185	2,366,491
FUND BALANCES - JUNE 30	\$ 798,321	\$ 271,223	\$ 152,186	\$ 1,176,871	\$ 2,398,601

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 32,110</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	356,925
Depreciation expense	<u>(303,660)</u>
	<u>53,265</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	1,921
OPEB	<u>(3,765)</u>
	<u>(1,844)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>40,151</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(124,000)</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>241,969</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>(16,513)</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	16,368
Net OPEB liability	<u>12,344</u>
	<u>28,712</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 253,850</u></u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Implementation of New Accounting Standards

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Statement No. 97 “Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. 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.).

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Education Fund is used to account for all financial resources of the 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. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

Revenues per budgetary basis	\$ 81,384
Add: On-behalf payments	<u>38,705</u>
Total GAAP basis	<u>\$ 120,089</u>
Expenditures per budgetary basis	\$ 1,193,351
Add: On-behalf payments	<u>38,705</u>
Total GAAP basis	<u>\$ 1,232,056</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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022. Accounts receivable netted with allowances for uncollectibles were \$90 for the year ended June 30, 2022.

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

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

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

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.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

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

Fund Balance

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

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

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 24, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due in two installments on June 30, 2021 and March 31, 2022. Interest on unpaid taxes commenced on October 1, 2021 and April 1, 2022, at 4% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$37,216 for the year ended June 30, 2022.

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

Program Revenues

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

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.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

At June 30, 2022, the Town's cash balance of \$2,480,297 was comprised of bank deposits amounting to \$2,570,346. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash 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 \$2,320,346 were uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,633,193
Repurchase agreement	937,153
	<u>\$ 2,570,346</u>

Investments:

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

At June 30, 2022, the Town no investments.

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, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
	<u> </u>	<u> </u>
General fund	\$ 104,158	\$ 320,792
Education fund	275,768	-
Town wharf fund	-	50,600
Nonmajor special revenue funds	36,586	5,253
Nonmajor capital projects funds	-	48,305
Nonmajor permanent funds	8,438	-
	<u>\$ 424,950</u>	<u>\$ 424,950</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, 2022

NOTE 4 - INTERFUND TRANSFERS

At June 30, 2022, the Town had the following interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 70,698	\$ 1,484,431
Education fund	1,141,141	70,698
Town wharf fund	-	2,000
Nonmajor capital projects funds	345,790	-
Nonmajor permanent funds	-	500
	<u>\$ 1,557,629</u>	<u>\$ 1,557,629</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, 2022:

	Balance, 7/1/21 (Restated)	Additions	Disposals	Balance, 6/30/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 196,880	\$ -	\$ -	\$ 196,880
Construction in progress	18,622	232,925	-	251,547
	<u>215,502</u>	<u>232,925</u>	<u>-</u>	<u>448,427</u>
Depreciated assets:				
Land improvements	59,052	-	-	59,052
Buildings and improvements	3,865,993	-	-	3,865,993
Machinery and equipment	524,759	-	-	524,759
Vehicles	909,955	124,000	-	1,033,955
Infrastructure	2,620,124	-	-	2,620,124
	<u>7,979,883</u>	<u>124,000</u>	<u>-</u>	<u>8,103,883</u>
Less: accumulated depreciation	<u>(2,244,029)</u>	<u>(303,660)</u>	<u>-</u>	<u>(2,547,689)</u>
	<u>5,735,854</u>	<u>(179,660)</u>	<u>-</u>	<u>5,556,194</u>
Net capital assets	<u>\$ 5,951,356</u>	<u>\$ 53,265</u>	<u>\$ -</u>	<u>\$ 6,004,621</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
Bonds payable	\$ 2,753,987	\$ 124,000	\$ (241,969)	\$ 2,636,018	\$ 270,100

The following is a summary of the outstanding bonds payable:

<p>\$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.</p>	\$ 1,147,768
<p>\$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.</p>	1,364,250
<p>\$124,000, 202 Maine Municipal Bond Bank General Obligation Bond due in annual principal and interest payments and semi-annual interest payments through November 2027. Interest is at fixed rates varying from 0.61% to 1.29% per annum.</p>	<u>124,000</u>
<p>Total bonds payable</p>	<u>\$ 2,636,018</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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
2023	\$ 270,100	\$ 83,455	\$ 353,555
2024	278,095	72,257	350,352
2025	286,499	60,540	347,039
2026	296,016	48,266	344,282
2027	306,019	38,459	344,478
2028-2032	637,539	125,582	763,121
2033-2037	401,250	63,407	464,657
2038-2042	160,500	5,887	166,387
	<u>\$ 2,636,018</u>	<u>\$ 497,853</u>	<u>\$ 3,133,871</u>

