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INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Jefferson  
Jefferson, Maine

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jefferson, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Jefferson's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Jefferson as of December 31, 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.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Jefferson, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule and schedules 1 and 2 information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jefferson's basic financial statements. The fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bath, Maine

January 11, 2023

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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

Board of Selectmen  
Town of Jefferson  
Jefferson, 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, each major fund, and the aggregate remaining fund information of the Town of Jefferson, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Jefferson's basic financial statements, and have issued our report thereon dated January 11, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Jefferson'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jefferson's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jefferson'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.

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

## **Purpose of this Report**

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

Bath, Maine

January 11, 2023

TOWN OF JEFFERSON, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021

Management of the Town of Jefferson, Maine presents this narrative to provide you with an overview and analysis of our annual financial statements for the year ending December 31, 2021. This information in conjunction with the notes to the financial statements can be considered when reading the Town's financial statements.

**Financial Highlights**

- Total net position of the Town of Jefferson increased by \$1,809,457 to \$13,983,449.
- Net capital assets increased by \$164,833 to \$14,046,610 due to paving that was done in the current year.
- General revenues accounted for \$6,326,249, or 67.05% of all revenues. Program specific revenues accounted for \$3,108,200 in revenue, or 32.95% of total revenues.
- All of the Town's departmental/functional expenses came in at or under budget.
- At the end of the current year, the unassigned fund balance for the general fund was \$2,896,532.

**Overview of the Financial Statements**

Below is a brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide. The Town of Jefferson's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains both required and supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The government-wide financial statements include two main basic financial statements in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB). The first is the Statement of Net Position and the second is the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Both report information about the town as a whole and about its activities during the fiscal year using the accrual basis of accounting used by most private-sector companies.

The Statement of Net Position is designed to present information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Infrastructure (roads, bridges, etc.) are town assets if constructed and owned by the Town or are maintained by the Town. GASB Statement No. 34, however, does not require the Town to retroactively report infrastructure as assets, thus all infrastructure acquired or constructed prior to January 1, 2004 is not reported in the Statement of Net Position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other factors also need to be considered as well, such as changes in the Town's property tax base, the condition of the Town's infrastructure, and the annual amount of state funding for education.

The second government-wide financial statement is the Statement of Activities which reports how the Town's net position has changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. This statement shows the net cost of departmental services (i.e. the cost of departmental services less the revenues generated by those departments), that are funded by tax revenues, state aid, and other unrestricted revenues.

### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's funds, rather than the Town as a whole.

Most of the Town's basic services are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending, normally in the next fiscal year. These are reported using an accounting method called modified accrual accounting, which only measures cash and other financial assets which can be readily converted to cash. Accordingly, fixed assets (land, buildings, equipment, etc.) are not included as assets. These governmental fund financial statements therefore present a short-term view of the Town's general government operations and what is available to be spent in the near future. The Town has one major fund, the general fund.

### 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 fund financial statements.

### Financial Analysis of the Town as a Whole

The Statement of Net Position provides the perspective of the Town as a whole.

The Town of Jefferson's net position at fiscal year-end was \$13,983,449. This includes current assets (primarily cash and taxes receivable), the cost (less accumulated depreciation) of all buildings, equipment, and land owned by the Town (valued at historical cost, or estimated thereof), and infrastructure acquired after December 31, 2003 (less accumulated depreciation), less current and long-term debt. Changes in net position from year to year may be observed to analyze changing financial positions of the Town as a whole.

The table below provides a summary of the Town's net position.

**NET POSITION  
GOVERNMENTAL ACTIVITIES**

	2021	2020
Current and Other Assets	\$ 7,068,018	\$ 6,063,275
Capital Assets (Net)	14,046,610	13,881,777
Deferred Outflows of Resources	78,572	51,404
Total Assets	\$ 21,193,200	\$ 19,996,456
Current Liabilities	\$ 806,882	\$ 728,931
Noncurrent Liabilities	6,313,085	7,072,551
Total Liabilities	\$ 7,119,967	\$ 7,801,482
Deferred Inflows of Resources	\$ 89,784	\$ 20,982
Net Position:		
Net Invested in Capital Assets	\$ 7,090,471	\$ 6,230,024
Restricted for Other Purposes	1,438,112	1,450,323
Unrestricted	5,454,866	4,493,645
Total Net Position	\$ 13,983,449	\$ 12,173,992

