

Audited Financial Statements and
Other Financial Information

Town of Madison, Maine

June 30, 2021



Proven Expertise & Integrity

TOWN OF MADISON, MAINE

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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Madison
Madison, Maine

Report on the Financial Statements

We have audited the accompanying 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, 2021 and the related notes to the financial statements, which collectively comprise the Town of Madison, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly,

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we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Madison, Maine as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2020. They do not purport to and do not present fairly the financial position of the Madison Electric Works as of June 30, 2021 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and OPEB information on pages 4 through 12 and 73 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we

obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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.

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 the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 October 28, 2021, 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
October 28, 2021

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

(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, 2021. 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). All 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 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 two 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 fund is the general 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 \$1,206,982 from \$8,480,296 to \$9,687,278. For the business-type activities, total net position increased by \$760,097 from \$7,187,228 to \$7,947,325.

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 \$1,890,565 and an increase for the business-type activities to a balance of \$4,371,586.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020 (Restated)</u>	<u>2020</u>	<u>2019</u>
Assets				
Current Assets	\$ 3,439,959	\$ 2,854,831	\$ 4,015,194	\$ 2,978,246
Noncurrent Assets:				
Capital Assets	6,235,637	5,981,478	4,740,226	4,807,074
Other	431,340	-	973,936	1,152,220
Total Assets	<u>10,106,936</u>	<u>8,836,309</u>	<u>9,729,356</u>	<u>8,937,540</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to OPEB	104,653	114,928	54,016	53,341
Total Deferred Outflows of Resources	<u>104,653</u>	<u>114,928</u>	<u>54,016</u>	<u>53,341</u>
Liabilities				
Current Liabilities	80,838	89,117	615,044	547,632
Noncurrent Liabilities	306,445	228,871	1,172,000	1,241,539
Total Liabilities	<u>387,283</u>	<u>317,988</u>	<u>1,787,044</u>	<u>1,789,171</u>
Deferred Inflows of Resources				
Prepaid Taxes	50,826	48,692	-	-
Deferred Inflows Related to OPEB	86,202	104,261	49,003	14,482
Total Deferred Inflows of Resources	<u>137,028</u>	<u>152,953</u>	<u>49,003</u>	<u>14,482</u>
Net Position				
Net Investment in Capital Assets	6,666,977	5,981,478	3,575,739	3,637,074
Restricted: Special Revenue Funds	949,054	456,755	-	-
Permanent Funds	180,682	162,785	-	-
Unrestricted	1,890,565	1,879,278	4,371,586	3,550,154
Total Net Position	<u>\$ 9,687,278</u>	<u>\$ 8,480,296</u>	<u>\$ 7,947,325</u>	<u>\$ 7,187,228</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>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 120,330	\$ 102,577	\$ 5,084,514	\$ 5,660,333
Operating grants and contributions	58,488	62,592	-	-
<i>General revenues:</i>				
Taxes	8,562,998	8,125,176	-	-
Grants and contributions not restricted to specific programs	2,229,413	1,580,274	-	-
Miscellaneous	684,712	444,152	97,235	78,956
Total Revenues	<u>11,655,941</u>	<u>10,314,771</u>	<u>5,181,749</u>	<u>5,739,289</u>
Expenses				
General government	1,403,637	606,328	-	-
Public safety	707,858	674,582	-	-
Public works	1,267,932	1,330,037	-	-
Parks and recreation	66,342	72,591	-	-
Cemeteries	26,904	25,530	-	-
Community and social agencies	175,734	174,818	-	-
Education	4,714,652	4,912,001	-	-
County tax	808,680	798,596	-	-
Town property	26,239	27,713	-	-
Unclassified	1,250,981	1,765,784	5,412,585	5,730,041
Capital outlay	-	34,382	-	-
Total Expenses	<u>10,448,959</u>	<u>10,422,362</u>	<u>5,412,585</u>	<u>5,730,041</u>
Special and extraordinary items:				
Gain on insurance proceeds	-	-	1,116,956	-
Gain (loss) on disposal of capital assets	-	-	(134,317)	-
Contributions in aid of construction	-	-	8,294	-
Total special and extraordinary items	<u>-</u>	<u>-</u>	<u>990,933</u>	<u>-</u>
Change in Net Position	1,206,982	(107,591)	760,097	9,248
Net Position - July 1, Restated	<u>8,480,296</u>	<u>8,587,887</u>	<u>7,187,228</u>	<u>7,177,980</u>
Net Position - June 30	<u>\$ 9,687,278</u>	<u>\$ 8,480,296</u>	<u>\$ 7,947,325</u>	<u>\$ 7,187,228</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.00%, while total expenses increased by 0.26%. All revenue categories saw increases except for operating grants and contributions. The largest increase in expenses was in general government, which was partially offset by decreases in public works, education and unclassified.

Revenues for the Town's business-type activities decreased by 9.71%, while total expenses decreased by 5.54%.

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,

	2021	2020 (Restated)	Increase/ (Decrease)
General Fund:			
Assigned	\$ 199,697	\$ 255,200	\$ (55,503)
Unassigned	2,109,908	1,615,247	494,661
Total General Fund	\$ 2,309,605	\$ 1,870,447	\$ 439,158
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 436,750	\$ 27,395	\$ 409,355
Restricted	512,304	427,560	84,744
Assigned	139,823	99,652	40,171
Unassigned	(10,027)	(109,158)	99,131
Permanent Funds:			
Nonspendable	28,046	28,046	-
Restricted	152,636	134,739	17,897
Total Nonmajor Funds	\$ 1,259,532	\$ 608,234	\$ 651,298

The changes to total fund balances for the general fund and nonmajor permanent funds occurred due to the regular activity of operations. The nonmajor special revenue funds total fund balances increased by \$633,401 from the prior fiscal year primarily due to an increase in the note receivables in the Revolving Loan Fund of \$409,355.

Budgetary Highlights

The significant difference between the original and final budget for the general fund was due to the use of assigned fund balance and applied receipts.

The general fund actual revenues were over budget by \$654,234. This was the result of all revenue categories being receipted within or exceeding budgeted amounts except for interest income.

The general fund actual expenditures were under budget by \$240,124. All expenditure categories were within or below budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$187,311 from the prior year. This increase was the result of capital additions of \$1,129,643 less net disposals of \$339,953 and current year depreciation expense of \$602,379.

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

	2021	2020 (Restated)
Land and non-depreciable assets	\$ 1,026,310	\$ 1,079,105
Buildings, building improvements and land improvements	739,239	696,110
Machinery, equipment and vehicles	827,731	743,890
Infrastructure	<u>8,382,583</u>	<u>8,269,447</u>
Total	<u>\$ 10,975,863</u>	<u>\$ 10,788,552</u>

Debt

As of December 31, 2020, the Town's business-type activities had \$1,164,487 in a bond and a note from direct borrowings outstanding versus \$1,170,000 as of December 31, 2019. The Town's governmental activities had no long-term debt as of June 30, 2021. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

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

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

Economic Factors and Next Year's Budgets and Rates

Redevelopment efforts continue at the former industrial site where the property owner, GO-Lab of Belfast, Maine, is finalizing an \$85M bond to start production of wood-fiber-based insulation products. The Town received a \$1M grant from the Northern Borders Regional Commission to continue investment in equipment needed for site revitalization.

Despite the further reduction in valuation for hydro-electric facilities owned by Eagle Creek Renewable Energy in 2020, the company did file for a significant abatement. The Town and Eagle Creek were able to reach a settlement in June of 2021. At a public meeting on June 28, 2021, the Madison Select Board voted to accept the terms as follows: Eagle Creek agreed to drop all abatement appeals and the Town agreed to a set schedule of valuations for the Eagle Creek property in Madison for the next four years (2021-2024). During this time period Eagle Creek will not file for abatements.