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, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
Accrued compensated absences	\$ 7,230	\$ -	\$ -	\$ 7,230	\$ 2,892
Net OPEB liability	125,129	8,203	(20,547)	112,785	-
	<u>\$ 132,359</u>	<u>\$ 8,203</u>	<u>\$ (20,547)</u>	<u>\$ 120,015</u>	<u>\$ 2,892</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Town's liability for compensated absences is \$7,230.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

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

Invested in capital assets	\$ 8,552,310
Accumulated depreciation	(2,547,689)
Outstanding capital related debt	<u>(2,636,018)</u>
	<u>\$ 3,368,603</u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

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

Education fund	\$ 271,223
Nonmajor permanent funds:	
Cemetery perpetual care trust	<u>101,750</u>
	<u>\$ 409,559</u>

NOTE 11 - COMMITTED FUND BALANCES

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

General fund:	
FY 2023 budget	\$ 175,000
Town wharf fund	152,186
Nonmajor capital projects funds (Schedule G)	<u>1,051,844</u>
	<u>\$ 1,379,030</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - DEFICIT FUND BALANCES

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

Nonmajor special revenue funds:		
REAP grant	\$	5,253
Nonmajor capital projects funds:		
Public services equipment		8,056
	\$	<u>13,309</u>

NOTE 13 - 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.maineper.org or by contacting the System at (207) 512-3100.

Benefits Provided

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2021, there were 238 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 0.93%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Department's teachers are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for teachers covered by this program was approximately \$274,633 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Department's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$38,705 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$11,268 for 2022. In addition, the Department is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled \$0 the year ended June 30, 2022.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liabilities

SET Plan

At June 30, 2022, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>177,603</u>
Total	\$	<u>177,603</u>

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2021, the Town's proportion was 0.00%, which was the same as its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2022, the Town recognized total pension expense of \$13,504 and revenue of \$13,504 for support provided by the State of Maine for the SET plan. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
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	11,268	-
Total	<u>\$ 11,268</u>	<u>\$ -</u>

\$11,268 were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan	
Plan year ended June 30:		
2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		-

Actuarial Methods and Assumptions

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2021, compounded annually.

Salary Increases, Merit and Inflation - state employees, 2.80% - 13.03%.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 2.20% per annum for the year ended June 30, 2021.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2021 are summarized in the following table.

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2021 for the Plan. 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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
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, 2021 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2021 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors 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 2021 through 2017, this was three years for the SET Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Assumptions

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

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

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

Pension Plan Fiduciary Net Position

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - 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, 2022 were \$6,470.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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, 2022, the following employees were covered by the benefit terms:

Active members	6
Retirees and spouses	<u>0</u>
Total	<u><u>6</u></u>

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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	\$ 883	\$ 1,980
<u>Medicare</u>		
Medicare-Eligible Retirees	\$ 601	\$ 1,201

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

At June 30, 2022, the Town reported a liability of \$39,447 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB revenue of \$12,344. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,474	\$ 11,818
Changes of assumptions	5,870	6,726
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	487	-
Total	<u>\$ 11,831</u>	<u>\$ 18,544</u>

\$487 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended June 30:	
2023	\$ (626)
2024	(29)
2025	249
2026	253
2027	(2,076)
Thereafter	(4,971)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2022. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.06% per annum for June 30, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 46,284	\$ 39,447	\$ 33,889
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 46,284</u>	<u>\$ 39,447</u>	<u>\$ 33,889</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	\$ 33,166	\$ 39,447	\$ 47,501
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 33,166</u>	<u>\$ 39,447</u>	<u>\$ 47,501</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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.

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

Assumptions

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

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for 2021 reporting.

Trend Assumptions:

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

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

Administrative and claims expense: 3% per annum

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

Rate of Mortality:

Healthy Annuitant - Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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, 2022 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, 2022 was \$6,344.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2021, there were 228 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.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, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2022 were approximately \$202.

OPEB Liabilities and OPEB Expense

At June 30, 2022, the School reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School. The total portion of the net OPEB liability that was associated with the School were as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School		<u>863</u>
Total	\$	<u><u>863</u></u>

For the year ended June 30, 2022, the District recognized net OPEB expense of \$11 and revenue of \$11 for support provided by the State of Maine.

NOTE 17 - 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, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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.

	<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, 2022, 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, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$0. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
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	\$ 22,810	\$ 1,211

\$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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MEABT	
Plan year ended June 30:		
2022	\$	5,268
2023		5,267
2024		5,870
2025		5,064
2026		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, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.16% per annum for June 30, 2021 was based upon a measurement date of June 24, 2021. The sensitivity of total OPEB liability to changes in discount rate are as follows:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	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%

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, 2021, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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.