**CHANGE IN NET POSITION  
GOVERNMENTAL ACTIVITIES**

	2021	2020
Net Position, Beginning of Year	\$ 12,173,992	\$ 10,859,255
Revenues:		
Program Revenues:		
Charges for Services	\$ 150,842	\$ 84,538
Grants and Contributions	2,957,358	2,476,770
General Revenues:		
Property Taxes	4,935,360	4,828,171
Excise Taxes	690,122	620,622
Intergovernmental	534,826	315,722
Licenses, Permits, and Fees		43,016
Other Revenue	165,941	96,062
Total Revenues	\$ 9,434,449	\$ 8,464,901
Program Expenses:		
Administration	\$ 352,956	\$ 320,020
Roads and Highways	409,664	409,138
Protection and Health	196,798	180,587
Unclassified	13,353	13,436
Outside Organizations	10,639	13,830
Fixed Costs and Assessments	6,641,582	6,213,153
Total Program Expenses	\$ 7,624,992	\$ 7,150,164
Increase in Net Position	\$ 1,809,457	\$ 1,314,737
Net Position, End of Year	\$ 13,983,449	\$ 12,173,992



By far, the largest portion of the Town's net position reflects investment in capital assets (i.e. elementary school, town office, salt and sand shed, fire station, and school buses, primarily), less any related debt used to acquire those assets that is still outstanding. Currently, the Town owes debt related to the construction of the new school building. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available as a source for future spending. The resources needed to repay this debt must be provided from other sources, primarily tax dollars or state aid, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to its creditors.

The Statement of Activities presents information about how the Town's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods such as uncollected taxes and, should the need ever occur, earned but unused compensated absences.

The table below shows the total cost and the net cost of services of the Town's governmental activities. The Town has no business-type activities. The net cost identifies the cost of these services which are supported by property and excise taxes, unrestricted grants and contributions, and interest earnings, after deducting for departmental revenues and grants from the State and other sources.

**GOVERNMENTAL ACTIVITIES  
2021**

	Total Cost of Services	%	Net Cost of Services	%
Fixed Costs and Assessments	\$ 6,641,582	87.10	\$ 3,635,552	80.49
Roads and Highways	409,664	5.37	362,880	8.03
Administration	352,956	4.63	297,570	6.59
Protection and Health	196,798	2.58	196,798	4.36
Outside Organization	10,639	.14	10,639	.23
Unclassified	13,353	.18	13,353	.30
Total Expenses	<u>\$ 7,624,992</u>	<u>100.00</u>	<u>\$ 4,516,792</u>	<u>100.00</u>

**GOVERNMENTAL ACTIVITIES  
2020**

	Total Cost of Services	%	Net Cost of Services	%
Fixed Costs and Assessments	\$ 6,213,153	86.90	\$ 3,755,984	81.85
Roads and Highways	409,138	5.72	365,502	7.96
Administration	320,020	4.48	259,517	5.66
Protection and Health	180,587	2.53	180,587	3.94
Outside Organization	13,830	.19	13,830	.30
Unclassified	13,436	.18	13,436	.29
Total Expenses	<u>\$ 7,150,164</u>	<u>100.00</u>	<u>\$ 4,588,856</u>	<u>100.00</u>

## The Town's Funds

The Town has two fund types, the General Fund and Non-Major Governmental Funds. The Town also has nonmajor funds which consist of several small trust funds administered by the Town. Detailed information regarding the Town's permanent funds can be found in the financial statements. The changes in the fund balances are as follows:

<u>Fund</u>	<u>Balance December 31, 2021</u>	<u>Balance December 31, 2020</u>	<u>Change</u>	<u>% Change</u>
General Fund	\$ 6,299,447	\$ 5,283,783	\$ 1,015,664	19.22
Other Governmental Funds	395,678	372,529	23,149	6.21
Total	<u>\$ 6,695,125</u>	<u>\$ 5,656,312</u>	<u>\$ 1,038,813</u>	

## General Fund Budgetary Highlights

### Expenditures

The table below shows the Town's budget for various departments and functions for the year ended December 31, 2021. The table also shows actual expenses on a budgetary basis for each department and function as well as the variance between the budget and actual expenditures for each category. The Town considers a variance to be significant if it exceeds \$15,000 and 15% of the budget.