The only other outstanding liability tax case not resolved within the fiscal year was the abatement filed by the former Madison Paper Industries for property taxes paid in 2016. In May 2020, a State Superior Court denied the appeal to the 2019 decision by the State Board of Property Tax Review which denying MPI's appeal. Attorneys for MPI and parent company UPM have filed an appeal with the State Law Court to be heard in late summer of 2021. If MPI prevails at the Law Court, the Town would be required to pay back upwards of \$1M in tax abatements, fees and interest.

In April the Select Board and the Budget Advisory Committee recommended a municipal budget that included an aggressive amount of capital spending to offset cuts made in the previous budget due to unknown implications of the COVID19 pandemic. Revenues to the Town were better than anticipated allowing for the budget to include \$400,000 brought forward from undesignated fund balance to offset the impact of \$589,000 in recommended capital projects. On June 7, 2021, residents at Annual Town Meeting approved the budget as presented.

The housing market continued a strong surge in central Maine through 2020 and into 2021 forcing the Madison Board of Assessors to consider raising building values on residential homes throughout the Town to keep the sales ratio from falling below 90%. Maine Revenue Services requires municipalities to have a ratio of at least 90% to qualify for 100% funding of Revenue Sharing and State Aid to Education. The 2020 Sales Ratio was 87% and the Assessors authorized a 5% increase in building values for the 2021 tax year. It is anticipated that a similar increase will be required for 2022.

As a result of increasing residential building values and applying undesignated fund balance to the budget the tax rate for 2021 decreased from \$21.25 per thousand to \$19.42 per thousand.

The federal government provided funding for municipalities through the American Rescue Plan Act (ARPA). These funds can be used to fill in losses in revenue due to the pandemic and help municipalities provide necessary infrastructure to improve resiliency. The Town of Madison is scheduled to receive \$487,000 in ARPA funds in two installments. The first in the fall of 2021 and the second in the fall of 2022.

The Madison Select Board has adopted a recommendation from the Town Manager to allocate these funds to stormwater infrastructure, capital purchases, aid to small businesses and hazard pay for employees who worked through the pandemic.

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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,401,869	\$ 1,494,664	\$ 3,896,533
Investments	508,500	-	508,500
Accounts receivable (net of allowance for uncollectibles):			
Taxes	297,070	-	297,070
Liens	79,498	-	79,498
Other	147,612	1,887,464	2,035,076
Current portion of notes receivable	5,410	179,668	185,078
Accrued interest receivable	-	8,122	8,122
Prepaid items	-	53,470	53,470
Inventory	-	391,806	391,806
Total current assets	<u>3,439,959</u>	<u>4,015,194</u>	<u>7,455,153</u>
Noncurrent assets:			
Note receivable, less current portion	431,340	973,936	1,405,276
Capital assets:			
Land and other assets not being depreciated	976,169	-	976,169
Buildings and vehicles, net of accumulated depreciation	5,259,468	4,740,226	9,999,694
Total noncurrent assets	<u>6,666,977</u>	<u>5,714,162</u>	<u>12,381,139</u>
 TOTAL ASSETS	 <u>10,106,936</u>	 <u>9,729,356</u>	 <u>19,836,292</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	104,653	54,016	158,669
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>104,653</u>	<u>54,016</u>	<u>158,669</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 10,211,589</u>	 <u>\$ 9,783,372</u>	 <u>\$ 19,994,961</u>

STATEMENT A (CONTINUED)
TOWN OF MADISON, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 61,373	\$ 377,634	\$ 439,007
Other accrued payables	10,600	29,788	40,388
Customer deposits	-	18,281	18,281
Current portion of long-term obligations	8,865	189,341	198,206
Total current liabilities	80,838	615,044	695,882
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bond payable, less current portion	-	860,000	860,000
Note from direct borrowings payable	-	115,146	115,146
Accrued compensated absences	62,053	99,872	161,925
Net OPEB liability	244,392	96,982	341,374
Total noncurrent liabilities	306,445	1,172,000	1,478,445
TOTAL LIABILITIES	387,283	1,787,044	2,174,327
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	50,826	-	50,826
Deferred inflows related to OPEB	86,202	49,003	135,205
TOTAL DEFERRED INFLOWS OF RESOURCES	137,028	49,003	186,031
NET POSITION			
Net investment in capital assets	6,666,977	3,575,739	10,242,716
Restricted for: Special revenue funds - nonspendable	436,750	-	436,750
Permanent funds - nonspendable	28,046	-	28,046
Special revenue funds	512,304	-	512,304
Permanent funds	152,636	-	152,636
Unrestricted	1,890,565	4,371,586	6,262,151
TOTAL NET POSITION	9,687,278	7,947,325	17,634,603
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 10,211,589	\$ 9,783,372	\$ 19,994,961

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

STATEMENT B

TOWN OF MADISON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 1,403,637	\$ 51,359	\$ -	\$ -	\$ (1,352,278)	\$ -	\$ (1,352,278)
Public safety	707,858	651	-	-	(707,207)	-	(707,207)
Public works	1,267,932	47,245	58,488	-	(1,162,199)	-	(1,162,199)
Parks and recreation	66,342	13,625	-	-	(52,717)	-	(52,717)
Cemeteries	26,904	-	-	-	(26,904)	-	(26,904)
Community and social agencies	175,734	7,450	-	-	(168,284)	-	(168,284)
Education	4,714,652	-	-	-	(4,714,652)	-	(4,714,652)
County tax	808,680	-	-	-	(808,680)	-	(808,680)
Town property	26,239	-	-	-	(26,239)	-	(26,239)
Unclassified	1,250,981	-	-	-	(1,250,981)	-	(1,250,981)
Total governmental activities	<u>10,448,959</u>	<u>120,330</u>	<u>58,488</u>	<u>-</u>	<u>(10,270,141)</u>	<u>-</u>	<u>(10,270,141)</u>
Business-type activities:							
Madison electric works	<u>5,412,585</u>	<u>5,084,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(328,071)</u>	<u>(328,071)</u>
Total business-type activities	<u>5,412,585</u>	<u>5,084,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(328,071)</u>	<u>(328,071)</u>
Total government	<u>\$ 15,861,544</u>	<u>\$ 5,204,844</u>	<u>\$ 58,488</u>	<u>\$ -</u>	<u>(10,270,141)</u>	<u>(328,071)</u>	<u>(10,598,212)</u>

STATEMENT B (CONTINUED)
TOWN OF MADISON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(10,270,141)	(328,071)	(10,598,212)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	7,613,633	-	7,613,633
Excise taxes	949,365	-	949,365
Grants and contributions not restricted to specific programs	2,229,413	-	2,229,413
Interest income	-	61,840	61,840
Miscellaneous	684,712	35,395	720,107
Total general revenues	11,477,123	97,235	11,574,358
Special and extraordinary items:			
Gain on insurance proceeds	-	1,116,956	1,116,956
Gain (loss) on disposal of capital assets	-	(134,317)	(134,317)
Contributions in aid of construction	-	8,294	8,294
Total special and extraordinary items	-	990,933	990,933
Change in net position	1,206,982	760,097	1,967,079
NET POSITION - JULY 1, RESTATED	8,480,296	7,187,228	15,667,524
NET POSITION - JUNE 30	\$ 9,687,278	\$ 7,947,325	\$ 17,634,603