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

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

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the 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 2022 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.

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

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

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

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

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

Administrative expenses - Included in the per capita claims cost

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2020 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2020 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

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

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

Rates are projected generationally using the RPEC_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.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

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

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

Changes in Total OPEB Liability

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

Differences between Expected and Actual Experience

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

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2021, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 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.

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - 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 in July of 2007 and will end after June of 2056. For the year ended June 30, 2022 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, 2022, the Town paid \$133,477 under this agreement.

NOTE 19 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2022, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
Cumberland County	\$ 30,856,174	0.48%	<u>\$ 146,995</u>

NOTE 21 - RESTATEMENT

In 2022, it was determined that a restatement to the Town's governmental activities net position was needed for July 1, 2021. The net position was restated down by \$26,028 to reflect a correction in the capital assets. The governmental activities net position was restated from \$5,536,573 to \$5,510,545.

NOTE 22 - SUBSEQUENT EVENTS

On September 7, 2022, the Town entered into a loan agreement with the Maine Municipal Bond Bank in the amount of \$250,000 which was used for the broadband project.

On November 3, 2022, the Town issued a general obligation bond through the Maine Municipal Bond Bank in the amount of \$250,000 for the dredging project.

On May 18, 2023, the Town issued a general obligation bond through the Maine Municipal Bond Bank in the amounts of \$725,000 for the broadband project.

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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 725,924	\$ 725,924	\$ 725,924	\$ -
Resources (Inflows):				
General tax revenue	3,072,904	3,072,904	3,068,491	(4,413)
Intergovernmental revenue	75,645	82,145	85,440	3,295
Charges for services	42,200	42,200	86,869	44,669
Interest income	2,500	2,500	481	(2,019)
Other revenue	2,500	2,500	13,653	11,153
Transfers from other funds	70,698	70,698	70,698	-
Amounts Available for Appropriation	<u>3,992,371</u>	<u>3,998,871</u>	<u>4,051,556</u>	<u>52,685</u>
Charges to Appropriations (Outflows):				
General government	509,060	509,060	455,534	53,526
Public safety	210,308	210,308	196,614	13,694
Public services and solid waste	417,730	417,730	379,135	38,595
Social services	162,300	162,300	158,348	3,952
Education	1,141,141	-	-	-
County tax	162,283	162,283	162,283	-
Debt service:				
Principal	241,969	241,969	241,969	-
Interest	99,011	99,011	92,553	6,458
Overlay	37,216	37,216	-	37,216
Other	86,139	86,139	82,368	3,771
Transfers to other funds	343,290	1,484,431	1,484,431	-
Total Charges to Appropriations	<u>3,410,447</u>	<u>3,410,447</u>	<u>3,253,235</u>	<u>157,212</u>
Budgetary Fund Balance, June 30	<u>\$ 581,924</u>	<u>\$ 588,424</u>	<u>\$ 798,321</u>	<u>\$ 209,897</u>
Utilization of unassigned fund balance	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>

See accompanying independent auditor's 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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 242,049	\$ 242,049	\$ 242,049	\$ -
Revenues (Inflows):				
Local assessments	1,141,141	-	-	-
Intergovernmental revenues:				
State subsidy	-	59,579	65,252	5,673
Other	-	11,119	11,119	-
Other revenue	-	-	5,013	5,013
Transfers from other funds	-	1,141,141	1,141,141	-
Amounts Available for Appropriation	<u>1,383,190</u>	<u>1,453,888</u>	<u>1,464,574</u>	<u>10,686</u>
Charges to Appropriations (Outflows):				
Regular instruction	509,124	509,124	541,204	(32,080)
Special education	129,162	129,162	120,091	9,071
Student and staff support	21,647	21,647	4,221	17,426
System administration	76,553	76,553	76,180	373
School administration	60,610	60,610	57,413	3,197
Transportation and buses	110,251	110,251	105,864	4,387
Operations and maintenance	57,947	57,947	52,002	5,945
Debt service	134,035	134,035	133,477	558
Other expenditures	41,812	41,812	32,201	9,611
Transfers to other funds	-	70,698	70,698	-
Total Charges to Appropriations	<u>1,141,141</u>	<u>1,211,839</u>	<u>1,193,351</u>	<u>18,488</u>
Budgetary Fund Balance, June 30	<u>\$ 242,049</u>	<u>\$ 242,049</u>	<u>\$ 271,223</u>	<u>\$ 29,174</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	2022	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%	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	<u>177,603</u>	<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>
Total	<u>\$ 177,603</u>	<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	\$ 224,691	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	84.52%	85.17%	80.78%	76.21%	81.18%	83.91%