#### General Fund:

<u>Department/Function Expenditures</u>	<u>Adjusted Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>	
			<u>Amount</u>	<u>%</u>
Administration	\$ 380,535	\$ 350,507	\$ 30,028	7.89
Roads and Highways	916,150	824,326	91,824	10.02
Protection and Health	426,570	179,372	247,198	57.95
Fixed Costs and Assessments	7,161,741	7,127,439	34,302	.48
Outside Organizations	10,639	10,639		
Unclassified	25,668	12,353	13,315	51.87
Total Expenditures	<u>\$ 8,921,303</u>	<u>\$ 8,504,636</u>	<u>\$ 416,667</u>	

## Revenues

The table below shows the Town's budgeted revenues and actual revenues on a budgetary basis from various resources for the year ended December 31, 2021. The table also shows the variance between these figures for each category. The Town considers a variance to be significant if it exceeds \$25,000 and 15% of the budget.

<u>General Fund Revenues</u>	Adjusted	Actual	Variance	
	Budget	Revenues	Amount	%
Property Taxes	\$ 4,945,073	\$ 5,045,360	\$ 100,287	2.03
Excise Taxes		690,122	690,122	100.00
Intergovernmental	361,852	581,610	219,758	60.73
Education Subsidies, Grants and Other	2,268,222	2,810,769	542,547	23.92
Licenses, Permits, and Fees and Charges for Services		316,023	316,023	100.00
Other Revenues		79,416	79,416	100.00
Total Revenues	<u>\$ 7,575,147</u>	<u>\$ 9,523,300</u>	<u>\$ 1,948,153</u>	

In total, actual revenues exceeded budget by \$1,948,153, most of which was a positive variance in excise taxes and intergovernmental revenue for education. Historically, the Town does not budget for excise taxes, nor for investment earnings and interest income on past-due taxes, miscellaneous revenues, state agency clients, or for licenses, permits, and charges for services.

## Capital Assets

As of December 31, 2021, the Town had approximately \$14,046,610 invested in capital assets consisting of land, buildings, equipment, and a new school building. As previously noted, the Town is not required under GASB 34 to report infrastructure built or otherwise acquired prior to January 1, 2004. This amount represents a net increase (including additions and less this year's depreciation) of approximately 1.19% from last year.

## Economic Factors and Next Year's Budget

In March of 2020, the community was impacted by the Covid-19 Virus. The Town has reviewed their operations and is currently evaluating the impact of the virus on their operations. While there is a financial impact to the Town, it has been mitigated by federal funding. Some of those funds were approved to be used for improvements on Egypt Road.

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds entrusted to it. If you have questions about this report or need financial information, contact the Board of Selectmen, P.O. Box 77, Jefferson, Maine 04348.

**TOWN OF JEFFERSON, MAINE**  
**Statement of Net Position**  
**December 31, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents (Note 2)	\$ 6,715,084
Investments (Note 9)	55,210
Receivables:	
Taxes receivable - current year	230,536
Taxes and liens - prior years	67,188
Capital assets not being depreciated (Note 8)	72,850
Capital assets, net of accumulated depreciation (Note 8)	13,973,760
Total assets	\$ 21,114,628
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension (Note 11)	\$ 78,572
<b>LIABILITIES</b>	
Accounts payable	41,364
Accrued payroll	51,802
Current portion of long-term debts (Note 3)	695,614
Other current liabilities	18,102
Noncurrent liabilities:	
Non-current portion of long-term debts	6,260,525
Pension liability (Note 11)	52,560
Total liabilities	\$ 7,119,967
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid property taxes	\$ 7,625
Related to pension (Note 11)	82,159
Total deferred inflows of resources	\$ 89,784
<b>NET POSITION</b>	
Net invested in capital assets	\$ 7,090,471
Restricted for:	
Education	1,177,448
Coronavirus fiscal recovery funds	129,643
Permanent fund principal	73,719
Urban / rural improvement program	46,784
Other	10,518
Unassigned	5,454,866
<b>Total net position</b>	<b>\$ 13,983,449</b>

*See accompanying notes to financial statements.*

**TOWN OF JEFFERSON, MAINE**  
**Statement of Activities**  
**For the year ended December 31, 2021**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Primary government:					
Governmental activities:					
Administration	\$ 352,956	\$ 55,386	\$ -	\$ -	\$ (297,570)
Roads and highways	409,664			46,784	(362,880)
Protection and health	196,798				(196,798)
Education	6,307,807	95,456	3,114,324		(3,098,027)
Unclassified	12,353				(12,353)
Outside organizations	10,639				(10,639)
County tax	522,711				(522,711)
Abatements	15,814				(15,814)
Total Primary Government	\$ 7,828,742	\$ 150,842	\$ 3,114,324	\$ 46,784	\$ (4,516,792)
General revenues:					
Property taxes					\$ 4,935,360
Excise taxes					690,122
Grants and contributions not restricted to specific programs:					
State Revenue Sharing					232,225
Homestead exemption					155,682
Other State aid					146,919
Unrestricted investment earnings					75,639
Miscellaneous revenues					90,302
Total general revenues					\$ 6,326,249
Change in net position					\$ 1,809,457
Net position - beginning					12,250,336
<b>Net position - ending</b>					<b>\$ 14,059,793</b>

