

Audited Financial Statements and  
Other Financial Information

**Town of Madison, Maine**

June 30, 2022



*Proven Expertise & Integrity*

TOWN OF MADISON, MAINE

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JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Selectboard  
Town of Madison  
Madison, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Town of Madison, 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.

#### *Emphasis of Matter*

As discussed in Note 1 of Notes to Financial Statements, the financial statements of the Madison Electric Works are intended to present the financial position and the changes in financial position of only the business-type activities of the Town of Madison, Maine that is attributable to the transactions of the Madison Electric Works which are presented as of their last audited financial statements for the period ending December 31, 2021. They do not purport to and do not present fairly the financial position of the Madison Electric Works as of June 30, 2022 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### *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

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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 Madison, 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.

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

### Auditors' 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 Madison, 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 Madison, 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 and OPEB information on pages 5 through 13 and 74 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 Madison, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the Town of Madison, 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 Madison, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
November 14, 2022

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

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Madison, 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 Madison, Maine'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, OPEB information 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 regards 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's activities. The types of activities presented for the Town of Madison are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, parks and recreation, cemeteries, community and social agencies, education, town property and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Madison, Maine include the Madison Electric Works.

### **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 Madison, Maine, 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 Madison, Maine can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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

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

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

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB 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 regards 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 by \$976,761 from \$9,687,278 to \$10,664,039. For the business-type activities, total net position increased by \$164,544 from \$7,947,325 to \$8,111,869.

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 - increased for governmental activities to a balance of \$2,324,916 and decreased for the business-type activities to a balance of \$2,947,623.

**Table 1**  
**Town of Madison, Maine**  
**Net Position**  
**June 30 and December 31**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>				
Current Assets	\$ 4,222,778	\$ 3,439,959	\$ 2,969,517	\$ 4,015,194
Noncurrent Assets:				
Capital Assets	6,473,483	6,235,637	6,139,393	4,740,226
Other	411,325	431,340	786,843	973,936
Total Assets	<u>11,107,586</u>	<u>10,106,936</u>	<u>9,895,753</u>	<u>9,729,356</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to OPEB	77,859	104,653	49,187	54,016
Total Deferred Outflows of Resources	<u>77,859</u>	<u>104,653</u>	<u>49,187</u>	<u>54,016</u>
<b>Liabilities</b>				
Current Liabilities	96,492	80,838	785,437	615,044
Noncurrent Liabilities	241,941	306,445	1,007,119	1,172,000
Total Liabilities	<u>338,433</u>	<u>387,283</u>	<u>1,792,556</u>	<u>1,787,044</u>
<b>Deferred Inflows of Resources</b>				
Prepaid Taxes	54,078	50,826	-	-
Deferred Inflows Related to OPEB	128,895	86,202	40,515	49,003
Total Deferred Inflows of Resources	<u>182,973</u>	<u>137,028</u>	<u>40,515</u>	<u>49,003</u>
<b>Net Position</b>				
Net Investment in Capital Assets	6,884,808	6,666,977	5,164,246	3,575,739
Restricted: Special Revenue Funds	1,294,575	949,054	-	-
Permanent Funds	159,740	180,682	-	-
Unrestricted	2,324,916	1,890,565	2,947,623	4,371,586
Total Net Position	<u>\$ 10,664,039</u>	<u>\$ 9,687,278</u>	<u>\$ 8,111,869</u>	<u>\$ 7,947,325</u>

**Table 2**  
**Town of Madison, Maine**  
**Change in Net Position**  
**For the Years Ended June 30 and December 31**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 112,917	\$ 120,330	\$ 4,589,515	\$ 5,084,514
Operating grants and contributions	63,676	58,488	-	-
<i>General revenues:</i>				
Taxes	7,726,748	8,562,998	-	-
Grants and contributions not restricted to specific programs	3,147,358	2,229,413	-	-
Miscellaneous	202,370	684,712	262,275	97,235
Total Revenues	<u>11,253,069</u>	<u>11,655,941</u>	<u>4,851,790</u>	<u>5,181,749</u>
Expenses				
General government	627,198	1,403,637	-	-
Public safety	667,146	707,858	-	-
Public works	1,305,253	1,267,932	-	-
Parks and recreation	91,504	66,342	-	-
Cemeteries	35,140	26,904	-	-
Community and social agencies	179,303	175,734	-	-
Education	4,646,679	4,714,652	-	-
County tax	776,046	808,680	-	-
Town property	26,889	26,239	-	-
Unclassified	1,921,150	1,250,981	4,768,517	5,412,585
Total Expenses	<u>10,276,308</u>	<u>10,448,959</u>	<u>4,768,517</u>	<u>5,412,585</u>
Special and extraordinary items:				
Gain on insurance proceeds	-	-	42,577	1,116,956
Gain (loss) on disposal of capital assets	-	-	12,875	(134,317)
Contributions in aid of construction	-	-	25,819	8,294
Total special and extraordinary items	<u>-</u>	<u>-</u>	<u>81,271</u>	<u>990,933</u>
Change in Net Position	976,761	1,206,982	164,544	760,097
Net Position - July 1/January 1	<u>9,687,278</u>	<u>8,480,296</u>	<u>7,947,325</u>	<u>7,187,228</u>
Net Position - June 30/December 31	<u>\$ 10,664,039</u>	<u>\$ 9,687,278</u>	<u>\$ 8,111,869</u>	<u>\$ 7,947,325</u>

### Revenues and Expenses

Revenues for the Town's governmental activities decreased by 3.46%, while total expenses decreased by 1.65%. All revenue categories saw decreases except for operating grants and contributions and grants and contributions not restricted to specific programs. The largest decrease in expenses was in general government, which was partially offset by increases in public works, parks and recreation, cemeteries, community and social agencies, town property and unclassified.

Revenues for the Town's business-type activities decreased by 6.37%, while total expenses decreased by 11.90%.

### 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 Madison, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Assigned	\$ 421,653	\$ 199,697	\$ 221,956
Unassigned	2,250,926	2,109,908	141,018
Total General Fund	<u>\$ 2,672,579</u>	<u>\$ 2,309,605</u>	<u>\$ 362,974</u>
ARPA Fund:			
Restricted	\$ 453,044	\$ -	\$ 453,044
Total ARPA Fund	<u>\$ 453,044</u>	<u>\$ -</u>	<u>\$ 453,044</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 416,735	\$ 436,750	\$ (20,015)
Restricted	424,796	512,304	(87,508)
Assigned	176,753	139,823	36,930
Unassigned	(1,044)	(10,027)	8,983
Permanent Funds:			
Nonspendable	28,046	28,046	-
Restricted	131,694	152,636	(20,942)
Total Nonmajor Funds	<u>\$ 1,176,980</u>	<u>\$ 1,259,532</u>	<u>\$ (82,552)</u>

The changes to total fund balances for the general fund and nonmajor permanent funds occurred due to the regular activity of operations.

## Budgetary Highlights

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

The general fund actual revenues were over budget by \$467,421. This was the result of all revenue categories being receipted within or exceeding budgeted amounts with the exception of miscellaneous revenue.

The general fund actual expenditures were under budget by \$495,250. All expenditure categories were within or below budget with the exception of public works and parks and recreation.

## 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 \$1,637,013 from the prior year. This increase was the result of capital additions of \$2,339,289 less net disposals of \$81,871 and current year depreciation expense of \$620,405.

**Table 4**  
**Town of Madison, Maine**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2022</u>	<u>2021</u>
Land and non-depreciable assets	\$ 978,593	\$ 1,026,310
Buildings, building improvements and land improvements	713,300	739,239
Machinery, equipment and vehicles	847,036	827,731
Infrastructure	<u>10,073,947</u>	<u>8,382,583</u>
Total	<u>\$ 12,612,876</u>	<u>\$ 10,975,863</u>

### Debt

As of December 31, 2021, the Town's business-type activities had \$975,147 in a bond and a note from direct borrowings payable versus \$1,164,487 as of December 31, 2021. The Town's governmental activities had no long-term debt as of June 30, 2022. Refer to Note 7 of Notes to Financial Statements for more detailed information.

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

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

With \$120,000,000 in secured funding, GO-Lab of Belfast, Maine began renovations at the former Madison Paper Mill site to install equipment to start production of wood-fiber-based insulation products. Under the product name "TimberHP", GO-Lab has hired 25 people including several local Madison residents. Projections are to hire 45 additional workers as productions begins in the 2<sup>nd</sup> quarter of 2023.

The Town facilitated a grant from Northern Borders Regional Commission to purchase and install HVAC units on the site. As of June 30, 2022, approximately 60% of the \$1,000,000 grant funds had been spent.

Revenues to the Town continued to be strong with a surplus of \$230,000 in Maine Revenue Sharing and \$107,000 more than budgeted for vehicle excise tax. Those increases allowed the Select Board and Budget Advisory Committee to recommend \$400,000 brought forward from undesignated fund balance to offset the impact of the municipal budget on taxes. On June 13, 2022, residents at Annual Town Meeting approved the total spending budget of \$3,567,135.

The housing market continued a strong surge in central Maine causing nearly all municipalities to fall below the 90% sales ratio of sale price to valuation. In 2021 the Madison Board of Assessors approved an increase of 3% across the board to residential building prices. In 2022 however, higher increases were needed to keep pace with home sales. The Board approved 5% on land and buildings to raise the valuation. As a result, the tax rate for 2022 dropped from \$19.42 per thousand to \$18.99. On average, property owners saw an increase in their tax bills of \$25-\$100.

The Maine State Legislature approved LD290 "An Act to Stabilize Taxes for Residents 65 and Older". This new law allows property owners who have owned a homestead in Maine for at least 10 years to apply to have their future tax bill stabilized at the 2022 amount. The law allows for municipalities to be made whole through reimbursement from the State. It is anticipated that Madison will receive hundreds of applications, creating a significant need for tracking and submitting for reimbursement in 2023.

At Annual Town Meeting on June 13, 2022, voters authorized spending amounts from funds provided through the American Rescue Plan Act (ARPA). Of the approximately \$453,000 remaining ARPA funds the Town has on hand, residents authorized spending \$115,000 for Road Paving, \$50,000 for Fire Equipment, \$35,000 for Small Business Matching Grant Programs and \$60,000 for Town Property Renovations.