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>								
Contractually required contribution	\$ 11,268	\$ 9,347	\$ 14,086	\$ 13,229	\$ 6,920	\$ 5,958	\$ 5,716	\$ 4,735
Contributions in relation to the contractually required contribution	<u>(11,268)</u>	<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>	<u>\$ -</u>
School Department's covered payroll	\$ 274,633	\$ 224,691	\$ 332,814	\$ 207,446	\$ 195,813	\$ 196,534	\$ 245,800	\$ 242,756
Contributions as a percentage of covered payroll	4.10%	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 auditor's 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>					
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	863	1,737	1,605	3,078	2,983
Total	<u>\$ 863</u>	<u>\$ 1,737</u>	<u>\$ 1,605</u>	<u>\$ 3,078</u>	<u>\$ 2,983</u>
Covered payroll	\$ 224,691	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	62.90%	55.40%	49.51%	49.22%	48.04%

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 51,791	\$ -	\$ 51,791
Changes for the year:			
Service cost	6,964	-	6,964
Interest	1,239	-	1,239
Changes of benefits	-	-	-
Differences between expected and actual experience	(12,905)	-	(12,905)
Changes of assumptions	(6,970)	-	(6,970)
Contributions - employer	-	672	(672)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(672)	(672)	-
Administrative expense	-	-	-
Net changes	<u>(12,344)</u>	<u>-</u>	<u>(12,344)</u>
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 39,447</u>	<u>\$ -</u>	<u>\$ 39,447</u>

See accompanying independent auditor's 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*

	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 6,964	\$ 6,186	\$ 4,360	\$ 4,692	\$ 4,088
Interest (includes interest on service cost)	1,239	1,314	1,053	769	778
Changes of benefit terms	-	-	(884)	-	-
Differences between expected and actual experience	(12,905)	-	9,578	-	(3,166)
Changes of assumptions	(6,970)	2,844	6,715	(1,668)	(431)
Benefit payments, including refunds of member contributions	(672)	(646)	(126)	(121)	(68)
Net change in total OPEB liability	<u>\$ (12,344)</u>	<u>\$ 9,698</u>	<u>\$ 20,696</u>	<u>\$ 3,672</u>	<u>\$ 1,201</u>
Total OPEB liability - beginning	\$ 51,791	\$ 42,093	\$ 21,397	\$ 17,725	\$ 16,524
Total OPEB liability - ending	<u>\$ 39,447</u>	<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	646	126	121	68
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(646)	(646)	(126)	(121)	(68)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 39,447</u>	<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	\$ 233,289	\$ 281,812	\$ 281,812	\$ 247,671	\$ 247,671
Net OPEB liability as a percentage of covered employee payroll	16.91%	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 auditor's 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, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 6/30/20 (Reporting June 30, 2021)	\$ 73,338	\$ -	\$ 73,338
Changes for the year:			
Service cost	-	-	-
Interest	-	-	-
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>-</u>	<u>-</u>	<u>-</u>
Balances at 6/30/21 (Reporting June 30, 2022)	<u>\$ 73,338</u>	<u>\$ -</u>	<u>\$ 73,338</u>

See accompanying independent auditor's 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*

	2022	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	\$ -	\$ 4,606	\$ 17,819	\$ 7,430	\$ (1,047)
Total OPEB liability - beginning	\$ 73,338	\$ 68,732	\$ 50,913	\$ 43,483	\$ 44,530
Total OPEB liability - ending	\$ 73,338	\$ 73,338	\$ 68,732	\$ 50,913	\$ 43,483
<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	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 73,338	\$ 73,338	\$ 68,732	\$ 50,913	\$ 43,483
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered employee payroll	\$ 524,491	\$ 524,491	\$ 511,698	\$ 656,774	\$ 639,196
Net OPEB liability as a percentage of covered employee payroll	14.0%	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 auditor's report and notes to financial statements.

TOWN OF CHEBEAGUE ISLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 274,633	\$ 224,691	\$ 332,814	\$ 207,446	\$ 195,813
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
<u>MMEHT:</u>					
Employer contributions	\$ 672	\$ 646	\$ 126	\$ 121	\$ 68
Benefit payments	(672)	(646)	(126)	(121)	(68)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 233,289	\$ 281,812	\$ 281,812	\$ 247,671	\$ 247,671
Contributions as a percentage of covered employee payroll	0.00%	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>	<u>\$ -</u>
Covered employee payroll	\$ 524,491	\$ 524,491	\$ 511,698	\$ 656,774	\$ 639,196
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

Changes of Assumptions

MMEHT:

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

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

Mortality, termination, retirement and salary rates.