**TOWN OF JEFFERSON, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2021**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,374,616	\$ 340,468	\$ 6,715,084
Investments	-	55,210	55,210
Receivables:			
Taxes receivable - current year	230,536	-	230,536
Taxes and liens - prior years	67,188	-	67,188
<b>Total assets</b>	<b>\$ 6,672,340</b>	<b>\$ 395,678</b>	<b>\$ 7,068,018</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 41,364	\$ -	\$ 41,364
Accrued payroll	51,802	-	51,802
Deferred revenue	261,625	-	261,625
Other current liabilities	18,102	-	18,102
<b>Total liabilities</b>	<b>\$ 372,893</b>	<b>\$ -</b>	<b>\$ 372,893</b>
Fund balances:			
Nonspendable:			
Permanent fund principal	\$ -	\$ 73,719	\$ 73,719
Restricted:			
Education	1,233,595	-	1,233,595
Coronavirus fiscal recovery funds	129,643	-	129,643
Urban / rural improvement program	46,784	-	46,784
Other	10,518	-	10,518
Committed:			
General fund	1,434,085	-	1,434,085
Assigned:			
General fund	548,290	-	548,290
Non-major governmental funds	-	321,959	321,959
Unassigned:			
General fund	2,896,532	-	2,896,532
<b>Total fund balances</b>	<b>\$ 6,299,447</b>	<b>\$ 395,678</b>	<b>\$ 6,695,125</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,672,340</b>	<b>\$ 395,678</b>	<b>\$ 7,068,018</b>

**TOWN OF JEFFERSON, MAINE**  
**Reconciliation of the Total Governmental Funds Balance**  
**to the Net Position of Government Activities**  
**For the year ended December 31, 2021**

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Total governmental fund balances, per Statement 3	\$	6,695,125
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,046,610
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the fund.		254,000
Deferred outflows are deferred as expense in the fund financial statements and in the government-wide financial statements as expense in the year following the year paid.		78,572
Notes payable are not due and payable in the current period and therefore are not reported in the funds.		(6,956,139)
Pension liability is not due and payable in the current period and therefore is not reported in the funds.		(52,560)
Deferred inflows are deferred revenues related to pension expenses that are amortized in the government-wide financial statements.		(82,159)
Net position of governmental activities, per Statement 1	\$	13,983,449

**TOWN OF JEFFERSON, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended December 31, 2021**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 5,735,482	\$ -	\$ 5,735,482
Licenses, permits and charges for services	316,023	-	316,023
Intergovernmental	3,596,129	-	3,596,129
Other	79,416	21,149	100,565
Total revenues	\$ 9,727,050	\$ 21,149	\$ 9,748,199
Expenditures:			
Administration	\$ 350,507	\$ -	\$ 350,507
Protection and health	179,372	-	179,372
Roads and highways	824,326	-	824,326
Unclassified	12,353	-	12,353
Outside organizations	10,639	-	10,639
Education	6,792,664	1,000	6,793,664
County tax	522,711	-	522,711
Abatements	15,814	-	15,814
Total expenditures	\$ 8,708,386	\$ 1,000	\$ 8,709,386
Excess of revenues over expenditures	\$ 1,018,664	\$ 20,149	\$ 1,038,813
Other financing sources (uses):			
Transfers (to) from other funds	(3,000)	3,000	
Net change in fund balances	\$ 1,015,664	\$ 23,149	\$ 1,038,813
Fund balances, beginning of year	5,283,783	372,529	5,656,312
<b>Fund balances, end of year</b>	<b>\$ 6,299,447</b>	<b>\$ 395,678</b>	<b>\$ 6,695,125</b>



**TOWN OF JEFFERSON, 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 December 31, 2021**

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Net change in fund balances - total governmental funds (from Statement 5)	\$	1,038,813
<p>Amounts reported for governmental activities in the Statement of Activities (Statement 2) are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in current period.		164,833
The issuance of long-term debt (e.g. notes and leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of repayments.		695,614
Pension expense is adjusted for changes in earnings contributions and contributions subsequent to the measurement date.		20,197
Change in unavailable property taxes		(110,000)
Change in net position of governmental activities, per Statement 2	\$	1,809,457

**Note 1      Summary of Significant Accounting Policies****The Reporting Entity**

The Town of Jefferson (the Town) was established in 1807 under the laws of the State of Maine. It is located in Lincoln County and operates under a town meeting form of government. The Town's major operations include general municipal services, fire protection and other public safety, public works, and general education.