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

TOWN OF MADISON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,217,383	\$ 184,486	\$ 2,401,869
Investments	-	508,500	508,500
Accounts receivable (net of allowance for uncollectibles):			
Taxes	297,070	-	297,070
Liens	79,498	-	79,498
Notes	-	436,750	436,750
Other	147,612	-	147,612
Due from other funds	10,027	139,823	149,850
TOTAL ASSETS	<u>\$ 2,751,590</u>	<u>\$ 1,269,559</u>	<u>\$ 4,021,149</u>
LIABILITIES			
Accounts payable	\$ 61,373	\$ -	\$ 61,373
Accrued expenses	10,600	-	10,600
Due to other funds	139,823	10,027	149,850
TOTAL LIABILITIES	<u>211,796</u>	<u>10,027</u>	<u>221,823</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	50,826	-	50,826
Deferred tax revenues	179,363	-	179,363
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>230,189</u>	<u>-</u>	<u>230,189</u>
FUND BALANCES			
Nonspendable	-	464,796	464,796
Restricted	-	664,940	664,940
Committed	-	-	-
Assigned	199,697	139,823	339,520
Unassigned	2,109,908	(10,027)	2,099,881
TOTAL FUND BALANCES	<u>2,309,605</u>	<u>1,259,532</u>	<u>3,569,137</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,751,590</u>	<u>\$ 1,269,559</u>	<u>\$ 4,021,149</u>

See accompanying independent auditors' 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, 2021

	Total Governmental Funds
Total Fund Balances	\$ 3,569,137
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	6,235,637
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	179,363
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	104,653
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(70,918)
Net OPEB liability	(244,392)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(86,202)
Net position of governmental activities	\$ 9,687,278

See accompanying independent auditors' 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, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 7,674,951	\$ -	\$ 7,674,951
Excise taxes	949,365	-	949,365
Intergovernmental	2,287,901	-	2,287,901
Charges for services	120,330	-	120,330
Miscellaneous revenues	72,977	611,735	684,712
TOTAL REVENUES	11,105,524	611,735	11,717,259
EXPENDITURES			
Current:			
General government	1,301,058	-	1,301,058
Public safety	646,668	-	646,668
Public works	1,185,783	-	1,185,783
Parks and recreation	65,682	-	65,682
Cemeteries	26,904	-	26,904
Community and social agencies	175,734	-	175,734
Education	4,714,652	-	4,714,652
County tax	808,680	-	808,680
Town property	26,239	-	26,239
Unclassified	422,954	828,027	1,250,981
Capital outlay	424,422	-	424,422
TOTAL EXPENDITURES	9,798,776	828,027	10,626,803
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,306,748	(216,292)	1,090,456
OTHER FINANCING SOURCES			
Transfers in	200,000	1,075,334	1,275,334
Transfers (out)	(1,067,590)	(207,744)	(1,275,334)
TOTAL OTHER FINANCING SOURCES (USES)	(867,590)	867,590	-
NET CHANGE IN FUND BALANCES	439,158	651,298	1,090,456
FUND BALANCES - JULY 1, RESTATED	1,870,447	608,234	2,478,681
FUND BALANCES - JUNE 30	\$ 2,309,605	\$ 1,259,532	\$ 3,569,137

See accompanying independent auditors' 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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,090,456</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	576,807
Capital asset net disposals	(30,001)
Depreciation expense	<u>(292,647)</u>
	<u>254,159</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>(10,275)</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>(61,318)</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>18,059</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	(52,201)
Net OPEB liability	<u>(31,898)</u>
	<u>(84,099)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,206,982</u></u>

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

TOWN OF MADISON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>Enterprise Fund</u> <u>Madison</u> <u>Electric Works</u>
ASSET	
Current assets:	
Cash and cash equivalents	\$ 1,494,664
Accounts receivable, net of allowance for doubtful accounts	1,887,464
Accrued interest receivable	8,122
Note receivable, current portion	179,668
Prepaid items	53,470
Inventory	391,806
Total current assets	<u>4,015,194</u>
Noncurrent assets:	
Note receivable, less current portion	973,936
Property, plant and equipment, net of accumulated depreciation	4,740,226
Total noncurrent assets	<u>5,714,162</u>
TOTAL ASSETS	<u>9,729,356</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	54,016
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>54,016</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,783,372</u>

STATEMENT G (CONTINUED)
TOWN OF MADISON, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2020

	Enterprise Fund
	Madison
	Electric Works
LIABILITIES	
Current liabilities:	
Accounts payable	377,634
Other current and accrued liabilities	29,788
Customer deposits	18,281
Bond payable, current portion	155,000
Note from direct borrowings payable, current portion	34,341
Total current liabilities	615,044
Noncurrent liabilities:	
Bond payable, less current portion	860,000
Note from direct borrowings payable, less current portion	115,146
Net OPEB liability	99,872
Accrued compensated absences	96,982
Total Noncurrent Liabilities	1,172,000
TOTAL LIABILITIES	1,787,044
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	49,003
TOTAL DEFERRED INFLOWS OF RESOURCES	49,003
NET POSITION	
Net investment in capital assets	3,575,739
Unrestricted	4,371,586
TOTAL NET POSITION	7,947,325
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 9,783,372

See accompanying independent auditors' 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, 2020

	Enterprise Fund Madison Electric Works
OPERATING REVENUES	
Charges for services	\$ 5,084,514
TOTAL OPERATING REVENUES	5,084,514
OPERATING EXPENSES	
Operations and maintenance	5,063,781
Depreciation	309,732
TOTAL OPERATING EXPENSES	5,373,513
OPERATING INCOME (LOSS)	(288,999)
NONOPERATING REVENUES (EXPENSES)	
Interest income	61,840
Interest expense	(39,072)
Grant proceeds	35,395
Gain on insurance proceeds	1,116,956
Gain (loss) on disposal of capital assets	(134,317)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,040,802
INCREASE (DECREASE) IN NET POSITION	751,803
Contributions in aid of construction	8,294
CHANGE IN NET POSITION	760,097
NET POSITION - JANUARY 1	7,187,228
NET POSITION - DECEMBER 31	\$ 7,947,325

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

TOWN OF MADISON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Enterprise Fund</u> <u>Madison</u> <u>Electric Works</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,103,487
Other receipts (payments)	330,466
Payments to employees	(1,352,146)
Payments to suppliers	<u>(3,636,866)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(555,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income, net of unrealized gains/(losses)	<u>64,604</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>64,604</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(552,837)
Proceeds from sale of capital assets	33,000
Insurance proceeds	1,259,592
Grant proceeds	35,395
Contributions in aid of construction received	(16,183)
Interest paid on bond	(40,772)
Principal paid on bond	(155,000)
Proceeds from note from direct borrowing	177,844
Principal paid on note from direct borrowing	(28,357)
Payments received on note receivable	<u>158,970</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>871,652</u>
NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS)	381,197
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>1,113,467</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 1,494,664</u>

STATEMENT I (CONTINUED)

TOWN OF MADISON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Fund
	Madison
	Electric Works
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (288,999)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	309,732
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	(665,561)
(Increase) decrease in inventory	3,364
(Increase) decrease in prepaid items	32,473
(Increase) decrease in deferred outflows related to OPEB	(675)
Increase (decrease) in accounts payable	31,126
Increase (decrease) in other current and accrued liabilities	5,655
Increase (decrease) in customer deposits	(2,010)
Increase (decrease) in accrued paid leave	19,070
Increase (decrease) in net OPEB liability	(48,755)
Increase (decrease) in deferred inflows related to OPEB	34,521
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (555,059)

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020. The amounts included in the Town's 2021 financial statements for MEW are as of and for the year ended December 31, 2020. Separately issued financial statements of MEW can be obtained by contacting the Electric Works' Superintendent at 6 Business Park Drive, Madison, ME.

COVID-19 Outbreak

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a “stay at home” directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on and Results of Operations

On March 17, 2020, Maine LD 2167 was issued and executed by the Governor of Maine. In accordance with Executive Order 8, issued by the Governor of Maine on August 26, 2020, the Town took required measures to further reduce the risk of exposure to voters, poll workers and election officials participating in the state primary and in municipal and school district elections. The site of election activities in Madison was changed to the Old Point School where renovations had been completed to allow for safer access to the polls with room for proper distancing and masking requirements.