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

There was a change in the discount rate from 2.12% to 2.06% 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 2.21% to 2.16% per GASB 75 discount rate selection.

MEPERS SET Plan:

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

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

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- 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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 2,978,404	\$ 2,978,404	\$ 2,935,468	\$ (42,936)
Vehicle excise taxes	87,000	87,000	125,238	38,238
Boat excise taxes	7,500	7,500	7,785	285
Intergovernmental revenues:				
State revenue sharing	27,500	34,000	43,518	9,518
Homestead exemption	32,926	32,926	25,447	(7,479)
BETE	219	219	219	-
LRAP	15,000	15,000	14,964	(36)
Other	-	-	1,292	1,292
Charges for services:				
Building/other permits	3,000	3,000	22,906	19,906
Electrical permits	800	800	1,565	765
Plumbing permits	1,500	1,500	2,990	1,490
Town clerk fees	3,000	3,000	6,586	3,586
Solid waste/recycling	20,000	20,000	29,769	9,769
Police fines	-	-	968	968
Transient tie-up fees	2,500	2,500	3,765	1,265
Stone wharf permits	5,500	5,500	6,950	1,450
Shellfish licenses	2,400	2,400	1,615	(785)
Mooring fees	3,500	3,500	9,755	6,255
Interest income	2,500	2,500	481	(2,019)
Other income:				
Interest/fees on taxes	2,500	2,500	3,577	1,077
Miscellaneous	-	-	10,076	10,076
Transfers from other funds:				
Education	70,698	70,698	70,698	-
Total Revenues	<u>\$ 3,266,447</u>	<u>\$ 3,272,947</u>	<u>\$ 3,325,632</u>	<u>\$ 52,685</u>

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration and Selectboard	\$ 254,938	\$ -	\$ 254,938	\$ 237,991	\$ 16,947
Assessor	13,250	-	13,250	12,232	1,018
Elections	1,000	-	1,000	739	261
Planning	6,500	-	6,500	2,000	4,500
Legal services	10,000	-	10,000	6,201	3,799
Code enforcement	26,460	-	26,460	26,820	(360)
Benefits and insurance	196,912	-	196,912	169,551	27,361
	<u>509,060</u>	<u>-</u>	<u>509,060</u>	<u>455,534</u>	<u>53,526</u>
Public safety					
Law enforcement	50,248	-	50,248	48,939	1,309
Fire and rescue	117,135	-	117,135	109,459	7,676
Harbormaster and shellfish	29,275	-	29,275	26,425	2,850
Animal control	5,250	-	5,250	3,242	2,008
Street lights	8,400	-	8,400	8,549	(149)
	<u>210,308</u>	<u>-</u>	<u>210,308</u>	<u>196,614</u>	<u>13,694</u>
Public services and solid waste					
Public services	221,750	-	221,750	182,415	39,335
Solid waste	195,980	-	195,980	196,720	(740)
	<u>417,730</u>	<u>-</u>	<u>417,730</u>	<u>379,135</u>	<u>38,595</u>
Social services					
Contributions	145,750	-	145,750	144,500	1,250
General assistance	500	-	500	-	500
Cemetery	14,050	-	14,050	12,348	1,702
Public health services	2,000	-	2,000	1,500	500
	<u>162,300</u>	<u>-</u>	<u>162,300</u>	<u>158,348</u>	<u>3,952</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	1,141,141	(1,141,141)	-	-	-
County tax	162,283	-	162,283	162,283	-
Debt service					
Principal	241,969	-	241,969	241,969	-
Interest	99,011	-	99,011	92,553	6,458
	340,980	-	340,980	334,522	6,458
Overlay	37,216	-	37,216	-	37,216
Other					
Mainland	22,094	-	22,094	22,094	-
Cumberland tax	16,000	-	16,000	45,895	(29,895)
Contingency	48,045	-	48,045	14,379	33,666
	86,139	-	86,139	82,368	3,771
Transfers to other funds					
Capital projects funds	343,290	-	343,290	343,290	-
Education fund	-	1,141,141	1,141,141	1,141,141	-
	343,290	1,141,141	1,484,431	1,484,431	-
Total Departmental Operations	\$ 3,410,447	\$ -	\$ 3,410,447	\$ 3,253,235	\$ 157,212