The Town's financial statements conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

**Principles Determining Scope of Reporting Entity**

As part of its preparation of these financial statements, the Town considered all potential component units for inclusion in the basic financial statements. In accordance with GASB standards, the Town (the primary government) is financially accountable for a potential component unit if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and there is a financial benefit or burden relationship. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

If the Town determines that it is financially accountable for any potential component units, it must incorporate the component unit into these financial statements. However, based on the application of these criteria, there are no other entities that the Town believes should be included as part of these basic financial statements.

**Basis of Presentation**

The Town's basic financial statements consist of government-wide financial statements that describe the Town's overall financial position and changes in financial position, and fund financial statements that provide a more detailed level of financial information.

*Government-wide Financial Statements*

The government-wide financial statements, composed of the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the Town at year end. The Statement of Activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

**Note 1 Summary of Significant Accounting Policies (Continued)****Basis of Presentation (continued)***Fund Financial Statements*

The financial transactions of the Town are reported in 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Town currently uses one category of funds: governmental funds.

*Governmental Funds*

Major individual governmental funds are reported as separate columns in the fund financial statements. The Town's governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Non-major Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the town or its citizenry. None of the Town's permanent funds is considered a major fund in the current year.

**Measurement Focus and Basis of Accounting**

Measurement focus refers to which of the Town's resources are being measured. Basis of accounting refers to the timing of the measurements being made, regardless of the measurement focus being applied. That is, basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide financial statements are reported using the economic measurement focus and the accrual basis of accounting. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the period for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

**Note 1          Summary of Significant Accounting Policies (Continued)****Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. The Town also includes certificates of deposit, regardless of original length of maturity, in this classification, as it can readily liquidate these into cash to pay for current obligations, if necessary.

**Receivables**

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Management's estimation for allowances for uncollectible accounts is based on historical collection rates or, where appropriate, collection experience with specific payers.

**Investments**

Investments are stated at fair value (quoted market price or the best available estimate).

**Capital Assets**

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation. The Town defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of one year. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

Buildings and improvements	30 - 100 years
Infrastructure	25 - 50 years
School Buses	12 years
Land Improvements	20 - 30 years
School and Town Improvements	10 - 50 years
Equipment	7 - 30 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures in the period of acquisition. Fixed assets are not capitalized and related depreciation is not reported.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows of resources associated with the pension plan for qualifying school teachers.

**Note 1          Summary of Significant Accounting Policies (Continued)****Deferred Outflows and Inflows of Resources (continued)**

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town's deferred inflows of resources consist of property taxes collected in advance and amounts related to the pension plan. In the fund financial statements, due to differences under the modified accrual basis of accounting, deferred inflows of resources include property taxes collected in advance and unavailable property taxes (property taxes not collected within 60 days after the financial statement date).

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, long-term debt is recognized only when due and expected to be financed from expendable financial resources.

**Components of Net Position**

Net position in the Statement of Net Position is required to be classified into the following three components:

*Net Investment in Capital Assets* is the portion of net position that consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	\$ 17,745,913
Accumulated depreciation	(3,699,303)
Current portion of bond debt	(695,614)
Non-current portion of bond debt	<u>(6,260,525)</u>
Net invested in capital assets	<u>\$ 7,090,471</u>

*Restricted Net Position* is the portion of net position that has constraints placed on its use which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* is the portion of net position that does not meet the definition of either *net investment in capital assets* or *restricted net position*.

**Fund Balance Components**

Fund balances in the governmental funds Balance Sheet are required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

*Nonspendable* is the portion of fund balance that represents amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

**Note 1 Summary of Significant Accounting Policies (Continued)****Fund Balance Components (continued)**

*Restricted* is the portion of fund balance that has externally enforceable legal restrictions.

*Committed* is the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

*Assigned* is the portion of fund balance constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen have the authority to assign amounts to be used for specific purposes.

*Unassigned* is the portion of fund balance that is available for any purpose. Only the General Fund may carry a positive unassigned fund balance.

The Town has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance.