## **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, the Treasurer for the Town of Madison can be reached at P.O. Box 190, Madison, Maine 04950.

## TOWN OF MADISON, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,350,325	\$ 1,433,282	\$ 4,783,607
Investments	440,684	-	440,684
Accounts receivable (net of allowance for uncollectibles):			
Taxes	264,828	-	264,828
Liens	72,752	-	72,752
Other	88,779	909,029	997,808
Current portion of notes receivable	5,410	188,740	194,150
Accrued interest receivable	-	4,839	4,839
Prepaid items	-	58,899	58,899
Inventory	-	374,728	374,728
Total current assets	<u>4,222,778</u>	<u>2,969,517</u>	<u>7,192,295</u>
Noncurrent assets:			
Note receivable, less current portion	411,325	786,843	1,198,168
Capital assets:			
Land and other assets not being depreciated	976,169	-	976,169
Buildings and vehicles, net of accumulated depreciation	5,497,314	6,139,393	11,636,707
Total noncurrent assets	<u>6,884,808</u>	<u>6,926,236</u>	<u>13,811,044</u>
<b>TOTAL ASSETS</b>	<u>11,107,586</u>	<u>9,895,753</u>	<u>21,003,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	77,859	49,187	127,046
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>77,859</u>	<u>49,187</u>	<u>127,046</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 11,185,445</u>	<u>\$ 9,944,940</u>	<u>\$ 21,130,385</u>

## STATEMENT A (CONTINUED)

## TOWN OF MADISON, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 76,150	\$ 359,319	\$ 435,469
Other accrued payables	12,745	30,503	43,248
Customer deposits	-	16,250	16,250
Unearned revenue	-	194,000	194,000
Current portion of long-term obligations	7,597	185,365	192,962
Total current liabilities	<u>96,492</u>	<u>785,437</u>	<u>881,929</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bond payable, less current portion	-	710,000	710,000
Note from direct borrowings payable	-	79,782	79,782
Accrued compensated absences	53,178	114,864	168,042
Net OPEB liability	188,763	102,473	291,236
Total noncurrent liabilities	<u>241,941</u>	<u>1,007,119</u>	<u>1,249,060</u>
<b>TOTAL LIABILITIES</b>	<u>338,433</u>	<u>1,792,556</u>	<u>2,130,989</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	54,078	-	54,078
Deferred inflows related to OPEB	128,895	40,515	169,410
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>182,973</u>	<u>40,515</u>	<u>223,488</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,884,808	5,164,246	12,049,054
Restricted for: Special revenue funds - nonspendable	416,735	-	416,735
Permanent funds - nonspendable	28,046	-	28,046
Special revenue funds	877,840	-	877,840
Permanent funds	131,694	-	131,694
Unrestricted	2,324,916	2,947,623	5,272,539
<b>TOTAL NET POSITION</b>	<u>10,664,039</u>	<u>8,111,869</u>	<u>18,775,908</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 11,185,445</u>	<u>\$ 9,944,940</u>	<u>\$ 21,130,385</u>

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

## STATEMENT B

## TOWN OF MADISON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 627,198	\$ 45,129	\$ -	\$ -	\$ (582,069)	\$ -	\$ (582,069)
Public safety	667,146	1,274	-	-	(665,872)	-	(665,872)
Public works	1,305,253	48,190	63,676	-	(1,193,387)	-	(1,193,387)
Parks and recreation	91,504	10,874	-	-	(80,630)	-	(80,630)
Cemeteries	35,140	-	-	-	(35,140)	-	(35,140)
Community and social agencies	179,303	7,450	-	-	(171,853)	-	(171,853)
Education	4,646,679	-	-	-	(4,646,679)	-	(4,646,679)
County tax	776,046	-	-	-	(776,046)	-	(776,046)
Town property	26,889	-	-	-	(26,889)	-	(26,889)
Unclassified	1,921,150	-	-	-	(1,921,150)	-	(1,921,150)
Total governmental activities	<u>10,276,308</u>	<u>112,917</u>	<u>63,676</u>	<u>-</u>	<u>(10,099,715)</u>	<u>-</u>	<u>(10,099,715)</u>
Business-type activities:							
Madison electric works	4,768,517	4,589,515	-	-	-	(179,002)	(179,002)
Total business-type activities	<u>4,768,517</u>	<u>4,589,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,002)</u>	<u>(179,002)</u>
Total government	<u>\$ 15,044,825</u>	<u>\$ 4,702,432</u>	<u>\$ 63,676</u>	<u>\$ -</u>	<u>(10,099,715)</u>	<u>(179,002)</u>	<u>(10,278,717)</u>

## STATEMENT B (CONTINUED)

## TOWN OF MADISON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(10,099,715)</u>	<u>(179,002)</u>	<u>(10,278,717)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	6,814,547	-	6,814,547
Excise taxes	912,201	-	912,201
Grants and contributions not restricted to specific programs	3,147,358	-	3,147,358
Interest income	-	34,995	34,995
Miscellaneous	202,370	227,280	429,650
Total general revenues	<u>11,076,476</u>	<u>262,275</u>	<u>11,338,751</u>
Special and extraordinary items:			
Gain on insurance proceeds	-	42,577	42,577
Gain (loss) on disposal of capital assets	-	12,875	12,875
Contributions in aid of construction	-	25,819	25,819
Total special and extraordinary items	<u>-</u>	<u>81,271</u>	<u>81,271</u>
Change in net position	976,761	164,544	1,141,305
NET POSITION - JULY 1/JANUARY 1	<u>9,687,278</u>	<u>7,947,325</u>	<u>17,634,603</u>
NET POSITION - JUNE 30/DECEMBER 31	<u>\$ 10,664,039</u>	<u>\$ 8,111,869</u>	<u>\$ 18,775,908</u>

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

## TOWN OF MADISON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	NBRC Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,152,524	\$ -	\$ -	\$ 197,801	\$ 3,350,325
Investments	-	-	-	440,684	440,684
Accounts receivable (net of allowance for uncollectibles):					
Taxes	264,828	-	-	-	264,828
Liens	72,752	-	-	-	72,752
Notes	-	-	-	416,735	416,735
Other	88,779	-	-	-	88,779
Due from other funds	54,993	-	453,044	176,753	684,790
<b>TOTAL ASSETS</b>	<b>\$ 3,633,876</b>	<b>\$ -</b>	<b>\$ 453,044</b>	<b>\$ 1,231,973</b>	<b>\$ 5,318,893</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 76,150	\$ -	\$ -	\$ -	\$ 76,150
Accrued expenses	12,745	-	-	-	12,745
Due to other funds	629,797	-	-	54,993	684,790
<b>TOTAL LIABILITIES</b>	<b>718,692</b>	<b>-</b>	<b>-</b>	<b>54,993</b>	<b>773,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes	54,078	-	-	-	54,078
Deferred tax revenues	188,527	-	-	-	188,527
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>242,605</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242,605</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	444,781	444,781
Restricted	-	-	453,044	556,490	1,009,534
Committed	-	-	-	-	-
Assigned	421,653	-	-	176,753	598,406
Unassigned	2,250,926	-	-	(1,044)	2,249,882
<b>TOTAL FUND BALANCES</b>	<b>2,672,579</b>	<b>-</b>	<b>453,044</b>	<b>1,176,980</b>	<b>4,302,603</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,633,876</b>	<b>\$ -</b>	<b>\$ 453,044</b>	<b>\$ 1,231,973</b>	<b>\$ 5,318,893</b>

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

## TOWN OF MADISON, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 4,302,603
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	6,473,483
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	188,527
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	77,859
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(60,775)
Net OPEB liability	(188,763)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(128,895)
Net position of governmental activities	\$ 10,664,039

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

## TOWN OF MADISON, MAINE

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

	General Fund	NBRC Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ 6,805,383	\$ -	\$ -	\$ -	\$ 6,805,383
Excise taxes	912,201	-	-	-	912,201
Intergovernmental	1,880,054	842,468	488,512	-	3,211,034
Charges for services	112,917	-	-	-	112,917
Miscellaneous revenues	52,567	-	-	149,803	202,370
<b>TOTAL REVENUES</b>	<u>9,763,122</u>	<u>842,468</u>	<u>488,512</u>	<u>149,803</u>	<u>11,243,905</u>
<b>EXPENDITURES</b>					
Current:					
General government	599,086	-	-	-	599,086
Public safety	625,599	-	-	-	625,599
Public works	1,252,859	-	-	-	1,252,859
Parks and recreation	90,844	-	-	-	90,844
Cemeteries	35,140	-	-	-	35,140
Community and social agencies	179,303	-	-	-	179,303
Education	4,646,679	-	-	-	4,646,679
County tax	776,046	-	-	-	776,046
Town property	26,889	-	-	-	26,889
Unclassified	1,805	842,468	35,468	1,041,409	1,921,150
Capital outlay	356,844	-	-	-	356,844
<b>TOTAL EXPENDITURES</b>	<u>8,591,094</u>	<u>842,468</u>	<u>35,468</u>	<u>1,041,409</u>	<u>10,510,439</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,172,028</u>	<u>-</u>	<u>453,044</u>	<u>(891,606)</u>	<u>733,466</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	152,000	-	-	961,054	1,113,054
Transfers (out)	(961,054)	-	-	(152,000)	(1,113,054)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(809,054)</u>	<u>-</u>	<u>-</u>	<u>809,054</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	362,974	-	453,044	(82,552)	733,466
<b>FUND BALANCES - JULY 1</b>	<u>2,309,605</u>	<u>-</u>	<u>-</u>	<u>1,259,532</u>	<u>3,569,137</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 2,672,579</u>	<u>\$ -</u>	<u>\$ 453,044</u>	<u>\$ 1,176,980</u>	<u>\$ 4,302,603</u>

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

## TOWN OF MADISON, 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>\$ 733,466</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	587,870
Capital asset net disposals	(34,154)
Depreciation expense	<u>(315,870)</u>
	<u>237,846</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	<u>(26,794)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>9,164</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	<u>(42,693)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	10,143
Net OPEB liability	<u>55,629</u>
	<u>65,772</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 976,761</u></u>