These changes have resulted in the permanent change of election headquarters and the June 8 election was held at the Old Point School site as will each election hereafter.

Impact on Finances

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

Expected Federal/State Support

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conclusion

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

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

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

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 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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Fund:

- 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.

Nonmajor Funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. 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.

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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deposits and Investments

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other 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, 2021. The Town's governmental activities accounts receivable netted with allowances for uncollectible accounts were \$147,612 for the year ended June 30, 2021. For the Town's business-type activities, the allowance for uncollectible accounts is estimated to be \$165,000 as of December 31, 2020. The Town's business-type activities accounts receivable netted with allowances for uncollectible accounts were \$1,887,464 for the year ended December 31, 2020.

Prepaid Items

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

Inventories

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 10, 2020 at 21.25 mills on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due in two installments on September 15, 2020 and March 15, 2021. Interest on unpaid taxes commenced on September 16, 2020 and March 16, 2021, at 8% 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 \$64,777 for the year ended June 30, 2021.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At June 30, 2021, the Town's governmental activities cash and cash equivalents balance of \$2,386,772 was comprised of bank deposits and cash equivalents amounting to \$2,860,769. 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, \$289,829 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,558,179 was collateralized with securities held by the financial institution in the Town's name. The remaining deposits of \$12,761 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 262,761
Savings accounts	290
ICS accounts	23,557
Repurchase agreements	2,558,179
Cash and cash equivalents	15,982
	<u>\$ 2,860,769</u>

At December 31, 2020, the Town's business-type activities cash balance amounting to \$1,494,664 were comprised of bank deposits of \$1,532,931. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these bank deposits, \$751,910 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining deposits of \$781,021 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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2021, the Town's investment balances amounting to \$508,500 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	\$ 367,326	\$ 367,326	\$ -	\$ -
Equities and options	141,174	141,174	-	-
	<u>\$ 508,500</u>	<u>\$ 508,500</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, 2021:

	June 30, 2021 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	\$ 367,326	\$ 367,326	\$ -	\$ -
Equities and options	141,174	141,174	-	-
Total equity securities	<u>508,500</u>	<u>508,500</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>508,500</u>	<u>\$ 508,500</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	15,982			
Total cash equivalents measured at the NAV	<u>15,982</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 524,482</u>			

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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, 2021 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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 10,027	\$ 139,823
Nonmajor Special Revenue Funds	139,823	10,027
	<u>\$ 149,850</u>	<u>\$ 149,850</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, 2021 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 1,067,590	\$ 200,000
Nonmajor Special Revenue Funds	200,000	1,075,334
Nonmajor Permenant Funds	7,744	-
	<u>\$ 1,275,334</u>	<u>\$ 1,275,334</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - INTERFUND TRANSFERS (CONTINUED)

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.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Disposals	Balance, 6/30/21
<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	935,317	71,862	-	1,007,179
Land improvements	284,601	-	-	284,601
Vehicles and equipment	2,604,854	222,400	(321,000)	2,506,254
Infrastructure	7,405,168	282,545	-	7,687,713
	<u>11,229,940</u>	<u>576,807</u>	<u>(321,000)</u>	<u>11,485,747</u>
Less: accumulated depreciation	<u>(6,224,631)</u>	<u>(292,647)</u>	<u>290,999</u>	<u>(6,226,279)</u>
	<u>5,005,309</u>	<u>284,160</u>	<u>(30,001)</u>	<u>5,259,468</u>
Net governmental capital assets	<u>\$ 5,981,478</u>	<u>\$ 284,160</u>	<u>\$ (30,001)</u>	<u>\$ 6,235,637</u>
	Balance, 1/1/20	Additions	Disposals	Balance, 12/31/20
<u>Business-type activities</u>				
Non-depreciated assets:				
Intangibles	\$ 2,424	\$ -	\$ -	\$ 2,424
Construction in progress	100,512	-	(52,795)	47,717
	<u>102,936</u>	<u>-</u>	<u>(52,795)</u>	<u>50,141</u>
Depreciated assets:				
Production plant	975,693	-	-	975,693
Transmission property	2,571,173	-	-	2,571,173
Distribution property	5,380,108	-	(16,931)	5,363,177
General property	2,613,711	605,631	(1,764,736)	1,454,606
	<u>11,540,685</u>	<u>605,631</u>	<u>(1,781,667)</u>	<u>10,364,649</u>
Less: accumulated depreciation	<u>(6,836,547)</u>	<u>(309,732)</u>	<u>1,471,715</u>	<u>(5,674,564)</u>
	<u>4,704,138</u>	<u>295,899</u>	<u>(309,952)</u>	<u>4,690,085</u>
Net business-type capital assets	<u>\$ 4,807,074</u>	<u>\$ 295,899</u>	<u>\$ (362,747)</u>	<u>\$ 4,740,226</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation:</u>	
General government	\$ 26,264
Public safety	31,190
Public works	234,533
Recreation	660
Subtotal governmental	<u>\$ 292,647</u>
Madison Electric Works	<u>309,732</u>
Subtotal business-type	<u>309,732</u>
Total depreciation expense	<u><u>\$ 602,379</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, 2021. Bad debt expense for the year ended June 30, 2021 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 \$165,000. 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>2020</u>	<u>2019</u>
Notes receivable from Backyard Farms, LLC	\$ 1,153,604	\$ 1,312,574
Less current portion	<u>179,668</u>	<u>160,354</u>
Note receivable, less current portion	<u><u>\$ 973,936</u></u>	<u><u>\$ 1,152,220</u></u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20	Current Portion
<i>Business-type activities:</i>					
Bond payable	\$ 1,170,000	\$ -	\$ (155,000)	\$ 1,015,000	\$ 155,000
Note from direct borrowings payable	-	177,844	(28,357)	149,487	34,341
	<u>\$ 1,170,000</u>	<u>\$ 177,844</u>	<u>\$ (183,357)</u>	<u>\$ 1,164,487</u>	<u>\$ 189,341</u>

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

\$ 1,015,000

Total business-type bond payable

\$ 1,015,000

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.

\$ 149,487

Total note from direct borrowings payable

\$ 149,487

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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	
2021	\$ 155,000	\$ 30,825	\$ 34,341	\$ 3,951	\$ 224,117
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	5,857	25	158,932
2026-2030	275,000	12,225	-	-	287,225
	<u>\$ 1,015,000</u>	<u>\$ 121,425</u>	<u>\$ 149,487</u>	<u>\$ 9,563</u>	<u>\$ 1,295,475</u>

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, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 18,717	\$ 52,201	\$ -	\$ 70,918	\$ 8,865
Net OPEB liability	212,494	31,898	-	244,392	-
	<u>\$ 231,211</u>	<u>\$ 84,099</u>	<u>\$ -</u>	<u>\$ 315,310</u>	<u>\$ 8,865</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20	Current Portion
<i><u>Business-type activities:</u></i>					
Accrued compensated absences	\$ 77,912	\$ 19,070	\$ -	\$ 96,982	\$ 12,123
Net OPEB liability	148,627	-	(48,755)	99,872	-
	<u>\$ 226,539</u>	<u>\$ 19,070</u>	<u>\$ (48,755)</u>	<u>\$ 196,854</u>	<u>\$ 12,123</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, 2021, the Town's governmental activities liability for compensated absences is \$70,918. As of December 31, 2020, the Town's business-type activities liability for compensated absences is \$96,982.