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

**Implementation of New Accounting Standards**

During the year ended December 31, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

- a. Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", is effective for the year ending December 31, 2022. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Management has determined that the impact of this statement is not material to the financial statements.
- b. Statement No. 98, "The Annual Comprehensive Financial Report" is effective for the year ending December 31, 2021. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management has determined that this statement is not applicable.

**Note 1 Summary of Significant Accounting Policies (Continued)****Future Accounting Pronouncements**

- a. Statement No. 87, "Leases" is effective for the year ending December 31, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined that the impact of this statement is not material to the financial statements.
- b. Statement No. 91, "Conduit Debt Obligations" is effective for the year ending December 31, 2022. The objective of the statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required disclosures. Management has determined that this statement is not applicable.
- c. Statement No. 93, "Replacement of Interbank Offered Rates" is effective for the year ending December 31, 2022. The objective of this statement is to improve guidance regarding the governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Management has determined that this statement is not applicable.
- d. Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" is effective for the year ending December 31, 2023. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Management has determined that this statement is not applicable.
- e. Statement No. 96, "Subscription-Based Information Technology Arrangements" is effective for the year ended December 31, 2023. The objective of this statement is to improve financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management has determined that this statement is not applicable.

**Note 1            Summary of Significant Accounting Policies (Continued)****Future Accounting Pronouncements (continued)**

- f. Statement No. 97, "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" is effective for the year ended December 31, 2022. The requirements of this statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefits plans, while mitigating the costs associated with reporting those plans. Management has determined that this statement is not applicable.

**Subsequent Events**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued, the same date as the independent auditor's report.

At the January 11, 2021 meeting, the Board approved \$550,000 for the purchase of a new fire truck. As of the date of this report, no funds have been spent and no truck has been received.

**Note 2            Deposit Risk**

Custodial credit risk - deposits:

Deposit risk is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits that are in the possession of an outside party.

The Town currently does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are members of the Federal Deposit Insurance Corporation (FDIC). At December 31, 2021, any deposits not covered by the FDIC were collateralized by U.S. Government Agency securities held by a third party, but not in the Town's name.

Credit risk: Maine Statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies repurchase agreements.

Interest rate risk: The Town does not have a deposit policy for interest rate risk.

At year-end the carrying amount of the Town's deposits (checking, certificates of deposit, and savings accounts) was \$6,715,084 and the bank balance was \$6,828,740. Of the bank balance, \$747,938 was covered by federal depository insurance, and \$6,080,769 was collateralized with funds held at the pledging institute. There was \$33 uninsured at year end.

**Note 3            Long-term Debt**

On November 1, 2011, the Town took out a 20-year \$13,912,277 loan with the Maine Municipal Bond Bank to pay for construction of the new School Building. The interest rate on the loan is variable at 2.125 - 5.625% payable semi-annually; and the loan matures on November 1, 2031. During the year, the Town paid \$331,516 in interest on the loan and \$695,614 on the principal. The current portion due at year end is \$695,614.



The following is a summary of the loan and bond transactions of the Town for the year ended December 31, 2021:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021
General Fund:				
Maine Municipal Bond Bank				
School Building Bond	\$ 7,651,753	\$	\$ 695,614	\$ 6,956,139

The maturity schedule of the loan is as follows:

	Principal	Interest	Total
Fiscal year 2022	\$ 695,614	\$ 292,387	\$ 988,001
Fiscal year 2023	695,614	253,259	948,873
Fiscal year 2024	695,614	234,582	930,196
Fiscal year 2025	695,614	219,800	915,414
Fiscal year 2026	695,614	180,672	876,286
Fiscal years 2027-2031	3,478,069	429,027	3,907,096
	<u>\$ 6,956,139</u>	<u>\$ 1,609,727</u>	<u>\$ 8,565,866</u>

**Note 4 Property Taxes**

The Town’s property taxes for fiscal year 2021 (January 1, 2021 to December 31, 2021), were committed on July 12, 2021. Taxes were due October 1, 2021. The tax commitment was based on the July 12, 2021, assessed real estate and personal property values totaling \$343,407,860.

The Town is permitted by the laws of the State of Maine to levy taxes 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 \$50,116.

For both government-wide financial statements and the General Fund’s financial statements, property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the General Fund’s financial statements, however, outstanding taxes receivable that are estimated to be collected after sixty (60) days after the end of the fiscal year are recorded as unavailable property taxes (under the deferred inflows of resources financial statement element) and the year-over-year changes in this account are netted with tax revenues.