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

## TOWN OF MADISON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2021

	<u>Enterprise Fund</u> <u>Madison</u> <u>Electric Works</u>
ASSET	
Current assets:	
Cash and cash equivalents	\$ 1,433,282
Accounts receivable, net of allowance for doubtful accounts	909,029
Accrued interest receivable	4,839
Note receivable, current portion	188,740
Prepaid items	58,899
Inventory	374,728
Total current assets	<u>2,969,517</u>
Noncurrent assets:	
Note receivable, less current portion	786,843
Property, plant and equipment, net of accumulated depreciation	6,139,393
Total noncurrent assets	<u>6,926,236</u>
TOTAL ASSETS	<u>9,895,753</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	49,187
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>49,187</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,944,940</u>

STATEMENT G (CONTINUED)  
TOWN OF MADISON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2021

	Enterprise Fund
	Madison
	Electric Works
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 359,319
Other current and accrued liabilities	30,503
Customer deposits	16,250
Unearned revenue	194,000
Bond payable, current portion	150,000
Note from direct borrowings payable, current portion	35,365
Total current liabilities	785,437
Noncurrent liabilities:	
Bond payable, less current portion	710,000
Note from direct borrowings payable, less current portion	79,782
Net OPEB liability	114,864
Accrued compensated absences	102,473
Total Noncurrent Liabilities	1,007,119
<b>TOTAL LIABILITIES</b>	<b>1,792,556</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to OPEB	40,515
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>40,515</b>
<b>NET POSITION</b>	
Net investment in capital assets	5,164,246
Unrestricted	2,947,623
<b>TOTAL NET POSITION</b>	<b>8,111,869</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 9,944,940</b>

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

## TOWN OF MADISON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Enterprise Fund</u> <u>Madison</u> <u>Electric Works</u>
OPERATING REVENUES	
Charges for services	\$ 4,589,515
TOTAL OPERATING REVENUES	<u>4,589,515</u>
OPERATING EXPENSES	
Operations and maintenance	4,430,397
Depreciation	304,535
TOTAL OPERATING EXPENSES	<u>4,734,932</u>
OPERATING INCOME (LOSS)	<u>(145,417)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	34,995
Interest expense	(33,585)
Grant proceeds	227,280
Gain on insurance proceeds	42,577
Gain (loss) on disposal of capital assets	12,875
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>284,142</u>
INCREASE (DECREASE) IN NET POSITION	138,725
Contributions in aid of construction	<u>25,819</u>
CHANGE IN NET POSITION	164,544
NET POSITION - JANUARY 1	<u>7,947,325</u>
NET POSITION - DECEMBER 31	<u>\$ 8,111,869</u>

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

## TOWN OF MADISON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Enterprise Fund</u> <u>Madison</u> <u>Electric Works</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 5,384,217
Other receipts (payments)	203,525
Payments to employees	(1,301,767)
Payments to suppliers	<u>(2,924,588)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,361,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income, net of unrealized gains/(losses)	<u>38,278</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>38,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(1,703,702)
Proceeds from sale of capital assets	12,875
Insurance proceeds	42,577
Grant proceeds	227,280
Contributions in aid of construction received	6,027
Interest paid on bond	(34,785)
Principal paid on bond	(155,000)
Principal paid on note from direct borrowing	(34,340)
Payments received on note receivable	<u>178,021</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,461,047)</u>
NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS)	(61,382)
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>1,494,664</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 1,433,282</u>

## TOWN OF MADISON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Enterprise Fund</u> <u>Madison</u> <u>Electric Works</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (145,417)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	304,535
Change in allowance for doubtful accounts	15,000
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	983,227
(Increase) decrease in inventory	17,078
(Increase) decrease in prepaid items	(5,429)
(Increase) decrease in deferred outflows related to OPEB	4,829
Increase (decrease) in accounts payable	(18,315)
Increase (decrease) in other current and accrued liabilities	1,915
Increase (decrease) in customer deposits	(2,031)
Increase (decrease) in unearned revenue	194,000
Increase (decrease) in accrued paid leave	5,491
Increase (decrease) in net OPEB liability	14,992
Increase (decrease) in deferred inflows related to OPEB	(8,488)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,361,387</u>

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Madison was incorporated under the laws of the State of Maine. The Town operates under the selectboard-manager form of government and provides the following services: general government, public safety, public works, parks and recreation, cemeteries, community and social agencies, education, town property and unclassified.

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).

The Town's combined financial statements include all accounts and all operations of the Town. Madison Electric Works (MEW), a department of the Town reported in the business-type activities, was created by a legislative act of the State of Maine for the purpose of performing all duties of the Town of Madison in connection with the management and operation of the service area's electric works. MEW services parts of the towns of Madison, Anson, Norridgewock and Starks. Operations of MEW are financed through usage fees charged to customers. Debt issued for MEW is backed by the full faith and credit of the Town. Financing costs for MEW debt are provided through user charges. The MEW has a fiscal year end of December 31st and the last separate financial statements were as of and for the year ended December 31, 2021. The amounts included in the Town's 2022 financial statements for MEW are as of and for the year ended December 31, 2021. Separately issued financial statements of MEW can be obtained by contacting the Electric Works' Superintendent at 6 Business Park Drive, Madison, ME.

**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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Government-Wide and Fund Financial Statements**

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town’s functions and business-type activities (general government, public

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

1. Governmental Funds:

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

**Major Funds:**

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. The ARPA Fund is used to account for the proceeds of federal revenue sources that are legally restricted to expenditures for specified purposes.

Nonmajor Funds:

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

2. Proprietary Funds:

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

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

The emphasis in fund financial statements is on the major funds in the governmental activities' category. 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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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 inhabitants of the Town 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 inhabitants of the Town.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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. 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 and credit unions
- Repurchase agreements
- Money market mutual funds

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

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. 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. For the Town's governmental activities, the allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. The Town's governmental activities accounts receivable netted with allowances for uncollectible accounts were \$88,779 for the year ended June 30, 2022. The Town's governmental activities notes receivable netted with allowances for uncollectible accounts were \$416,735 for the year ended June 30, 2022. For the Town's business-type activities, the allowance for uncollectible accounts is estimated to be \$180,000 as of December 31, 2021. The Town's business-type activities accounts receivable netted with allowances for uncollectible accounts were \$909,029 for the year ended December 31, 2021. The Town's business-type activities notes receivable netted with allowances for uncollectible accounts were \$975,583 for the year ended December 31, 2021.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The proprietary fund inventory consists of parts on hand at the end of the year.

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

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

**Capital Assets**

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

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimated useful lives are as follows:

Buildings	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 depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of a bond payable, a note from direct borrowing 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.

**OPEB**

For purposes of measuring the net 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), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

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 is given annually by vote of the taxpayers and is expressed by the Selectboard.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 currently has one type of item, deferred outflows related to OPEB. This item is reported in the statements 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 also qualify for reporting in this category. This item is 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. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

The Town's property tax for the current year was levied on August 6, 2021 at 19.42 mils on the assessed value listed as of April 1, 2021, for all real and personal

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

property located in the Town. Taxes were due in two installments on September 15, 2021 and March 15, 2022. Interest on unpaid taxes commenced on September 16, 2021 and March 16, 2022, at 6% per annum.

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

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 \$17,172 for the year ended June 30, 2022.

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

**Program Revenues**

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

**Operating/Nonoperating Proprietary Fund Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets,

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider 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 governmental activities cash and cash equivalents balance of \$4,783,607 was comprised of bank deposits and cash equivalents amounting to \$3,936,297. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$321,259 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$3,606,291 was collateralized with securities held by the financial institution in the Town's name. The remaining deposits of \$8,747 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 262,712
Savings accounts	309
ICS accounts	38,920
Repurchase agreements	3,606,291
Cash and cash equivalents	28,065
	<u>\$ 3,936,297</u>

At December 31, 2021, the Town's business-type activities cash balance amounting to \$1,433,282 were comprised of bank deposits of \$1,577,343. Bank

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these bank deposits, \$501,910 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining deposits of \$1,075,433 were uncollateralized and uninsured.

**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.

Interest rate risk - 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's investment balances amounting to \$440,684 were comprised of mutual funds, real estate investment trusts and equities and options. All of the Town's investments were fully covered by the Securities Investor Protection Corporation (SIPC).

Investment Type	Fair Value	Maturity		
		N/A	<1 Year	1 - 5 Years
Equity Securities:				
Mutual funds	\$ 314,676	\$ 314,676	\$ -	\$ -
Equities and options	126,008	126,008	-	-
	<u>\$ 440,684</u>	<u>\$ 440,684</u>	<u>\$ -</u>	<u>\$ -</u>