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2021, the Town had the following restricted net positions:

Nonmajor Special Revenue Funds (Schedule E)	
Revolving Loan Fund - Nonspendable	\$ 436,750
Public Library Expendable Trust Fund	96,786
Dorothy Brown Expendable Trust Fund	77,921
Woodland Capture and Retain TIF	23,545
Woodland Capture and Return TIF	12
Backyard Farms Capture and Retain TIF	119,330
Backyard Farms Capture and Return TIF	291
Cemetery Lot Sales Fund	83,692
Revaluation Reserve	110,727

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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	148,672
Jacobs Scholarship	3,964
	<u>1,129,736</u>
	<u>\$ 1,129,736</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	\$ 436,750
Nonmajor Permanent Funds (Schedule G)	28,046
	<u>\$ 464,796</u>

NOTE 12 - RESTRICTED FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	\$ 512,304
Nonmajor Permanent Funds (Schedule G)	152,636
	<u>\$ 664,940</u>

NOTE 13 - ASSIGNED FUND BALANCES

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

General Fund	
General Government	\$ 11,000
Public Safety	9,500
Public Works	60,000
Parks and Recreation	13,000
Library	10,000
Capital Equipment	79,232
Capital Paving	16,965

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - ASSIGNED FUND BALANCES (CONTINUED)

Nonmajor Special Revenue Funds (Schedule E)	
Legal Expense	18,862
Lifelong Community Fellows	798
Anson Days	15,594
Families in Need	264
Age Friendly Community	2,830
Beach Access	3,375
Christmas Parade Committee	4,829
Police Contract Reimbursement	29,490
Playground/Parking Main Street	1,127
Fire Equipment EMA	276
Fortin Playground	7,682
Equipment	15,081
Recreation Participation	10,082
Recreation	585
Foreclosure Sales	23,550
Library Equipment	2,198
Building Maintenance	1,400
Cemetery E Madison Dam	1,800
	\$ 339,520

NOTE 14 - DEFICIT FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule E)	
FH Interest Maintenance	\$ 10,027
	\$ 10,027

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, 2021, the Town's share of school and county debt was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of Somerset	\$ 11,505,000	6.21%	\$ 714,834
MSAD No. 59	2,462,500	100.00%	2,462,500
			\$ 3,177,334

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - ECONOMIC DEPENDENCY

A single taxpayer, Eagle Creek Renewable Energy, is assessed approximately \$786,250 or approximately 11.40% of the Town of Madison's current year tax commitment.

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 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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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.

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

On July 8, 2019, 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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Completed in May of 2020, 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%.

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

In July of 2019, 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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

For the fiscal year ended June 30, 2021, the Town abated property taxes for the following programs:

Tax Abatement Program	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Backyard Farms Municipal Development and Tax Increment Financing District	70%	\$ 418,532
Woodlands Senior Living of Madison Municipal Development and Tax Increment Financing District	85%	\$ 71,097

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 \$418,532, representing 70% of the total captured tax increment revenues. The remaining 30% (\$179,371) was retained by the Town for economic development and infrastructure initiatives. In addition, the BETE reimbursement from the State (\$305,069) related to the property added in this TIF district is also captured and retained for the noted designated purpose for a total of \$484,440. The amount of captured tax increment revenues returned to Woodlands Senior Living of Madison LLC was \$71,097, representing 85% of the total captured tax increment revenues. The remaining 15% (\$23,521) 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, formerly known as International City Management Association Retirement Corporation (ICMA-RC).

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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - DEFERRED COMPENSATION PLAN (CONTINUED)

The Town's deferred compensation plan contribution for the employees for the year ended June 30, 2021, was approximately \$29,109 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 \$45,366 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 \$91,858 for the year ended June 30, 2021, 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.

Benefits Provided

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Employees Covered by Benefit Terms

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

Active members	17
Retirees and spouses	<u>1</u>
Total	<u><u>18</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	\$1,118.55	\$2,509.07
PPO 1500	\$920.63	\$2,065.10
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

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

At June 30, 2021, the Town reported a liability of \$244,392 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$24,114. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,785	\$ 69,838
Changes of assumptions	61,868	16,364
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 104,653</u>	<u>\$ 86,202</u>

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

	MMEHT
Plan year ended June 30:	
2022	\$ 9,606
2023	9,606
2024	9,609
2025	(8,475)
2026	(4,381)
Thereafter	2,486

Discount Rate

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 291,497	\$ 244,392	\$ 206,566
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 291,497</u>	<u>\$ 244,392</u>	<u>\$ 206,566</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	\$ 204,377	\$ 244,392	\$ 294,744
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 204,377</u>	<u>\$ 244,392</u>	<u>\$ 294,744</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

Amortization

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

Assumptions

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

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

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

Trend Assumptions:

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

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

Administrative and claims expense - 3% per annum.

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine 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, 2021

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

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 RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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 \$27,053.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Employees Covered by Benefit Terms

At January 1, 2020, 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	\$1,118.55	\$2,509.07
PPO 1500	\$920.63	\$2,065.10
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

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

At December 31, 2020, the Electric Works reported a liability of \$99,872 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The 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.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

For the year ended December 31, 2020, the Electric Works recognized OPEB expense of \$8,707. At December 31, 2020, 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	\$ 26,812	\$ 39,389
Changes of assumptions	27,204	9,614
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ 54,016	\$ 49,003

\$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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2021	\$ 3,347
2022	3,347
2023	3,347
2024	3,349
2025	(5,151)
Thereafter	(3,226)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.74% per annum for December 31, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 119,570	\$ 99,872	\$ 84,067
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 119,570</u>	<u>\$ 99,872</u>	<u>\$ 84,067</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	\$ 83,795	\$ 99,872	\$ 119,974
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 83,795</u>	<u>\$ 99,872</u>	<u>\$ 119,974</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

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

Amortization

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

Assumptions

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

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

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

Trend Assumptions:

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 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.

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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, 2020 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$12,577.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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, 2021. 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 only other outstanding liability tax case not resolved within the fiscal year was the abatement filed by the former Madison Paper Industries for property taxes paid in 2016. In May 2020 a State Superior Court denied the appeal to the 2019 decision by the State Board of Property Tax Review which denying MPI's appeal. Attorneys for MPI and parent company UPM have filed an appeal with the State Law Court to be heard in late summer of 2021. If MPI prevails at the Law Court, the Town would be required to pay back upwards of \$1M in tax abatements, fees and interest.

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, 2021

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:

Fiscal Years Ending June 30,	Robert Bishop	York's Lawn Care	Boyton's Landscaping
2022	\$ 11,200	\$ 18,375	\$ 8,000
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 2020 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, 2020 and 2019 were \$2,691,689 and \$2,319,146, 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, 2020 and 2019 were \$332,201 and \$434,242, 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, 2021

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.

NOTE 25 - RESTATEMENTS

In fiscal year 2021, the Town determined that certain transactions were presented incorrectly and therefore, restatements to the beginning governmental activities net position and the aggregate special revenues fund balance were required.