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

TOWN OF CHEBEAGUE ISLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,092,093	\$ 93,312	\$ 1,185,405
Due from other funds	36,586	-	8,438	45,024
TOTAL ASSETS	\$ 36,586	\$ 1,092,093	\$ 101,750	\$ 1,230,429
LIABILITIES				
Due to other funds	5,253	\$ 48,305	\$ -	\$ 53,558
TOTAL LIABILITIES	5,253	48,305	-	53,558
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	36,586	-	101,750	138,336
Committed	-	1,051,844	-	1,051,844
Assigned	-	-	-	-
Unassigned	(5,253)	(8,056)	-	(13,309)
TOTAL FUND BALANCES	31,333	1,043,788	101,750	1,176,871
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,586	\$ 1,092,093	\$ 101,750	\$ 1,230,429

See accompanying independent auditor's 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, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 52,426	\$ -	\$ -	\$ 52,426
Interest income	-	1,154	85	1,239
Other income	-	-	8,950	8,950
TOTAL REVENUES	<u>52,426</u>	<u>1,154</u>	<u>9,035</u>	<u>62,615</u>
EXPENDITURES				
Capital outlay	-	416,502	-	416,502
Other	21,093	35,624	-	56,717
TOTAL EXPENDITURES	<u>21,093</u>	<u>452,126</u>	<u>-</u>	<u>473,219</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>31,333</u>	<u>(450,972)</u>	<u>9,035</u>	<u>(410,604)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	124,000	-	124,000
Transfers in	-	345,790	-	345,790
Transfers (out)	-	-	(500)	(500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>469,790</u>	<u>(500)</u>	<u>469,290</u>
NET CHANGE IN FUND BALANCES	31,333	18,818	8,535	58,686
FUND BALANCES, JULY 1	<u>-</u>	<u>1,024,970</u>	<u>93,215</u>	<u>1,118,185</u>
FUND BALANCES, JUNE 30	<u>\$ 31,333</u>	<u>\$ 1,043,788</u>	<u>\$ 101,750</u>	<u>\$ 1,176,871</u>

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

Special Revenue Funds

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	<u>ARPA</u>	<u>REAP Grant</u>	<u>Total</u>
ASSETS			
Due from other funds	\$ 36,586	-	\$ 36,586
TOTAL ASSETS	<u>\$ 36,586</u>	<u>\$ -</u>	<u>\$ 36,586</u>
LIABILITIES			
Due to other funds	\$ -	\$ 5,253	\$ 5,253
TOTAL LIABILITIES	<u>-</u>	<u>5,253</u>	<u>5,253</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	36,586	-	36,586
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(5,253)	(5,253)
TOTAL FUND BALANCES (DEFICITS)	<u>36,586</u>	<u>(5,253)</u>	<u>31,333</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 36,586</u>	<u>\$ -</u>	<u>\$ 36,586</u>

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

OWN OF CHEBEAGUE ISLAND, MAINE

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

	ARPA	REAP Grant	Total
REVENUES			
Intergovernmental revenue	\$ 36,586	\$ 15,840	\$ 52,426
TOTAL REVENUES	<u>36,586</u>	<u>15,840</u>	<u>52,426</u>
EXPENDITURES			
Other	-	21,093	21,093
TOTAL EXPENDITURES	<u>-</u>	<u>21,093</u>	<u>21,093</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	36,586	(5,253)	31,333
FUND BALANCES (DEFICITS), JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 36,586</u>	<u>\$ (5,253)</u>	<u>\$ 31,333</u>