**Fair Value Hierarchy:**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2022:

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2022 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - domestic and foreign	\$ 314,676	\$ 314,676	\$ -	\$ -
Equities and options	126,008	126,008	-	-
Total equity securities	<u>440,684</u>	<u>440,684</u>	-	-
Total investments by fair value level	440,684	<u>\$ 440,684</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	28,065			
Total cash equivalents measured at the NAV	<u>28,065</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 468,749</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level II or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2022 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 54,993	\$ 629,797
ARPA Fund	453,044	-
Nonmajor Special Revenue Funds	176,753	54,993
	<u>\$ 684,790</u>	<u>\$ 684,790</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 961,054	\$ 152,000
Nonmajor Special Revenue Funds	152,000	961,054
	<u>\$ 1,113,054</u>	<u>\$ 1,113,054</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations. Significant transfers that occurred were between the General Fund and the Backyard Farms Capture and Retain TIF and Backyard Farms Capture and Return TIF.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/21	Additions	Disposals	Balance, 6/30/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 976,169	\$ -	\$ -	\$ 976,169
	<u>976,169</u>	<u>-</u>	<u>-</u>	<u>976,169</u>
Depreciated assets:				
Buildings and improvements	1,007,179	29,729	(109,200)	927,708
Land improvements	284,601	-	-	284,601
Vehicles and equipment	2,506,254	144,180	(177,455)	2,472,979
Infrastructure	7,687,713	413,961	-	8,101,674
	<u>11,485,747</u>	<u>587,870</u>	<u>(286,655)</u>	<u>11,786,962</u>
Less: accumulated depreciation	(6,226,279)	(315,870)	252,501	(6,289,648)
	<u>5,259,468</u>	<u>272,000</u>	<u>(34,154)</u>	<u>5,497,314</u>
Net governmental capital assets	<u>\$ 6,235,637</u>	<u>\$ 272,000</u>	<u>\$ (34,154)</u>	<u>\$ 6,473,483</u>
	Balance, 1/1/21	Additions	Disposals	Balance, 12/31/21
<u>Business-type activities</u>				
Non-depreciated assets:				
Intangibles	\$ 2,424	\$ -	\$ -	\$ 2,424
Construction in progress	47,717	-	(47,717)	-
	<u>50,141</u>	<u>-</u>	<u>(47,717)</u>	<u>2,424</u>
Depreciated assets:				
Production plant	975,693	-	-	975,693
Transmission property	2,571,173	-	-	2,571,173
Distribution property	5,363,177	1,701,377	-	7,064,554
General property	1,454,606	50,042	(40,390)	1,464,258
	<u>10,364,649</u>	<u>1,751,419</u>	<u>(40,390)</u>	<u>12,075,678</u>
Less: accumulated depreciation	(5,674,564)	(304,535)	40,390	(5,938,709)
	<u>4,690,085</u>	<u>1,446,884</u>	<u>-</u>	<u>6,136,969</u>
Net business-type capital assets	<u>\$ 4,740,226</u>	<u>\$ 1,446,884</u>	<u>\$ (47,717)</u>	<u>\$ 6,139,393</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation:</u>	
General government	\$ 24,397
Public safety	41,547
Public works	249,266
Recreation	660
Subtotal governmental	<u>315,870</u>
Madison Electric Works	<u>304,535</u>
Subtotal business-type	<u>304,535</u>
Total depreciation expense	<u><u>\$ 620,405</u></u>

NOTE 6 - NOTES RECEIVABLE

Amounts recorded as loans receivable represent notes made under an economic development program to local businesses. Management has determined that no allowance for loan losses is necessary at June 30, 2022. Bad debt expense for the year ended June 30, 2022 was \$0. The portion of the notes receivable balance expected to be collected beyond a period of one year is reported in the fund financial statements as nonspendable because those resources are unavailable for use in the near term.

In 2006 the Electric Works expended funds for the infrastructure costs associated with supplying power to Backyard Farms LLC's greenhouse. Under an agreement, signed March 12, 2007, Backyard Farms agreed to reimburse the Electric Works \$3,000,000 for these costs and make monthly payments of \$19,289 including interest (which corresponds with the interest for the long-term debt at Note F) through June 2026. During the year ended December 31, 2016, the Electric Works refinanced the associated long-term debt. Over the remaining bond term, this will result in a reduction of interest costs of approximately \$180,000. This savings will be passed on to Backyard Farms LLC resulting in reduced payments, which began in May 2017. Monthly payments are \$17,914.

Since the underlying assets constructed will remain property of the Electric Works, \$3,000,000 was recognized as contributions in aid of construction in the statement of revenues, expenses and changes in net position in 2006.

Amounts outstanding on the note receivable at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Notes receivable from Backyard Farms, LLC	\$ 975,583	\$ 1,153,604
Less current portion	<u>(188,740)</u>	<u>(179,668)</u>
Note receivable, less current portion	<u><u>\$ 786,843</u></u>	<u><u>\$ 973,936</u></u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt for Madison Electric Works for the year ended December 31, 2021:

	Balance, 1/1/21	Additions	Deletions	Balance, 12/31/21	Current Portion
<i><u>Business-type activities:</u></i>					
Bond payable	\$ 1,015,000	\$ -	\$ (155,000)	\$ 860,000	\$ 150,000
Note from direct borrowings payable	149,487	-	(34,340)	115,147	(35,365)
	<u>\$ 1,164,487</u>	<u>\$ -</u>	<u>\$ (189,340)</u>	<u>\$ 975,147</u>	<u>\$ 114,635</u>

The following is a summary of the outstanding bond payable and note from direct borrowings payable:

Bond payable

*Business-type activities:*

2016 General Obligation Refunding Bond through Cede and Company in the original amount of \$1,650,000, due 2027, annual principal payments ranging between \$135,000 and \$170,000 and semi-annual interest payments at fixed rates ranging from 2.265% to 5.000%.

\$ 860,000

Total business-type bond payable

\$ 860,000

Note from direct borrowings payable:

\$177,844, capital lease with Wells Fargo Equipment Finance, Inc. for a truck due in monthly payments of \$3,191 for 60 months with maturity in February 2025. Interest is charged at a fixed rate of 2.940% per annum.

\$ 115,147

Total note from direct borrowings payable

\$ 115,147

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bond and note from direct borrowings principal and interest requirements for the following fiscal years ending December 31:

	Business-type Activities				Total Debt Service
	Bond		Note from direct borrowing		
	Principal	Interest	Principal	Interest	
2022	\$ 150,000	\$ 26,250	\$ 35,365	\$ 2,927	\$ 214,542
2023	150,000	21,750	36,419	1,873	210,042
2024	145,000	17,325	37,505	787	200,617
2025	140,000	13,050	5,858	25	158,933
2026	140,000	8,850	-	-	148,850
2027-2031	135,000	3,375	-	-	138,375
	<u>\$ 860,000</u>	<u>\$ 90,600</u>	<u>\$ 115,147</u>	<u>\$ 5,612</u>	<u>\$ 1,071,359</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended December 31, 2021 was \$33,585 for business-type activities.

All bonds payable and notes from direct borrowings 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 for the Town's governmental activities is payable from taxes levied on all taxable property within the Town, while all debt for the Town's business-type activities is payable from charges for services levied on the customers of the Electric Works.

NOTE 8 - LONG-TERM OBLIGATIONS

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

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
<i><u>Governmental activities:</u></i>					
Accrued compensated absences	\$ 70,918	\$ -	\$ (10,143)	\$ 60,775	\$ 7,597
Net OPEB liability	244,392	15,248	(70,877)	188,763	-
	<u>\$ 315,310</u>	<u>\$ 15,248</u>	<u>\$ (81,020)</u>	<u>\$ 249,538</u>	<u>\$ 7,597</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 8 - LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of changes in the long-term obligations for business-type activities for the year ended December 31, 2021:

	Balance, 1/1/21	Additions	Deletions	Balance, 12/31/21	Current Portion
<i><u>Business-type activities:</u></i>					
Accrued compensated absences	\$ 96,982	\$ 5,491	\$ -	\$ 102,473	\$ 12,809
Net OPEB liability	99,872	14,992	-	114,864	-
	<u>\$ 196,854</u>	<u>\$ 20,483</u>	<u>\$ -</u>	<u>\$ 217,337</u>	<u>\$ 12,809</u>

Please see Notes 9, 19 and 20 for more detailed information on each of these long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences are recorded as long-term debt 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 governmental activities liability for compensated absences is \$60,775. As of December 31, 2021, the Town's business-type activities liability for compensated absences is \$102,473.

NOTE 10 - RESTRICTED NET POSITION

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

ARPA Fund	\$ 453,044
Nonmajor Special Revenue Funds (Schedule E)	
Revolving Loan Fund - Nonspendable	416,735
Public Library Expendable Trust Fund	66,610
Dorothy Brown Expendable Trust Fund	57,133
Woodland Capture and Retain TIF	38,903
Woodland Capture and Return TIF	17
Backyard Farms Capture and Retain TIF	72,593
Backyard Farms Capture and Return TIF	309
Cemetery Lot Sales Fund	80,651
Revaluation Reserve	108,580

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION (CONTINUED)

Nonmajor Permanent Funds (Schedule G)	
Perpetual Care - Nonspendable Principal	23,046
Jacobs Scholarship - Nonspendable Principal	5,000
Perpetual Care	128,051
Jacobs Scholarship	3,643
	<u>\$ 1,454,315</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	\$ 416,735
Nonmajor Permanent Funds (Schedule G)	28,046
	<u>\$ 444,781</u>

NOTE 12 - RESTRICTED FUND BALANCES

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

ARPA Fund	\$ 453,044
Nonmajor Special Revenue Funds (Schedule E)	424,796
Nonmajor Permanent Funds (Schedule G)	131,694
	<u>\$ 1,009,534</u>

NOTE 13 - ASSIGNED FUND BALANCES

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

General Fund	
General Government	\$ 25,000
Public Safety	11,300
Public Works	49,500
Library	6,500
Capital Equipment	329,353
Nonmajor Special Revenue Funds (Schedule E)	
Legal Expense	10,069
Lifelong Community Fellows	550
Anson Days	10,233
Families in Need	265

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 13 - ASSIGNED FUND BALANCES (CONTINUED)

Age Friendly Community	678
Christmas Parade Committee	3,042
Police Contract Reimbursement	15,614
Playground/Parking Main Street	8,901
Fire Equipment EMA	540
Fortin Playground	7,782
Equipment	41,583
Recreation Participation	7,173
Summer Recreation	7,808
Recreation	585
Foreclosure Sales	14,493
Library Equipment	10,632
Cemetery E Madison Dam	2,200
Revolving Loan Fund	34,605
	<u>\$ 598,406</u>

NOTE 14 - DEFICIT FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	
FH Interest Maintenance	<u>\$ 1,044</u>

NOTE 15 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2022, the Town's share of school and county debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Somerset	\$ 10,040,000	6.03%	\$ 605,412
MSAD No. 59	1,961,667	100.00%	1,961,667
			<u>\$ 2,567,079</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - ECONOMIC DEPENDENCY

A single taxpayer, Eagle Creek Renewable Energy, is assessed \$590,183 or approximately 8.72% of the Town of Madison's current year tax commitment. Central Maine Power pays a total of \$408,980 or approximately 6.03% of the Town's total tax commitment.

Technically, Backyard Farms has the highest total assessed value in the community with a combined real and personal property valuation of \$49,283,060 with nearly all of that tax burden reduced through the State's Business Equipment Tax Exemption (BETE) program and an approved Credit Enhancement Agreement (CEA) with the Town through a Tax Increment Financing (TIF) District. The terms of that CEA are set to expire in 2026.