As of July 1, 2020, the governmental activities net position and the aggregate special revenue fund balance were each increased by \$1,800 to reclassify accounts that were incorrectly presented as liabilities. The capital assets and accumulated depreciation amounts were both decreased by \$65,429 to correct a duplicate recording of an asset and its accumulated depreciation. These restatements increased the governmental activities net position from \$8,478,496 to \$8,480,296 and the aggregate special revenue fund balance from \$443,649 to \$445,449.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,870,447	\$ 1,870,447	\$ 1,870,447	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	7,189,394	7,613,626	7,674,951	61,325
Excise taxes	729,500	729,500	949,365	219,865
Intergovernmental revenues:				
State revenue sharing	592,945	592,945	725,691	132,746
Homestead exemption	401,760	401,760	401,760	-
Local road assistance	55,000	55,000	58,488	3,488
BETE reimbursement	354,790	354,790	354,864	74
Other	30,000	742,469	747,098	4,629
Charges for services	97,300	97,300	120,330	23,030
Interest income	12,000	12,000	2,927	(9,073)
Miscellaneous revenues	51,900	51,900	70,050	18,150
Transfers from other funds	-	-	200,000	200,000
Amounts Available for Appropriation	<u>11,385,036</u>	<u>12,521,737</u>	<u>13,175,971</u>	<u>654,234</u>
Charges to Appropriations (Outflows):				
General government	604,515	1,341,984	1,301,058	40,926
Public safety	669,255	672,255	646,668	25,587
Public works	1,177,460	1,241,460	1,185,783	55,677
Parks and recreation	78,050	82,050	65,682	16,368
Cemeteries	27,050	27,050	26,904	146
Community and social agencies	179,635	182,635	175,734	6,901
Education	4,714,652	4,714,652	4,714,652	-
County tax	808,680	808,680	808,680	-
Town property	27,875	27,875	26,239	1,636
Unclassified	64,777	489,009	422,954	66,055
Capital outlay	365,050	521,250	424,422	96,828
Transfers to other funds	997,590	997,590	1,067,590	(70,000)
Total Charges to Appropriations	<u>9,714,589</u>	<u>11,106,490</u>	<u>10,866,366</u>	<u>240,124</u>
Budgetary Fund Balance, June 30	<u>\$ 1,670,447</u>	<u>\$ 1,415,247</u>	<u>\$ 2,309,605</u>	<u>\$ 414,110</u>
Utilization of assigned fund balance	\$ -	\$ 255,200	\$ -	\$ (255,200)
Utilization of unassigned fund balance	200,000	200,000	-	(200,000)
	<u>\$ 200,000</u>	<u>\$ 455,200</u>	<u>\$ -</u>	<u>\$ (455,200)</u>

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

TOWN OF MADISON, MAINE

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

	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)	\$ 212,494	\$ -	\$ 212,494
Changes for the year:			
Service cost	8,454	-	8,454
Interest	6,054	-	6,054
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	17,390	-	17,390
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>31,898</u>	<u>-</u>	<u>31,898</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 244,392</u>	<u>\$ -</u>	<u>\$ 244,392</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)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 148,627	\$ -	\$ 148,627
Changes for the year:			
Service cost	2,349	-	2,349
Interest	4,924	-	4,924
Changes of benefits	(1,913)	-	(1,913)
Differences between expected and actual experience	(76,182)	-	(76,182)
Changes of assumptions	23,359	-	23,359
Contributions - employer	-	1,292	(1,292)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(1,292)	(1,292)	-
Administrative expense	-	-	-
Net changes	<u>(48,755)</u>	<u>-</u>	<u>(48,755)</u>
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 99,872</u>	<u>\$ -</u>	<u>\$ 99,872</u>

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

TOWN OF MADISON, MAINE

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)	8,454	4,997	5,737	4,873
Interest (includes interest on service cost)	6,054	10,477	9,374	5,173
Changes of benefit terms	-	(4,070)	-	-
Differences between expected and actual experience	-	(97,774)	-	99,829
Changes of assumptions	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>\$ 31,898</u>	<u>\$ (39,417)</u>	<u>\$ (16,168)</u>	<u>\$ 135,584</u>
Total OPEB liability - beginning	\$ 212,494	\$ 251,911	\$ 268,079	\$ 132,495
Total OPEB liability - ending	<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	2,642	1,032
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	-	(2,748)	(2,642)	(1,032)
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>\$ 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%
Covered payroll	\$ 905,589	\$ 905,589	\$ 1,018,396	\$ 1,018,396
Net OPEB liability as a percentage of covered payroll	27.0%	23.5%	24.7%	26.3%

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

SCHEDULE 3 (CONTINUED)
TOWN OF MADISON, MAINE - ELECTRIC WORKS

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>			
Service cost (BOY)	2,349	3,385	2,436
Interest (includes interest on service cost)	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	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>\$ (48,755)</u>	<u>\$ 14,587</u>	<u>\$ 67,792</u>
Total OPEB liability - beginning	\$ 148,627	\$ 134,040	\$ 66,248
Total OPEB liability - ending	<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>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<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%
Covered payroll	\$ 425,627	\$ 600,854	\$ 509,198
Net OPEB liability as a percentage of covered payroll	23.5%	24.7%	26.3%

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

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

TOWN OF MADISON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST TEN FISCAL YEARS*

	<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>
Covered payroll	\$ 905,589	\$ 905,589	\$ 1,018,396	\$ 1,018,396
Contributions as a percentage of covered payroll	0.00%	0.30%	0.26%	0.10%

FOR MADISON ELECTRIC WORKS

	<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>
Covered payroll	\$ 425,627	\$ 600,854	\$ 509,198
Contributions as a percentage of covered payroll	0.30%	0.26%	0.10%

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

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

TOWN OF MADISON, MAINE

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

Changes in Assumptions

MMEHT OPEB Plan for the Town:

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.

MMEHT OPEB Plan for Electric Works:

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

See accompanying independent auditors' 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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 7,189,394	\$ 7,613,626	\$ 7,674,951	\$ 61,325
Excise taxes	725,000	725,000	942,652	217,652
Boat excise	4,500	4,500	6,713	2,213
Intergovernmental revenues:				
State revenue sharing	592,945	592,945	725,691	132,746
Homestead exemption	401,760	401,760	401,760	-
Tree growth reimbursement	20,000	20,000	23,189	3,189
Veterans' exemption	4,000	4,000	4,450	450
Local road assistance	55,000	55,000	58,488	3,488
BETE reimbursement	354,790	354,790	354,864	74
Other state/federal funds	6,000	718,469	719,459	990
Charges for services:				
Town clerk fees/licenses	22,850	22,850	36,406	13,556
Code enforcement/permit fees	8,550	8,550	14,953	6,403
Public safety	600	600	651	51
Public works income	47,500	47,500	47,245	(255)
Community service	10,000	10,000	13,625	3,625
Library	7,800	7,800	7,450	(350)
Investment income:				
Regular investment income	12,000	12,000	2,927	(9,073)
Other revenues:				
Fees/interest on taxes	43,000	43,000	51,852	8,852
Misc. other	8,900	8,900	18,198	9,298
Transfers from other funds	-	-	200,000	200,000
Amounts Available for Appropriation	<u>\$ 9,514,589</u>	<u>\$ 10,651,290</u>	<u>\$ 11,305,524</u>	<u>\$ 654,234</u>

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

TOWN OF MADISON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 505,865	\$ 5,000	\$ 510,865	\$ 491,444	\$ 19,421
Planning board	5,825	-	5,825	4,244	1,581
Code enforcement	29,500	5,000	34,500	14,786	19,714
Boards and commissions	19,325	-	19,325	19,240	85
Elections	4,000	15,000	19,000	22,875	(3,875)
Assessing	40,000	-	40,000	36,000	4,000
Grant expense FSO	-	712,469	712,469	712,469	-
	<u>604,515</u>	<u>737,469</u>	<u>1,341,984</u>	<u>1,301,058</u>	<u>40,926</u>
Public safety:					
Ambulance	92,500	-	92,500	92,245	255
Police department	455,000	-	455,000	450,000	5,000
Fire department	110,230	3,000	113,230	101,469	11,761
Animal control officer	11,525	-	11,525	2,954	8,571
	<u>669,255</u>	<u>3,000</u>	<u>672,255</u>	<u>646,668</u>	<u>25,587</u>
Public works:					
Public areas	545,000	-	545,000	569,610	(24,610)
General operations	602,810	17,000	619,810	554,843	64,967
Winter roads	1,200	-	1,200	2,700	(1,500)
Summer roads	28,450	47,000	75,450	58,630	16,820
	<u>1,177,460</u>	<u>64,000</u>	<u>1,241,460</u>	<u>1,185,783</u>	<u>55,677</u>