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

Capital Projects Funds

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

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	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	\$ 185,302	\$ 97	\$ 18,708	\$ 54,769	\$ 71,849	\$ 45,524	\$ 27,637	\$ 27,775	\$ 21,890	\$ 70,362
TOTAL ASSETS	<u>\$ 185,302</u>	<u>\$ 97</u>	<u>\$ 18,708</u>	<u>\$ 54,769</u>	<u>\$ 71,849</u>	<u>\$ 45,524</u>	<u>\$ 27,637</u>	<u>\$ 27,775</u>	<u>\$ 21,890</u>	<u>\$ 70,362</u>
LIABILITIES										
Due to other funds	\$ 8,789	\$ -	\$ -	\$ -	\$ 10,000	\$ 1,044	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>8,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>1,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	176,513	97	18,708	54,769	61,849	44,480	27,637	27,775	21,890	70,362
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>176,513</u>	<u>97</u>	<u>18,708</u>	<u>54,769</u>	<u>61,849</u>	<u>44,480</u>	<u>27,637</u>	<u>27,775</u>	<u>21,890</u>	<u>70,362</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 185,302</u>	<u>\$ 97</u>	<u>\$ 18,708</u>	<u>\$ 54,769</u>	<u>\$ 71,849</u>	<u>\$ 45,524</u>	<u>\$ 27,637</u>	<u>\$ 27,775</u>	<u>\$ 21,890</u>	<u>\$ 70,362</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	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	\$ 15,682	\$ 54,997	\$ 20,416	\$ 10,352	\$ 10,836	\$ 45,146	\$ 6,509	\$ 6,742	\$ 4,823
TOTAL ASSETS	<u>\$ 15,682</u>	<u>\$ 54,997</u>	<u>\$ 20,416</u>	<u>\$ 10,352</u>	<u>\$ 10,836</u>	<u>\$ 45,146</u>	<u>\$ 6,509</u>	<u>\$ 6,742</u>	<u>\$ 4,823</u>
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ 28,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>28,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	15,682	54,997	-	10,352	10,836	45,146	6,509	6,742	4,823
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(8,056)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>15,682</u>	<u>54,997</u>	<u>(8,056)</u>	<u>10,352</u>	<u>10,836</u>	<u>45,146</u>	<u>6,509</u>	<u>6,742</u>	<u>4,823</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 15,682</u>	<u>\$ 54,997</u>	<u>\$ 20,416</u>	<u>\$ 10,352</u>	<u>\$ 10,836</u>	<u>\$ 45,146</u>	<u>\$ 6,509</u>	<u>\$ 6,742</u>	<u>\$ 4,823</u>

TOWN OF CHEBEAGUE ISLAND, MAINE

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

	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	\$ 3,286	\$ 5	\$ 2,814	\$ 50,058	\$ 141,358	\$ 82,707	\$ 7,239	\$ 80,180	\$ 25,030	\$ 1,092,093
TOTAL ASSETS	\$ 3,286	\$ 5	\$ 2,814	\$ 50,058	\$ 141,358	\$ 82,707	\$ 7,239	\$ 80,180	\$ 25,030	\$ 1,092,093
LIABILITIES										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,305
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	48,305
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	3,286	5	2,814	50,058	141,358	82,707	7,239	80,180	25,030	1,051,844
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(8,056)
TOTAL FUND BALANCES (DEFICITS)	3,286	5	2,814	50,058	141,358	82,707	7,239	80,180	25,030	1,043,788
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)										
	\$ 3,286	\$ 5	\$ 2,814	\$ 50,058	\$ 141,358	\$ 82,707	\$ 7,239	\$ 80,180	\$ 25,030	\$ 1,092,093

See accompanying independent auditor's 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, 2022

	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	\$ 173	\$ -	\$ 119	\$ 46	\$ 70	\$ 44	\$ 32	\$ 29	\$ 22	\$ 52
TOTAL REVENUES	173	-	119	46	70	44	32	29	22	52
EXPENDITURES										
Capital outlay	49,762	-	232,925	-	10,000	-	-	-	-	-
Other	-	-	-	-	923	1,044	5,000	-	-	-
TOTAL EXPENDITURES	49,762	-	232,925	-	10,923	1,044	5,000	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,589)	-	(232,806)	46	(10,853)	(1,000)	(4,968)	29	22	52
OTHER FINANCING SOURCES (USES)										
Bond proceeds										
Transfers in	125,000	-	-	34,090	20,000	10,000	-	-	2,000	65,000
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	125,000	-	-	34,090	20,000	10,000	-	-	2,000	65,000
NET CHANGE IN FUND BALANCES (DEFICITS)	75,411	-	(232,806)	34,136	9,147	9,000	(4,968)	29	2,022	65,052
FUND BALANCES (DEFICITS) - JULY 1	101,102	97	251,514	20,633	52,702	35,480	32,605	27,746	19,868	5,310
FUND BALANCES (DEFICITS) - JUNE 30	\$ 176,513	\$ 97	\$ 18,708	\$ 54,769	\$ 61,849	\$ 44,480	\$ 27,637	\$ 27,775	\$ 21,890	\$ 70,362

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, 2022

	Facilities	Revaluation	Public Services Equipment	Boat Ramp	Coastal Access Fund	Solar Array	Harbor Master Vessel	Cemetery Capital Reserve	Fire Pond
REVENUES									
Interest income	\$ 17	\$ 51	\$ 13	\$ 12	\$ 11	\$ 42	\$ 7	\$ 7	\$ 5
TOTAL REVENUES	17	51	13	12	11	42	7	7	5
EXPENDITURES									
Capital outlay	-	-	123,815	-	-	-	-	-	-
Other	-	-	28,657	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	152,472	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17	51	(152,459)	12	11	42	7	7	5
OTHER FINANCING SOURCES (USES)									
Bond proceeds	-	-	124,000	-	-	-	-	-	-
Transfers in	-	20,200	10,000	-	1,500	17,500	-	500	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	20,200	134,000	-	1,500	17,500	-	500	-
NET CHANGE IN FUND BALANCES (DEFICITS)	17	20,251	(18,459)	12	1,511	17,542	7	507	5
FUND BALANCES (DEFICITS) - JULY 1	15,665	34,746	10,403	10,340	9,325	27,604	6,502	6,235	4,818
FUND BALANCES (DEFICITS) - JUNE 30	\$ 15,682	\$ 54,997	\$ (8,056)	\$ 10,352	\$ 10,836	\$ 45,146	\$ 6,509	\$ 6,742	\$ 4,823