NOTE 17 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS

**Tax Increment Financing District**

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

**Backyard Farms Municipal Development and Tax Increment Financing District**

On March 30, 2006, the Madison Selectboard, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The original District, known as the "Backyard Farms Tract," is comprised of 160 acres with an original assessed value of \$349,840. This agreement was amended in February of 2008 to adjust the District boundaries and to add 85 acres of town-owned public roads. This area is known as "Town Tract 1." In November of 2013 a second amendment request was approved to further adjust the District boundaries and add an additional 94.46 acres with an original assessed value of \$6,817,100. This area is known as "Town Tract 2." The potential projects that will be implemented under this Development Program include: the development of up to 8 multi-acre greenhouses, a cogeneration facility and other ancillary improvements, along with the related machinery and equipment, reconstruction and maintenance of roads, sidewalks and infrastructure, construction of a centrally located public safety building, creation of a local transfer station, economic development planning and administrative expenses associated with

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS  
(CONTINUED)

the development effort. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$31,641,914 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$14,849,791. The Development Program provides for 100% of the increase in assessed value of the Backyard Farms Tract to be captured and designated as captured assessed value for 30 years, starting with the Town's 2007-2008 fiscal year. The Town will not capture any of the increased assessed value of Town Tract 1 or Town Tract 2. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A).

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period of 15 or 20 years or the remainder of the term of the District designation, whichever is less. The actual term will depend on a combination of Company investment in the Backyard Farms Tract of the District and the number of full-time employees (Less than \$60 million invested and less than 170 full-time employees - lesser of 15 years or the remainder of the District term. \$60 million or more invested and 170 or more full-time employees - lesser of 20 years or the remainder of the District term). The percentage of TIF revenues to be paid to the Company varies from 70% to 75%, depending on the number of full-time employees hired and retained by the Company (Less than 350 full-time employees - 70% returned to the Company and 30% retained by the Town. 350 or more full-time employees - 75% returned to the Company and 25% retained by the Town). If the value of the taxable property within the original District drops below \$8 million, the Company will not receive any TIF revenues. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Selectboard shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the Madison voters.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS  
(CONTINUED)

Woodlands Senior Living of Madison Municipal Development and Tax Increment Financing District

On July 8, 2020, the Madison Selectboard, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The original District, known as the "Woodlands Tract," is comprised of 7.11 acres with an original assessed value of \$27,400. The project that resulted in this Development Program is the first purpose-built ground-up memory care facility in the Madison area.

Completed in May of 2021, the 20,000 square foot community accommodates 42 residents and employs 32 full time people. The overall value of the facility is \$5.2M which includes a captured value of over \$5M in the Woodlands TIF District. 100% of the Woodlands Tract value will be captured assessed value for 15 years, through 2035.

The allocation of tax increment revenues, through a credit enhancement agreement, are paid to owners/developers of the Woodlands property throughout the 15-year period of the agreement. The Town of Madison will retain 15% of real estate property tax revenues and will return 85% to Woodlands.

**Abatements**

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has two tax abatement agreements, the Backyard Farms Municipal Development and Tax Increment Financing District and the Woodlands Senior Living of Madison Municipal Development and Tax Increment Financing District, which are summarized below:

*Backyard Farms Municipal Development and Tax Increment Financing District*

In March of 2006, the Town of Madison entered into a credit enhancement agreement with Backyard Farms, LLC for the development of the Backyard Farms greenhouse facility. The agreement is effective for 20 years. 70% of the property taxes to be generated on the improvements within the District will be returned to the developer and 30% will be retained by the Town and used to fund the development plan of the District. If certain hiring thresholds are achieved by Backyard Farms at any point during the 20 year period, the percentage of tax increment revenues captured and returned to Backyard Farms, LLC would increase from 70% to 75%. As such, the percentage of tax increment revenues captured and retained by the Town would decrease from 30% to 25%.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17 - TAX INCREMENT FINANCING DISTRICT AND ABATEMENTS  
(CONTINUED)

Woodlands Senior Living of Madison Municipal Development and Tax Increment Financing District

In July of 2020, the Town of Madison entered into a credit enhancement agreement with Woodlands Senior Living of Madison, LLC for the development of the Woodlands memory care facility. The agreement is effective for 15 years. 85% of the property taxes to be generated on the improvements within the District will be returned to the developer and 15% will be retained by the Town and used to fund the development plan of the District.

For the fiscal year ended June 30, 2022, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Backyard Farms Municipal Development and Tax Increment Financing District	70%	\$ 387,699
Woodlands Senior Living of Madison Municipal Development and Tax Increment Financing District	85%	\$ 86,705

The total amount of captured tax increment revenues for this TIF District was \$997,590. The amount of captured tax increment revenues returned to Backyard Farms LLC was \$387,699, representing 70% of the total captured tax increment revenues. The remaining 30% (\$166,157) was retained by the Town for economic development and infrastructure initiatives. In addition, the BETE reimbursement from the State (\$305,193) related to the property added in this TIF district is also captured and retained for the noted designated purpose for a total of \$471,350. The amount of captured tax increment revenues returned to Woodlands Senior Living of Madison LLC was \$86,705, representing 85% of the total captured tax increment revenues. The remaining 15% (\$15,301) was retained by the Town for economic development and infrastructure initiatives.

NOTE 18 - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by MissionSquare Retirement.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

The plan, available to all full-time and permanent part-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable 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 solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

The Town's deferred compensation plan contribution for the employees for the year ended June 30, 2022, was approximately \$37,527 which was expensed to the general fund. The amount withheld from the Town's employees' as deferred compensation which was contributed to the plan was approximately \$54,862 which was charged to the general fund as wages. In addition, Madison Electric Works is allowed to participate in the plan. The amount contributed to the plan from Madison Electric Works (both employee and employer portions) was approximately \$96,000 for the year ended June 30, 2022, which was reimbursed in full by the Electric Works.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. 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 criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

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

Active members	16
Retirees and spouses	<u>0</u>
Total	<u><u>16</u></u>

**Contributions**

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

**Retiree Premium Amounts**

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,140.92	\$2,559.25
PPO 2500	\$882.84	\$1,980.35
<u>Medicare</u>		
Medicare-Eligible Retirees	\$600.50	\$1,201.00

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

**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 \$188,763 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$13,858. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,524	\$ 110,044
Changes of assumptions	48,464	18,851
Contributions subsequent to the measurement date	871	-
Total	<u>\$ 77,859</u>	<u>\$ 128,895</u>

\$871 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:

	<u>MMEHT</u>
Plan year ended June 30:	
2022	\$ (519)
2023	(516)
2024	(18,600)
2025	(14,506)
2026	(7,639)
Thereafter	(10,127)

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

**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:

	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 221,507	\$ 188,763	\$ 161,864
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 221,507</u>	<u>\$ 188,763</u>	<u>\$ 161,864</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	\$ 159,405	\$ 188,763	\$ 225,595
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 159,405</u>	<u>\$ 188,763</u>	<u>\$ 225,595</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

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

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 year end 2021 reporting.

Trend Assumptions:

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2029+	1.10%
Extra Trend due to Taste/Technology 2029+	1.00%
Expected Health Share of GDP 2029	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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

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

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

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain 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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality:

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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

Retiree Continuation Percentage:

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

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

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

**Changes in Net OPEB Liability**

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

*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 (\$81,520).

*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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - TOWN  
(CONTINUED)

*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 P.O. Box 190, Madison, Maine 04950.

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

**Plan Description**

The Electric Works and Electric Works retirees contribute to the Electric Works' OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Electric Works and/or the Electric Works 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 Electric Works 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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

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

**Employees Covered by Benefit Terms**

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

Active members	7
Retirees and spouses	<u>2</u>
Total	<u><u>9</u></u>

**Contributions**

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

**Retiree Premium Amounts**

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,140.92	\$2,559.25
PPO 2500	\$882.84	\$1,980.35
<b><u>Medicare</u></b>		
Medicare-Eligible Retirees	\$600.50	\$1,201.00

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

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

At December 31, 2021, the Electric Works reported a liability of \$114,864 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Electric Works' 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 December 31, 2021, the Electric Works recognized OPEB expense of \$8,707. At December 31, 2021, the Electric Works reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,109	\$ 32,824
Changes of assumptions	29,078	7,691
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 49,187</u>	<u>\$ 40,515</u>

\$0 were reported as deferred outflows of resources related to OPEB resulting from Electric Works contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT	
Plan year ended December 31:		
2021	\$	4,515
2022		4,515
2023		4,516
2024		(3,983)
2025		(2,059)
Thereafter		1,168

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

**Discount Rate**

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

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 137,004	\$ 114,864	\$ 97,086
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 137,004</u>	<u>\$ 114,864</u>	<u>\$ 97,086</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	\$ 96,057	\$ 114,864	\$ 138,530
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 96,057</u>	<u>\$ 114,864</u>	<u>\$ 138,530</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2020. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

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

*Assumptions*

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

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

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

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2021\_b was used for this valuation. The following assumptions were input into this model:

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

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

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

Deductibles, co-payments and out of pocket maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

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

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2021. These rates were taken from the assumptions for

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

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

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

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

**Changes in Net OPEB Liability**

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

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2021 was (\$12,715).

*Changes in Assumptions*

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - MADISON  
ELECTRIC WORKS (CONTINUED)

*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 Madison Electric Works' office at 6 Business Park Drive, Madison, Maine.

NOTE 21 - RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of loss of assets are the general categories of risk for which the Town carries commercial insurance. Specific insurance related to these categories includes general, police and public officials' liability coverage, workers compensation and automobile insurance. The Town is liable for deductibles ranging up to \$1,000 for settlements exceeding the limits of coverage, which range from \$50,000 to \$3,000,000.

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 the amounts of settlements have not exceeded insurance coverage for each of the past three years.

NOTE 22 - CONTINGENCIES

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 23 - COMMITMENTS

The Town of Madison, Maine has entered into a contract with Robert Bishop for landscaping services. The contract begins January 1, 2020 and expires December 31, 2022, payment not to exceed \$11,200 per year.