TOWN OF MADISON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Parks and recreation:					
Preble Avenue	9,700	4,000	13,700	16,024	(2,324)
Recreation	68,350	-	68,350	49,658	18,692
	<u>78,050</u>	<u>4,000</u>	<u>82,050</u>	<u>65,682</u>	<u>16,368</u>
Cemeteries	<u>27,050</u>	<u>-</u>	<u>27,050</u>	<u>26,904</u>	<u>146</u>
Community and social agencies:					
Community programs	24,100	-	24,100	23,781	319
Library	121,585	3,000	124,585	114,158	10,427
Service organizations	33,950	-	33,950	37,795	(3,845)
	<u>179,635</u>	<u>3,000</u>	<u>182,635</u>	<u>175,734</u>	<u>6,901</u>
Education	<u>4,714,652</u>	<u>-</u>	<u>4,714,652</u>	<u>4,714,652</u>	<u>-</u>
County tax	<u>808,680</u>	<u>-</u>	<u>808,680</u>	<u>808,680</u>	<u>-</u>
Capital outlay:					
Roads	180,050	4,598	184,648	167,682	16,966
Public works equipment	105,000	124,132	229,132	149,900	79,232
Fire department	30,000	27,470	57,470	56,840	630
Library	50,000	-	50,000	50,000	-
	<u>365,050</u>	<u>156,200</u>	<u>521,250</u>	<u>424,422</u>	<u>96,828</u>

TOWN OF MADISON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Town property:					
Old Point	18,550	-	18,550	18,059	491
Town sign mowing	150	-	150	270	(120)
Boat landing	1,000	-	1,000	1,020	(20)
55 Western Ave	3,200	-	3,200	2,096	1,104
Playground	4,975	-	4,975	4,794	181
	<u>27,875</u>	<u>-</u>	<u>27,875</u>	<u>26,239</u>	<u>1,636</u>
Unclassified:					
Overlay	64,777	424,232	489,009	422,954	66,055
	<u>64,777</u>	<u>424,232</u>	<u>489,009</u>	<u>422,954</u>	<u>66,055</u>
Transfers to other funds:					
Special revenue funds	997,590	-	997,590	1,067,590	(70,000)
	<u>997,590</u>	<u>-</u>	<u>997,590</u>	<u>1,067,590</u>	<u>(70,000)</u>
Total Departmental Operations	<u>\$ 9,714,589</u>	<u>\$ 1,391,901</u>	<u>\$ 11,106,490</u>	<u>\$ 10,866,366</u>	<u>\$ 240,124</u>

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

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 183,462	\$ 1,024	\$ 184,486
Investments	328,842	179,658	508,500
Notes receivable	436,750	-	436,750
Due from other funds	139,823	-	139,823
TOTAL ASSETS	<u>\$ 1,088,877</u>	<u>\$ 180,682</u>	<u>\$ 1,269,559</u>
LIABILITIES			
Due to other funds	\$ 10,027	\$ -	\$ 10,027
TOTAL LIABILITIES	<u>10,027</u>	<u>-</u>	<u>10,027</u>
FUND BALANCES			
Nonspendable	436,750	28,046	464,796
Restricted	512,304	152,636	664,940
Committed	-	-	-
Assigned	139,823	-	139,823
Unassigned	(10,027)	-	(10,027)
TOTAL FUND BALANCES	<u>1,078,850</u>	<u>180,682</u>	<u>1,259,532</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,088,877</u>	<u>\$ 180,682</u>	<u>\$ 1,269,559</u>

See accompanying independent auditors' 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, 2021

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 30,060	\$ 25,641	\$ 55,701
Other	556,034	-	556,034
TOTAL REVENUES	<u>586,094</u>	<u>25,641</u>	<u>611,735</u>
EXPENDITURES			
Program expenses	<u>828,027</u>	-	<u>828,027</u>
TOTAL EXPENDITURES	<u>828,027</u>	<u>-</u>	<u>828,027</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(241,933)</u>	<u>25,641</u>	<u>(216,292)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,075,334	-	1,075,334
Transfers (out)	<u>(200,000)</u>	<u>(7,744)</u>	<u>(207,744)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>875,334</u>	<u>(7,744)</u>	<u>867,590</u>
NET CHANGE IN FUND BALANCES	633,401	17,897	651,298
FUND BALANCES - JULY 1, RESTATED	<u>445,449</u>	<u>162,785</u>	<u>608,234</u>
FUND BALANCES - JUNE 30	<u>\$ 1,078,850</u>	<u>\$ 180,682</u>	<u>\$ 1,259,532</u>

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

Special Revenue Funds

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

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Legal Expense	FH Interest Maintenance	Lifelong Community Fellows	Madison Anson Days	Families in Need	Age Friendly Community	Beach Access
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	18,862	-	798	15,594	264	2,830	3,375
TOTAL ASSETS	<u>\$ 18,862</u>	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ 15,594</u>	<u>\$ 264</u>	<u>\$ 2,830</u>	<u>\$ 3,375</u>
LIABILITIES							
Due to other funds	\$ -	\$ 10,027	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>10,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	18,862	-	798	15,594	264	2,830	3,375
Unassigned	-	(10,027)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<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>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 18,862</u>	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ 15,594</u>	<u>\$ 264</u>	<u>\$ 2,830</u>	<u>\$ 3,375</u>

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2021

	<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>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	4,829	29,490	1,127	276	7,682	15,081	10,082
TOTAL ASSETS	<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>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	4,829	29,490	1,127	276	7,682	15,081	10,082
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<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>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<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>

SCHEDULE E (CONTINUED)

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Recreation	Foreclosure Sales	Library Equipment	Franchise	Building Maintenance	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund	Cemetery E Madison Dam
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,501	\$ 5,084	\$ -
Investments	-	-	-	-	-	71,285	72,837	-
Notes receivable	-	-	-	-	-	-	-	-
Due from other funds	585	23,550	2,198	-	1,400	-	-	1,800
TOTAL ASSETS	<u>\$ 585</u>	<u>\$ 23,550</u>	<u>\$ 2,198</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 96,786</u>	<u>\$ 77,921</u>	<u>\$ 1,800</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	96,786	77,921	-
Committed	-	-	-	-	-	-	-	-
Assigned	585	23,550	2,198	-	1,400	-	-	1,800
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>585</u>	<u>23,550</u>	<u>2,198</u>	<u>-</u>	<u>1,400</u>	<u>96,786</u>	<u>77,921</u>	<u>1,800</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 585</u>	<u>\$ 23,550</u>	<u>\$ 2,198</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 96,786</u>	<u>\$ 77,921</u>	<u>\$ 1,800</u>

SCHEDULE E (CONTINUED)

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Woodland Capture and Retain TIF	Wood 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
ASSETS								
Cash and cash equivalents	\$ 23,545	\$ 12	\$ 119,330	\$ 291	\$ -	\$ 9,699	\$ -	\$ 183,462
Investments	-	-	-	-	-	73,993	110,727	328,842
Notes receivable	-	-	-	-	436,750	-	-	436,750
Due from other funds	-	-	-	-	-	-	-	139,823
TOTAL ASSETS	<u>\$ 23,545</u>	<u>\$ 12</u>	<u>\$ 119,330</u>	<u>\$ 291</u>	<u>\$ 436,750</u>	<u>\$ 83,692</u>	<u>\$ 110,727</u>	<u>\$ 1,088,877</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,027
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,027</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	436,750	-	-	436,750
Restricted	23,545	12	119,330	291	-	83,692	110,727	512,304
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	139,823
Unassigned	-	-	-	-	-	-	-	(10,027)
TOTAL FUND BALANCES (DEFICITS)	<u>23,545</u>	<u>12</u>	<u>119,330</u>	<u>291</u>	<u>436,750</u>	<u>83,692</u>	<u>110,727</u>	<u>1,078,850</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 23,545</u>	<u>\$ 12</u>	<u>\$ 119,330</u>	<u>\$ 291</u>	<u>\$ 436,750</u>	<u>\$ 83,692</u>	<u>\$ 110,727</u>	<u>\$ 1,088,877</u>