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. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

**Note 4 Property Taxes (Continued)**

The following summarizes the tax levy for fiscal year 2021:

Real estate valuation	\$342,640,460
Personal property valuation	<u>767,400</u>
Total valuation	\$343,407,860
Tax rate (per \$1,000 of valuation)	14.40
Tax commitment	<u><u>\$ 4,945,073</u></u>

Collection through December 31, 2021, of the current year's taxes is as follows:

Original tax commitment	\$ 4,945,073
Supplemental taxes	<u>3,970</u>
Total tax commitment	\$ 4,949,043
Less:	
Abatements of current year taxes	5,249
Current year taxes outstanding	<u>230,536</u>
Current year tax collections	<u><u>\$ 4,713,258</u></u>
Collection rate of current year taxes	95.24%

**Note 5 Interest Cost Incurred**

During the current year, the Town incurred interest costs totaling \$331,516 which was charged as an expense to various operating accounts. Of that amount, the State of Maine provided \$331,516 for the interest on the Maine Municipal Bond Bank - School Building Bond.

**Note 6 Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All significant losses are covered by commercial insurance. There has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Note 7 Overlapping Debt**

The Town of Jefferson is situated in Lincoln County and is therefore subject to annual assessment of its proportional share of county expenses. Long-term debt outstanding in Lincoln County, for which the Town of Jefferson would be proportionally responsible in the event the County defaulted, is approximately \$3,440,425 at December 31, 2021. The Town of Jefferson's share would be 4.79% of the debt, or approximately \$164,796.35.

**Note 8 Capital Assets**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciable asset:				
Land	\$ 72,850	\$	\$	\$ 72,850
Depreciable assets:				
Land Improvements	238,173			238,173
School and town equipment	562,878			562,878
Buildings and improvements	14,144,383			14,144,383
Vehicles	1,020,962			1,020,962
Infrastructure	1,231,537	475,130		1,706,667
Total capital assets	<u>\$ 17,270,783</u>	<u>\$ 475,130</u>	<u>\$</u>	<u>\$ 17,745,913</u>
Accumulated depreciation:				
Land improvements	\$ 91,373	\$ 4,950	\$	\$ 96,323
School and town equipment	345,067	22,667		367,734
Buildings and improvements	2,029,607	192,383		2,221,990
Vehicles	776,814	33,994		810,808
Infrastructure	146,145	56,303		202,448
Total Accumulated depreciation	<u>\$ 3,389,006</u>	<u>\$ 310,297</u>	<u>\$</u>	<u>\$ 3,699,303</u>
Net capital assets	<u>\$ 13,881,777</u>	<u>\$ 164,833</u>	<u>\$</u>	<u>\$ 14,046,610</u>

Depreciation expense for the year totaled \$310,297. The expense was charged to the Town's departments as follows:

Administration	\$ 2,449
Public safety	17,426
Public works	60,468
Education	229,954
Total depreciation expense	<u>\$ 310,297</u>

**Note 9 Investments**

The Town's investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the Statements of Net Position. Realized and unrealized gains and losses are included in the change in net assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Town uses various methods including market, income, and cost approaches.

**Note 9 Investments (Continued)**

Based on these approaches, the Town often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumption about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Town utilizes valuation on the observability of the inputs used in the valuation techniques. The Town is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is derived principally from observable market data or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant judgment or estimation.

The following table summarizes the levels in the ASC 820-10 fair value hierarchy into which the Town’s financial instruments fall as of December 31, 2021:

Investments at Fair Value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Corporate Stocks	\$ 55,210	\$	\$	\$ 55,210

**Note 10 Fund Balance Components**

The governmental funds’ fund balances were composed of the following at December 31, 2021:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>Permanent Funds</b>				
Llewellyn Clary Worthy Poor	\$ 12,000	\$ 51,259	\$	\$
Ella Hamblin Worthy Poor	10,000	10,096		
E. Hamblin & L. Clary Worthy Poor	5,219	4,511		
Hopkins Cemetery	1,000	409		
Hall-Amy Partridge Cemetery		1,238		
David Hodgkins Cemetery		1,049		
Andrew Rice Trust Fund		2,415		
Emily Clark Trust Fund	500	1,977		
Jefferson Scholarship Fund		68,505		
Clary Memorial Highway	45,000	18,399		
Andrew Williamson Scholarship		26,970		
Levesque and Packard Scholarship		6,087		
Davis Worthy and Deserving Poor		129,044		
<b>General Fund</b>				
Education		1,233,595		
Highway Block Grant		46,784		
Animal Control		10,518		
Coronavirus Fiscal Recovery Funds		129,643		
Fire Truck Reserve			400,677	
Meserve Mills Dam Reserve			6,434	
Library Reserve			8,199	
School Maintenance Reserve			634,612	
School Bus Reserve			315,770	
Heirloom Garden Reserve			1,295	
Secondary Transportation Reserve			2,606	
Land Planning Reserve			16,156	
Revaluation Reserve			36,510	
Comprehensive Plan Reserve			11,826	
Office Expense Carryforward				9,393
Assessors Carryforward				71,034
Planning Carryforward				3,532
Salt Shed Carryforward				2,529
Roads Carryforward				242,872
Cemeteries Carryforward				5,835
Broadband Study				13,095
New Rescue/Pumper Truck				200,000
<b>Total</b>	<u>\$ 73,719</u>	<u>\$ 1,742,499</u>	<u>\$ 1,434,685</u>	<u>\$ 548,290</u>