The Town of Madison, Maine has entered into a contract with York's Lawn Care November 20, 2019 for landscaping services in the Forest Hill Cemetery. The contract begins January 1, 2020 and expires December 31, 2022, at \$18,000 per year, increasing \$250 per subsequent year.

The Town of Madison, Maine has entered into a contract agreement with Boyton's Landscaping November 21, 2019 for landscaping services. The contract begins January 1, 2020 and expires December 31, 2022, payment not to exceed \$8,000 per year.

Future annual contract costs for each of these services is as follows:

<b>Fiscal Years Ending June 30,</b>	<b>Robert Bishop</b>	<b>York's Lawn Care</b>	<b>Boyton's Landscaping</b>
2023	\$ 5,600	\$ 9,250	\$ 4,000

All future contract amounts are subject to annual appropriation by the Town of Madison.

The Electric Works has a power supply contract with NextEra Energy Power Marketing, LLC, the Electric Works' standard offer electricity provider. The contract term is through December 31, 2028 and is cancelable under certain conditions as set in the contract. Under the contract, the fees change from year to year. The contract price for 2021 was \$51.24 per MWh, plus additional fees related to the Renewable Energy Credit Fee (REC) component of full requirements service. Under this contract, annual purchases for the years ended December 31, 2021 and 2020 were \$1,842,112 and \$2,691,689, respectively.

The Electric Works has a power supply contract with IGS Solar, LLC where the Electric Works began purchasing all electricity generated by IGS Solar, LLC's solar farm, in January 2017. Under this contract, annual purchases for the years ended December 31, 2021 and 2020 were \$530,905 and \$332,201, respectively. The land on which the solar farm is run is owned by the Electric Works and will be rented to IGS Solar, LLC for \$1 per year for twenty-five years.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 24 - COMPARATIVE DATA/RECLASSIFICATIONS

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

## 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
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF MADISON, 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	\$ 2,309,605	\$ 2,309,605	\$ 2,309,605	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	6,680,962	6,680,962	6,805,383	124,421
Excise taxes	805,000	805,000	912,201	107,201
Intergovernmental revenues:				
State revenue sharing	829,000	829,000	1,059,056	230,056
Homestead exemption	361,846	361,846	361,846	-
Local road assistance	63,676	63,676	63,676	-
BETE reimbursement	357,393	357,393	357,475	82
Other	27,000	27,000	38,001	11,001
Charges for services	109,400	109,400	112,917	3,517
Interest income	2,500	2,500	4,527	2,027
Miscellaneous revenues	58,924	58,924	48,040	(10,884)
Transfers from other funds	152,000	152,000	152,000	-
Amounts Available for Appropriation	<u>11,757,306</u>	<u>11,757,306</u>	<u>12,224,727</u>	<u>467,421</u>
Charges to Appropriations (Outflows):				
General government	657,975	668,975	599,086	69,889
Public safety	637,980	647,480	625,599	21,881
Public works	1,233,600	1,293,600	1,252,859	40,741
Parks and recreation	78,000	91,000	90,844	156
Cemeteries	35,395	35,395	35,140	255
Community and social agencies	186,900	196,900	179,303	17,597
Education	4,646,679	4,646,679	4,646,679	-
County tax	776,046	776,046	776,046	-
Town property	26,900	26,900	26,889	11
Unclassified	17,172	17,172	1,805	15,367
Capital outlay	590,000	686,197	356,844	329,353
Transfers to other funds	961,054	961,054	961,054	-
Total Charges to Appropriations	<u>9,847,701</u>	<u>10,047,398</u>	<u>9,552,148</u>	<u>495,250</u>
Budgetary Fund Balance, June 30	<u>\$ 1,909,605</u>	<u>\$ 1,709,908</u>	<u>\$ 2,672,579</u>	<u>\$ (27,829)</u>
Utilization of assigned fund balance	\$ -	\$ 199,697	\$ -	\$ (199,697)
Utilization of unassigned fund balance	400,000	400,000	-	(400,000)
	<u>\$ 400,000</u>	<u>\$ 599,697</u>	<u>\$ -</u>	<u>\$ (599,697)</u>

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

## TOWN OF MADISON, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 244,392	\$ -	\$ 244,392
Changes for the year:			
Service cost	9,858	-	9,858
Interest	5,390	-	5,390
Changes of benefits	-	-	-
Differences between expected and actual experience	(63,203)	-	(63,203)
Changes of assumptions	(7,674)	-	(7,674)
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>(55,629)</u>	<u>-</u>	<u>(55,629)</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 188,763</u>	<u>\$ -</u>	<u>\$ 188,763</u>

SCHEDULE 2 (CONTINUED)

TOWN OF MADISON, MAINE - ELECTRIC WORKS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 99,872	\$ -	\$ 99,872
Changes for the year:			
Service cost	3,973	-	3,973
Interest	2,845	-	2,845
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	8,174	-	8,174
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>14,992</u>	<u>-</u>	<u>14,992</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 114,864</u>	<u>\$ -</u>	<u>\$ 114,864</u>

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

## TOWN OF MADISON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\*

	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 9,858	\$ 8,454	\$ 4,997	\$ 5,737	\$ 4,873
Interest (includes interest on service cost)	5,390	6,054	10,477	9,374	5,173
Changes of benefit terms	-	-	(4,070)	-	-
Differences between expected and actual experience	(63,203)	-	(97,774)	-	99,829
Changes of assumptions	(7,674)	17,390	49,701	(28,637)	26,741
Benefit payments, including refunds of member contributions	-	-	(2,748)	(2,642)	(1,032)
Net change in total OPEB liability	<u>\$ (55,629)</u>	<u>\$ 31,898</u>	<u>\$ (39,417)</u>	<u>\$ (16,168)</u>	<u>\$ 135,584</u>
Total OPEB liability - beginning	\$ 244,392	\$ 212,494	\$ 251,911	\$ 268,079	\$ 132,495
Total OPEB liability - ending	<u>\$ 188,763</u>	<u>\$ 244,392</u>	<u>\$ 212,494</u>	<u>\$ 251,911</u>	<u>\$ 268,079</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	-	2,748	2,748	2,642	1,032
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	-	(2,748)	(2,748)	(2,642)	(1,032)
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>\$ 188,763</u>	<u>\$ 244,392</u>	<u>\$ 212,494</u>	<u>\$ 251,911</u>	<u>\$ 268,079</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 932,321	\$ 905,589	\$ 905,589	\$ 1,018,396	\$ 1,018,396
Net OPEB liability as a percentage of covered payroll	20.2%	27.0%	23.5%	24.7%	26.3%

TOWN OF MADISON, MAINE - ELECTRIC WORKS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\*

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 3,973	\$ 2,349	\$ 3,385	\$ 2,436
Interest (includes interest on service cost)	2,845	4,924	5,531	2,586
Changes of benefit terms	-	(1,913)	-	-
Differences between expected and actual experience	-	(76,182)	-	49,915
Changes of assumptions	8,174	23,359	7,230	13,371
Benefit payments, including refunds of member contributions	-	(1,292)	(1,559)	(516)
Net change in total OPEB liability	<u>\$ 14,992</u>	<u>\$ (48,755)</u>	<u>\$ 14,587</u>	<u>\$ 67,792</u>
Total OPEB liability - beginning	\$ 99,872	\$ 148,627	\$ 134,040	\$ 66,248
Total OPEB liability - ending	<u>\$ 114,864</u>	<u>\$ 99,872</u>	<u>\$ 148,627</u>	<u>\$ 134,040</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	-	1,292	1,559	516
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	-	(1,292)	(1,559)	(516)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 114,864</u>	<u>\$ 99,872</u>	<u>\$ 148,627</u>	<u>\$ 134,040</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 425,627	\$ 425,627	\$ 600,854	\$ 509,198
Net OPEB liability as a percentage of covered payroll	27.0%	23.5%	24.7%	26.3%

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

TOWN OF MADISON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST TEN FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>					
Employer contributions	\$ -	\$ -	\$ 2,748	\$ 2,642	\$ 1,032
Benefit payments	-	-	(2,748)	(2,642)	(1,032)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 932,321	\$ 905,589	\$ 905,589	\$ 1,018,396	\$ 1,018,396
Contributions as a percentage of covered payroll	0.00%	0.00%	0.30%	0.26%	0.10%

FOR MADISON ELECTRIC WORKS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>				
Employer contributions	\$ -	\$ 1,292	\$ 1,559	\$ 516
Benefit payments	-	(1,292)	(1,559)	(516)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 425,627	\$ 425,627	\$ 600,854	\$ 509,198
Contributions as a percentage of covered payroll	0.00%	0.30%	0.26%	0.10%

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

TOWN OF MADISON, MAINE

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

**Changes in Assumptions**

MMEHT OPEB Plan for the Town:

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.

MMEHT OPEB Plan for Electric Works:

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

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 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 MADISON, MAINE

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,680,962	\$ 6,680,962	\$ 6,805,383	\$ 124,421
Excise taxes	800,000	800,000	906,102	106,102
Boat excise	5,000	5,000	6,099	1,099
Intergovernmental revenues:				
State revenue sharing	829,000	829,000	1,059,056	230,056
Homestead exemption	361,846	361,846	361,846	-
Tree growth reimbursement	22,000	22,000	28,561	6,561
Veterans' exemption	4,000	4,000	3,835	(165)
Local road assistance	63,676	63,676	63,676	-
BETE reimbursement	357,393	357,393	357,475	82
Other state/federal funds	1,000	1,000	5,605	4,605
Charges for services:				
Town clerk fees/licenses	30,850	30,850	33,090	2,240
Code enforcement/permit fees	12,150	12,150	12,039	(111)
Public safety	600	600	1,274	674
Public works income	48,000	48,000	48,190	190
Community service	10,000	10,000	10,874	874
Library	7,800	7,800	7,450	(350)
Investment income:				
Regular investment income	2,500	2,500	4,527	2,027
Other revenues:				
Fees/interest on taxes	42,924	42,924	36,264	(6,660)
Town property rental	11,000	11,000	-	(11,000)
Misc. other	5,000	5,000	11,776	6,776
Transfers from other funds	152,000	152,000	152,000	-
Amounts Available for Appropriation	<u>\$ 9,447,701</u>	<u>\$ 9,447,701</u>	<u>\$ 9,915,122</u>	<u>\$ 467,421</u>