See accompanying independent auditors' 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, 2021

	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	26,937	-	1,000	14,956	-	-	-
TOTAL REVENUES	<u>26,937</u>	<u>-</u>	<u>1,000</u>	<u>14,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Program expenditures	16,396	8,654	202	7,695	711	7,364	-
TOTAL EXPENDITURES	<u>16,396</u>	<u>8,654</u>	<u>202</u>	<u>7,695</u>	<u>711</u>	<u>7,364</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,541</u>	<u>(8,654)</u>	<u>798</u>	<u>7,261</u>	<u>(711)</u>	<u>(7,364)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	7,744	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>7,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	10,541	(910)	798	7,261	(711)	(7,364)	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>8,321</u>	<u>(9,117)</u>	<u>-</u>	<u>8,333</u>	<u>975</u>	<u>10,194</u>	<u>3,375</u>
FUND BALANCES (DEFICITS) - JUNE 30	<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>

TOWN OF MADISON, MAINE

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

	Christmas Parade Committee	Police Contract Reimburse	Playground/ Parking Main Street	Fire Equipment EMA	Fortin Playground	Equipment	Recreation Participation
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	2,500	20,000	-	50	-	856	6,340
TOTAL REVENUES	<u>2,500</u>	<u>20,000</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>856</u>	<u>6,340</u>
EXPENDITURES							
Program expenditures	-	-	511	50	-	6,208	2,782
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>511</u>	<u>50</u>	<u>-</u>	<u>6,208</u>	<u>2,782</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,500</u>	<u>20,000</u>	<u>(511)</u>	<u>-</u>	<u>-</u>	<u>(5,352)</u>	<u>3,558</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)	2,500	20,000	(511)	-	-	(5,352)	3,558
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>2,329</u>	<u>9,490</u>	<u>1,638</u>	<u>276</u>	<u>7,682</u>	<u>20,433</u>	<u>6,524</u>
FUND BALANCES (DEFICITS) - JUNE 30	<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>

TOWN OF MADISON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,071	\$ 8,826	\$ -
Other	-	9,185	2,198	16,482	568	16,357	-	-
TOTAL REVENUES	<u>-</u>	<u>9,185</u>	<u>2,198</u>	<u>16,482</u>	<u>568</u>	<u>18,428</u>	<u>8,826</u>	<u>-</u>
EXPENDITURES								
Program expenditures	-	2,500	-	16,441	-	230	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>16,441</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>6,685</u>	<u>2,198</u>	<u>41</u>	<u>568</u>	<u>18,198</u>	<u>8,826</u>	<u>-</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)	<u>-</u>	<u>6,685</u>	<u>2,198</u>	<u>41</u>	<u>568</u>	<u>18,198</u>	<u>8,826</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>585</u>	<u>16,865</u>	<u>-</u>	<u>(41)</u>	<u>832</u>	<u>78,588</u>	<u>69,095</u>	<u>1,800</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 585</u>	<u>\$ 23,550</u>	<u>\$ 2,198</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 96,786</u>	<u>\$ 77,921</u>	<u>\$ 1,800</u>

SCHEDULE F (CONTINUED)

TOWN OF MADISON, MAINE

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

	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
REVENUES								
Investment income, net of unrealized gains/(losses)	\$ 24	\$ 12	\$ 225	\$ 23	\$ 750	\$ 17,554	\$ 575	\$ 30,060
Other	-	-	-	-	438,605	-	-	556,034
TOTAL REVENUES	24	12	225	23	439,355	17,554	575	586,094
EXPENDITURES								
Program expenditures	-	71,097	268,654	418,532	-	-	-	828,027
TOTAL EXPENDITURES	-	71,097	268,654	418,532	-	-	-	828,027
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24	(71,085)	(268,429)	(418,509)	439,355	17,554	575	(241,933)
OTHER FINANCING SOURCES (USES)								
Transfers in	23,521	71,097	484,440	418,532	70,000	-	-	1,075,334
Transfers (out)	-	-	(200,000)	-	-	-	-	(200,000)
TOTAL OTHER FINANCING SOURCES (USES)	23,521	71,097	284,440	418,532	70,000	-	-	875,334
NET CHANGE IN FUND BALANCES (DEFICITS)	23,545	12	16,011	23	509,355	17,554	575	633,401
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	-	103,319	268	(72,605)	66,138	110,152	445,449
FUND BALANCES (DEFICITS) - JUNE 30	\$ 23,545	\$ 12	\$ 119,330	\$ 291	\$ 436,750	\$ 83,692	\$ 110,727	\$ 1,078,850

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of 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, 2021

	Perpetual Care	Jacobs Scholarship	Total
ASSETS			
Cash and cash equivalents	\$ 314	\$ 710	\$ 1,024
Investments	171,404	8,254	179,658
TOTAL ASSETS	<u>\$ 171,718</u>	<u>\$ 8,964</u>	<u>\$ 180,682</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	23,046	5,000	28,046
Restricted	148,672	3,964	152,636
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>171,718</u>	<u>8,964</u>	<u>180,682</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 171,718</u>	<u>\$ 8,964</u>	<u>\$ 180,682</u>

See accompanying independent auditors' 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, 2021

	Perpetual Care	Jacobs Scholarship	Total
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 23,869	\$ 1,772	\$ 25,641
TOTAL REVENUES	<u>23,869</u>	<u>1,772</u>	<u>25,641</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,869</u>	<u>1,772</u>	<u>25,641</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(7,744)	-	(7,744)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,744)</u>	<u>-</u>	<u>(7,744)</u>
NET CHANGE IN FUND BALANCES	16,125	1,772	17,897
FUND BALANCES - JULY 1	<u>155,593</u>	<u>7,192</u>	<u>162,785</u>
FUND BALANCES - JUNE 30	<u>\$ 171,718</u>	<u>\$ 8,964</u>	<u>\$ 180,682</u>

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

General Capital Assets

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

TOWN OF MADISON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 292,910	\$ 990,756	\$ 22,473	\$ -	\$ 1,306,139
Public safety	20,000	158,760	1,056,080	-	1,234,840
Public works	7,500	132,664	1,425,201	7,687,713	9,253,078
Recreation	655,759	9,600	2,500	-	667,859
Electric works	50,141	-	-	10,364,649	10,414,790
Total General Capital Assets	1,026,310	1,291,780	2,506,254	18,052,362	22,876,706
Less: Accumulated Depreciation	-	(552,541)	(1,678,523)	(9,669,779)	(11,900,843)
Net General Capital Assets	\$ 1,026,310	\$ 739,239	\$ 827,731	\$ 8,382,583	\$ 10,975,863

See accompanying independent auditors' 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, 2021

	General Capital Assets 7/1/20 (Restated)	Additions	Deletions	General Capital Assets 6/30/21
General government	\$ 1,234,277	\$ 71,862	\$ -	\$ 1,306,139
Public safety	1,192,340	72,500	(30,000)	1,234,840
Public works	9,111,633	432,445	(291,000)	9,253,078
Recreation	667,859	-	-	667,859
Electric works	11,643,621	605,631	(1,834,462)	10,414,790
Total General Capital Assets	12,074,911	1,182,438	(321,000)	22,876,706
Less: Accumulated Depreciation	(13,061,178)	(602,379)	1,762,714	(11,900,843)
Net General Capital Assets	<u>\$ 5,855,495</u>	<u>\$ 580,059</u>	<u>\$ 1,441,714</u>	<u>\$ 10,975,863</u>

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



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

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, 2021 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 October 28, 2021.

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 October 15, 2021.

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
October 28, 2021