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, 2022

	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	\$ 3	\$ 5	\$ 3	\$ 39	\$ 148	\$ 87	\$ 7	\$ 84	\$ 26	\$ 1,154
TOTAL REVENUES	<u>3</u>	<u>5</u>	<u>3</u>	<u>39</u>	<u>148</u>	<u>87</u>	<u>7</u>	<u>84</u>	<u>26</u>	<u>1,154</u>
EXPENDITURES										
Capital outlay	-	-	-	-	-	-	-	-	-	416,502
Other	-	-	-	-	-	-	-	-	-	35,624
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,126</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3</u>	<u>5</u>	<u>3</u>	<u>39</u>	<u>148</u>	<u>87</u>	<u>7</u>	<u>84</u>	<u>26</u>	<u>(450,972)</u>
OTHER FINANCING SOURCES (USES)										
Bond proceeds	-	-	-	-	-	-	-	-	-	124,000
Transfers in	-	-	-	40,000	-	-	-	-	-	345,790
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,790</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>3</u>	<u>5</u>	<u>3</u>	<u>40,039</u>	<u>148</u>	<u>87</u>	<u>7</u>	<u>84</u>	<u>26</u>	<u>18,818</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>3,283</u>	<u>-</u>	<u>2,811</u>	<u>10,019</u>	<u>141,210</u>	<u>82,620</u>	<u>7,232</u>	<u>80,096</u>	<u>25,004</u>	<u>1,024,970</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,286</u>	<u>\$ 5</u>	<u>\$ 2,814</u>	<u>\$ 50,058</u>	<u>\$ 141,358</u>	<u>\$ 82,707</u>	<u>\$ 7,239</u>	<u>\$ 80,180</u>	<u>\$ 25,030</u>	<u>\$ 1,043,788</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of 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, 2022

	Cemetery Perpetual Care	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 93,312	\$ 93,312
Due from other funds	8,438	8,438
TOTAL ASSETS	<u>\$ 101,750</u>	<u>\$ 101,750</u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	101,750	101,750
Committed	-	-
Assigned	-	-
Unassigned	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>101,750</u>	<u>101,750</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 101,750</u>	<u>\$ 101,750</u>

See accompanying independent auditor's 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, 2022

	Cemetery Perpetual Care	Total
REVENUES		
Interest income	\$ 85	\$ 85
Other income	8,950	8,950
TOTAL REVENUES	<u>9,035</u>	<u>9,035</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,035</u>	<u>9,035</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	(500)	(500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(500)</u>	<u>(500)</u>
NET CHANGE IN FUND BALANCES	8,535	8,535
FUND BALANCES, JULY 1	<u>93,215</u>	<u>93,215</u>
FUND BALANCES, JUNE 30	<u>\$ 101,750</u>	<u>\$ 101,750</u>

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



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

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, 2022 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 September 21, 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of 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 September 21, 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
September 21, 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, 2022

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed-through State of Maine - Department of Education:				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3046	-	11,119
Subtotal Special Education Cluster (IDEA)			-	11,119
Rural Education	84.358	3305	-	21,093
Total U.S. Department of Education			-	32,212
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 32,212

TOWN OF CHEBEAGUE ISLAND, MAINE

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Chebeague Island, Maine under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of 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, 2022.



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INDEPENDENT AUDITOR'S 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, 2022 and have issued our report thereon dated September 21, 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
September 21, 2023

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

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, 2022

	General Fund (1000)	Special Revenue Funds (2000), (6000) & (9000)	Total
June 30, 2022 Balance per MEFS	\$ 271,233	\$ -	\$ 271,233
Other adjustments:			
Fund Balance	(10)	-	(10)
Funds Not Reported on MEFS:			
REAP	-	(5,253)	(5,253)
 Audited GAAP Basis Fund Balance			
June 30, 2022	<u>\$ 271,223</u>	<u>\$ (5,253)</u>	<u>\$ 265,970</u>