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

TOWN OF MADISON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>General government:</b>					
Administration	\$ 521,650	\$ 11,000	\$ 532,650	\$ 521,927	\$ 10,723
Planning board	6,000	-	6,000	2,706	3,294
Code enforcement	60,500	-	60,500	14,922	45,578
Boards and commissions	19,825	-	19,825	19,138	687
Elections	10,000	-	10,000	6,143	3,857
Assessing	40,000	-	40,000	34,250	5,750
	<u>657,975</u>	<u>11,000</u>	<u>668,975</u>	<u>599,086</u>	<u>69,889</u>
<b>Public safety:</b>					
Ambulance	75,000	-	75,000	77,680	(2,680)
Police department	440,000	-	440,000	440,000	-
Fire department	111,980	9,500	121,480	104,019	17,461
Animal control officer	11,000	-	11,000	3,900	7,100
	<u>637,980</u>	<u>9,500</u>	<u>647,480</u>	<u>625,599</u>	<u>21,881</u>
<b>Public works:</b>					
Public utilities	598,000	-	598,000	608,513	(10,513)
General operations	604,650	60,000	664,650	601,251	63,399
Winter roads	1,200	-	1,200	1,700	(500)
Summer roads	29,750	-	29,750	41,395	(11,645)
	<u>1,233,600</u>	<u>60,000</u>	<u>1,293,600</u>	<u>1,252,859</u>	<u>40,741</u>

TOWN OF MADISON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Parks and recreation:					
Preble Avenue	10,200	8,000	18,200	24,071	(5,871)
Recreation	67,800	5,000	72,800	66,773	6,027
	<u>78,000</u>	<u>13,000</u>	<u>91,000</u>	<u>90,844</u>	<u>156</u>
Cemeteries	<u>35,395</u>	<u>-</u>	<u>35,395</u>	<u>35,140</u>	<u>255</u>
Community and social agencies:					
Community programs	28,600	-	28,600	24,067	4,533
Library	121,450	10,000	131,450	124,879	6,571
Service organizations	36,850	-	36,850	30,357	6,493
	<u>186,900</u>	<u>10,000</u>	<u>196,900</u>	<u>179,303</u>	<u>17,597</u>
Education	<u>4,646,679</u>	<u>-</u>	<u>4,646,679</u>	<u>4,646,679</u>	<u>-</u>
County tax	<u>776,046</u>	<u>-</u>	<u>776,046</u>	<u>776,046</u>	<u>-</u>
Capital outlay:					
Road projects	215,000	16,965	231,965	225,351	6,614
Public works equipment	225,000	79,232	304,232	131,493	172,739
Fire department	150,000	-	150,000	-	150,000
	<u>590,000</u>	<u>96,197</u>	<u>686,197</u>	<u>356,844</u>	<u>329,353</u>

TOWN OF MADISON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Town property:					
Old Point	17,200	-	17,200	19,598	(2,398)
Town sign mowing	200	-	200	300	(100)
Boat landing	1,100	-	1,100	1,020	80
55 Western Ave	3,300	-	3,300	2,129	1,171
Playground	5,100	-	5,100	3,842	1,258
	<u>26,900</u>	<u>-</u>	<u>26,900</u>	<u>26,889</u>	<u>11</u>
Unclassified:					
Overlay	17,172	-	17,172	1,805	15,367
	<u>17,172</u>	<u>-</u>	<u>17,172</u>	<u>1,805</u>	<u>15,367</u>
Transfers to other funds:					
Special revenue funds	961,054	-	961,054	961,054	-
	<u>961,054</u>	<u>-</u>	<u>961,054</u>	<u>961,054</u>	<u>-</u>
Total Departmental Operations	<u>\$ 9,847,701</u>	<u>\$ 199,697</u>	<u>\$ 10,047,398</u>	<u>\$ 9,552,148</u>	<u>\$ 495,250</u>

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

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 195,631	\$ 2,170	\$ 197,801
Investments	283,114	157,570	440,684
Notes receivable	416,735	-	416,735
Due from other funds	176,753	-	176,753
<b>TOTAL ASSETS</b>	<u>\$ 1,072,233</u>	<u>\$ 159,740</u>	<u>\$ 1,231,973</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 54,993	\$ -	\$ 54,993
<b>TOTAL LIABILITIES</b>	<u>54,993</u>	<u>-</u>	<u>54,993</u>
<b>FUND BALANCES</b>			
Nonspendable	416,735	28,046	444,781
Restricted	424,796	131,694	556,490
Committed	-	-	-
Assigned	176,753	-	176,753
Unassigned	(1,044)	-	(1,044)
<b>TOTAL FUND BALANCES</b>	<u>1,017,240</u>	<u>159,740</u>	<u>1,176,980</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,072,233</u>	<u>\$ 159,740</u>	<u>\$ 1,231,973</u>

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

## TOWN OF MADISON, MAINE

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ (11,571)	\$ (20,942)	\$ (32,513)
Other	182,316	-	182,316
TOTAL REVENUES	<u>170,745</u>	<u>(20,942)</u>	<u>149,803</u>
EXPENDITURES			
Program expenses	<u>1,041,409</u>	-	<u>1,041,409</u>
TOTAL EXPENDITURES	<u>1,041,409</u>	<u>-</u>	<u>1,041,409</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(870,664)</u>	<u>(20,942)</u>	<u>(891,606)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	961,054	-	961,054
Transfers (out)	<u>(152,000)</u>	-	<u>(152,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>809,054</u>	<u>-</u>	<u>809,054</u>
NET CHANGE IN FUND BALANCES	(61,610)	(20,942)	(82,552)
FUND BALANCES - JULY 1	<u>1,078,850</u>	<u>180,682</u>	<u>1,259,532</u>
FUND BALANCES - JUNE 30	<u><u>\$ 1,017,240</u></u>	<u><u>\$ 159,740</u></u>	<u><u>\$ 1,176,980</u></u>

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

## Special Revenue Funds

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

TOWN OF MADISON, MAINE

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

	Legal Expense	FH Interest Maintenance	Lifelong Community Fellows	Madison Anson Days	Families in Need	Age Friendly Community	Beach Access
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	10,069	-	550	10,233	265	678	-
<b>TOTAL ASSETS</b>	<u>\$ 10,069</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 10,233</u>	<u>\$ 265</u>	<u>\$ 678</u>	<u>\$ -</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ 1,044	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>1,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	10,069	-	550	10,233	265	678	-
Unassigned	-	(1,044)	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>10,069</u>	<u>(1,044)</u>	<u>550</u>	<u>10,233</u>	<u>265</u>	<u>678</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 10,069</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 10,233</u>	<u>\$ 265</u>	<u>\$ 678</u>	<u>\$ -</u>

TOWN OF MADISON, MAINE

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

	<u>Christmas Parade Committee</u>	<u>Police Contract Reimburse</u>	<u>Playground/ Parking Main Street</u>	<u>Fire Equipment EMA</u>	<u>Fortin Playground</u>	<u>Equipment</u>	<u>Recreation Participation</u>	<u>Summer Recreation</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Due from other funds	3,042	15,614	8,901	540	7,782	41,583	7,173	7,808
<b>TOTAL ASSETS</b>	<u>\$ 3,042</u>	<u>\$ 15,614</u>	<u>\$ 8,901</u>	<u>\$ 540</u>	<u>\$ 7,782</u>	<u>\$ 41,583</u>	<u>\$ 7,173</u>	<u>\$ 7,808</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	3,042	15,614	8,901	540	7,782	41,583	7,173	7,808
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>3,042</u>	<u>15,614</u>	<u>8,901</u>	<u>540</u>	<u>7,782</u>	<u>41,583</u>	<u>7,173</u>	<u>7,808</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 3,042</u>	<u>\$ 15,614</u>	<u>\$ 8,901</u>	<u>\$ 540</u>	<u>\$ 7,782</u>	<u>\$ 41,583</u>	<u>\$ 7,173</u>	<u>\$ 7,808</u>

TOWN OF MADISON, MAINE

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

	<u>Recreation</u>	<u>Foreclosure Sales</u>	<u>Library Equipment</u>	<u>Franchise</u>	<u>Building Maintenance</u>	<u>Public Library Expendable Trust Fund</u>	<u>Dorothy Brown Expendable Trust Fund</u>	<u>Cemetery E Madison Dam</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,140	\$ 12,080	\$ -
Investments	-	-	-	-	-	62,470	45,053	-
Notes receivable	-	-	-	-	-	-	-	-
Due from other funds	585	14,493	10,632	-	-	-	-	2,200
<b>TOTAL ASSETS</b>	<u>\$ 585</u>	<u>\$ 14,493</u>	<u>\$ 10,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,610</u>	<u>\$ 57,133</u>	<u>\$ 2,200</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	66,610	57,133	-
Committed	-	-	-	-	-	-	-	-
Assigned	585	14,493	10,632	-	-	-	-	2,200
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>585</u>	<u>14,493</u>	<u>10,632</u>	<u>-</u>	<u>-</u>	<u>66,610</u>	<u>57,133</u>	<u>2,200</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 585</u>	<u>\$ 14,493</u>	<u>\$ 10,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,610</u>	<u>\$ 57,133</u>	<u>\$ 2,200</u>

TOWN OF MADISON, MAINE

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

	Woodland Capture and Retain TIF	Woodland Capture and Return TIF	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Cemetery Lot Sales Fund	Revaluation Reserve	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 38,903	\$ 17	\$ 126,542	\$ 309	\$ -	\$ 13,392	\$ 248	\$ 195,631
Investments	-	-	-	-	-	67,259	108,332	283,114
Notes receivable	-	-	-	-	416,735	-	-	416,735
Due from other funds	-	-	-	-	34,605	-	-	176,753
<b>TOTAL ASSETS</b>	<b>\$ 38,903</b>	<b>\$ 17</b>	<b>\$ 126,542</b>	<b>\$ 309</b>	<b>\$ 451,340</b>	<b>\$ 80,651</b>	<b>\$ 108,580</b>	<b>\$ 1,072,233</b>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ 53,949	\$ -	\$ -	\$ -	\$ -	\$ 54,993
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>53,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,993</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	416,735	-	-	416,735
Restricted	38,903	17	72,593	309	-	80,651	108,580	424,796
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	34,605	-	-	176,753
Unassigned	-	-	-	-	-	-	-	(1,044)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>38,903</b>	<b>17</b>	<b>72,593</b>	<b>309</b>	<b>451,340</b>	<b>80,651</b>	<b>108,580</b>	<b>1,017,240</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 38,903</b>	<b>\$ 17</b>	<b>\$ 126,542</b>	<b>\$ 309</b>	<b>\$ 451,340</b>	<b>\$ 80,651</b>	<b>\$ 108,580</b>	<b>\$ 1,072,233</b>

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

TOWN OF MADISON, MAINE

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

	Legal Expense	FH Interest Maintenance	Lifelong Community Fellows	Madison Anson Days	Families in Need	Age Friendly Community	Beach Access
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	116	8,983	-	14,887	750	10	-
TOTAL REVENUES	<u>116</u>	<u>8,983</u>	<u>-</u>	<u>14,887</u>	<u>750</u>	<u>10</u>	<u>-</u>
EXPENDITURES							
Program expenditures	8,909	-	248	20,248	749	2,162	3,375
TOTAL EXPENDITURES	<u>8,909</u>	<u>-</u>	<u>248</u>	<u>20,248</u>	<u>749</u>	<u>2,162</u>	<u>3,375</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,793)</u>	<u>8,983</u>	<u>(248)</u>	<u>(5,361)</u>	<u>1</u>	<u>(2,152)</u>	<u>(3,375)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(8,793)</u>	<u>8,983</u>	<u>(248)</u>	<u>(5,361)</u>	<u>1</u>	<u>(2,152)</u>	<u>(3,375)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>18,862</u>	<u>(10,027)</u>	<u>798</u>	<u>15,594</u>	<u>264</u>	<u>2,830</u>	<u>3,375</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 10,069</u>	<u>\$ (1,044)</u>	<u>\$ 550</u>	<u>\$ 10,233</u>	<u>\$ 265</u>	<u>\$ 678</u>	<u>\$ -</u>

TOWN OF MADISON, MAINE

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

	Christmas Parade Committee	Police Contract Reimburse	Playground/ Parking Main Street	Fire Equipment EMA	Fortin Playground	Equipment	Recreation Participation	Summer Recreation
REVENUES								
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	12,375	20,200	8,374	5,000	100	34,618	12,136	7,808
TOTAL REVENUES	<u>12,375</u>	<u>20,200</u>	<u>8,374</u>	<u>5,000</u>	<u>100</u>	<u>34,618</u>	<u>12,136</u>	<u>7,808</u>
EXPENDITURES								
Program expenditures	14,162	34,076	600	4,736	-	8,116	15,045	-
TOTAL EXPENDITURES	<u>14,162</u>	<u>34,076</u>	<u>600</u>	<u>4,736</u>	<u>-</u>	<u>8,116</u>	<u>15,045</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,787)</u>	<u>(13,876)</u>	<u>7,774</u>	<u>264</u>	<u>100</u>	<u>26,502</u>	<u>(2,909)</u>	<u>7,808</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,787)	(13,876)	7,774	264	100	26,502	(2,909)	7,808
FUND BALANCES (DEFICITS) - JULY 1	<u>4,829</u>	<u>29,490</u>	<u>1,127</u>	<u>276</u>	<u>7,682</u>	<u>15,081</u>	<u>10,082</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,042</u>	<u>\$ 15,614</u>	<u>\$ 8,901</u>	<u>\$ 540</u>	<u>\$ 7,782</u>	<u>\$ 41,583</u>	<u>\$ 7,173</u>	<u>\$ 7,808</u>

TOWN OF MADISON, MAINE

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

	Recreation	Foreclosure Sales	Library Equipment	Franchise	Building Maintenance	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund	Cemetery E Madison Dam
REVENUES								
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,815)	\$ -	\$ -
Other	-	4,261	8,434	24,284	-	4,985	-	400
TOTAL REVENUES	-	4,261	8,434	24,284	-	(3,830)	-	400
EXPENDITURES								
Program expenditures	-	13,318	-	24,284	1,400	26,346	20,788	-
TOTAL EXPENDITURES	-	13,318	-	24,284	1,400	26,346	20,788	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(9,057)	8,434	-	(1,400)	(30,176)	(20,788)	400
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(9,057)	8,434	-	(1,400)	(30,176)	(20,788)	400
FUND BALANCES (DEFICITS) - JULY 1	585	23,550	2,198	-	1,400	96,786	77,921	1,800
FUND BALANCES (DEFICITS) - JUNE 30	\$ 585	\$ 14,493	\$ 10,632	\$ -	\$ -	\$ 66,610	\$ 57,133	\$ 2,200

TOWN OF MADISON, MAINE

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

	Woodland Capture and Retain TIF	Woodland Capture and Return TIF	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Cemetery Lot Sales Fund	Revaluation Reserve	Total
<b>REVENUES</b>								
Investment income, net of unrealized gains/(losses)	\$ 57	\$ -	\$ 210	\$ 18	\$ -	\$ (3,041)	\$ -	\$ (11,571)
Other	-	5	-	-	14,590	-	-	182,316
<b>TOTAL REVENUES</b>	<b>57</b>	<b>5</b>	<b>210</b>	<b>18</b>	<b>14,590</b>	<b>(3,041)</b>	<b>-</b>	<b>170,745</b>
<b>EXPENDITURES</b>								
Program expenditures	-	86,705	366,296	387,699	-	-	2,147	1,041,409
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>86,705</b>	<b>366,296</b>	<b>387,699</b>	<b>-</b>	<b>-</b>	<b>2,147</b>	<b>1,041,409</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>57</b>	<b>(86,700)</b>	<b>(366,086)</b>	<b>(387,681)</b>	<b>14,590</b>	<b>(3,041)</b>	<b>(2,147)</b>	<b>(870,664)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	15,301	86,705	471,349	387,699	-	-	-	961,054
Transfers (out)	-	-	(152,000)	-	-	-	-	(152,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>15,301</b>	<b>86,705</b>	<b>319,349</b>	<b>387,699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>809,054</b>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<b>15,358</b>	<b>5</b>	<b>(46,737)</b>	<b>18</b>	<b>14,590</b>	<b>(3,041)</b>	<b>(2,147)</b>	<b>(61,610)</b>
<b>FUND BALANCES (DEFICITS) - JULY 1</b>	<b>23,545</b>	<b>12</b>	<b>119,330</b>	<b>291</b>	<b>436,750</b>	<b>83,692</b>	<b>110,727</b>	<b>1,078,850</b>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ 38,903</b>	<b>\$ 17</b>	<b>\$ 72,593</b>	<b>\$ 309</b>	<b>\$ 451,340</b>	<b>\$ 80,651</b>	<b>\$ 108,580</b>	<b>\$ 1,017,240</b>

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

## TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2022

	Perpetual Care	Jacobs Scholarship	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 913	\$ 1,257	\$ 2,170
Investments	150,184	7,386	157,570
<b>TOTAL ASSETS</b>	<u>\$ 151,097</u>	<u>\$ 8,643</u>	<u>\$ 159,740</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	23,046	5,000	28,046
Restricted	128,051	3,643	131,694
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>151,097</u>	<u>8,643</u>	<u>159,740</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 151,097</u>	<u>\$ 8,643</u>	<u>\$ 159,740</u>

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

TOWN OF MADISON, MAINE

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

	Perpetual Care	Jacobs Scholarship	Total
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ (20,621)	\$ (321)	\$ (20,942)
TOTAL REVENUES	<u>(20,621)</u>	<u>(321)</u>	<u>(20,942)</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(20,621)	(321)	(20,942)
FUND BALANCES - JULY 1	<u>171,718</u>	<u>8,964</u>	<u>180,682</u>
FUND BALANCES - JUNE 30	<u>\$ 151,097</u>	<u>\$ 8,643</u>	<u>\$ 159,740</u>

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

## General Capital Assets

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

TOWN OF MADISON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
 JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 292,910	\$ 911,285	\$ 22,473	\$ -	\$ 1,226,668
Public safety	20,000	158,760	1,061,430	-	1,240,190
Public works	7,500	132,664	1,386,576	8,101,674	9,628,414
Recreation	655,759	9,600	2,500	-	667,859
Electric works	2,424	-	-	12,075,678	12,078,102
<b>Total General Capital Assets</b>	<b>978,593</b>	<b>1,212,309</b>	<b>2,472,979</b>	<b>20,177,352</b>	<b>24,841,233</b>
Less: Accumulated Depreciation	-	(499,009)	(1,625,943)	(10,103,405)	(12,228,357)
<b>Net General Capital Assets</b>	<b>\$ 978,593</b>	<b>\$ 713,300</b>	<b>\$ 847,036</b>	<b>\$ 10,073,947</b>	<b>\$ 12,612,876</b>

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

## TOWN OF MADISON, MAINE

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

	General Capital Assets 7/1/21	Additions	Deletions	General Capital Assets 6/30/22
General government	\$ 1,306,139	\$ 29,729	\$ (109,200)	\$ 1,226,668
Public safety	1,234,840	5,350	-	1,240,190
Public works	9,253,078	552,791	(177,455)	9,628,414
Recreation	667,859	-	-	667,859
Electric works	10,414,790	1,751,419	(88,107)	12,078,102
Total General Capital Assets	22,876,706	2,339,289	(286,655)	24,841,233
Less: Accumulated Depreciation	<u>(11,900,843)</u>	<u>(620,405)</u>	<u>292,891</u>	<u>(12,228,357)</u>
Net General Capital Assets	<u>\$ 5,855,495</u>	<u>\$ 1,718,884</u>	<u>\$ 6,236</u>	<u>\$ 12,612,876</u>

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

## Federal Compliance Description

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- 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



*Proven Expertise & Integrity*

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

Selectboard  
Town of Madison  
Madison, Maine

We have audited, in accordance with the 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Madison, 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 Madison, Maine's basic financial statements and have issued our report thereon dated November 14, 2022.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Madison, 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 Madison, Maine in a separate letter dated November 14, 2022.

#### 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  
November 14, 2022