The General Fund’s unassigned fund balance ended the year with a balance of \$2,896,532.

**NOTE 11          DEFINED BENEFIT PENSION PLAN****General Information About the Pension Plan***Plan Description*

The State Employee and Teacher (SET) Plan is a multiple-employer cost sharing plan with a special funding situation. As of June 30, 2021 there were 238 employers, including the State of Maine (the State), participating in the plan. The State is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability (IUAL) on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members.

The plan is administered by the Maine Public Employees Retirement System (MainePERS).

*Pension Benefits*

Benefit terms are established in Maine statute. MainePERS' retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. Effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently .93%.

*Member and Employer Contributions*

Retirement benefits are funded by contributions from members and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

*Financial Reporting*

MainePERS issues annual financial reports for the Plan which can be found online at:

<http://www.maineper.org/Publications/Publications.htm#Annual Reports>

**NOTE 11 DEFINED BENEFIT PENSION PLAN (Continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured at June 30, 2021, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the Town's financial statements as of December 31, 2021. The Town's deferred outflows of resources related to pensions balance, as of the measurement date, was increased by contributions to pensions made in the current fiscal year. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

At December 31, 2021, the Town reported a liability for its proportionate share of the Plan's net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the Plan's net pension liability, the related State support, and the total portion of the Plan's net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$ 52,560
State's Proportionate Share of the Net Pension Liability Associated with the District	825,139
Total	<u>\$ 877,699</u>

The Town's proportion of the Plan's net pension liability was based on a projection of the Town's long-term share of contributions to the Plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the Town's proportion was 0.006214%, which was a decrease of 0.000918% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized total pension expense of \$20,197 and revenue of \$203,750 for support provided by the State. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 779	\$ 1,074
Net difference between projected and actual earnings on pension plan investments		71,617
Changes of assumptions	35,834	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,689	9,468
Department contributions subsequent to the measurement date	39,270	
Totals	<u>\$ 78,572</u>	<u>\$ 82,159</u>

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in the Plan.

**NOTE 11            DEFINED BENEFIT PENSION PLAN (Continued)**

Town contributions to the Plan subsequent to the measurement date, totaling \$39,270, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year 2022	\$	(3,970)
Fiscal year 2023		(2,656)
Fiscal year 2024		(16,268)
Fiscal year 2025		(19,962)
Total	\$	<u>(42,856)</u>

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

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



**NOTE 11          DEFINED BENEFIT PENSION PLAN (Continued)**

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

*Investment Rate of Return* – 6.50% per annum, compounded annually (2021)

*Inflation Rate* – 2.75% (2021)

*Salary Increases, including Inflation* – State employees, 3.26% - 9.43% (2021); Teachers, 2.80% - 13.03% (2021)

*Cost of Living Benefit Increases* – 2.20% (2021)

*Mortality Rates* – For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

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

	Target Allocation	Long-Term Expected Real Rate of Return
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 11          DEFINED BENEFIT PENSION PLAN (Continued)**

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rates*

The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Department’s Proportionate Share of the Plan’s Net Pension Liability	\$ 138,028	\$ 52,560	\$ (18,601)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MainePERS financial report.

**TOWN OF JEFFERSON, MAINE**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the year ended December 31, 2021**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 4,945,073	\$ 4,945,073	\$ 5,045,360	\$ 100,287
Excise taxes	-	-	690,122	690,122
Licenses, permits and charges for services	-	-	316,023	316,023
Intergovernmental:				
Education - state subsidies	765,035	765,035	836,826	71,791
Education - debt service	1,027,130	1,027,130	1,027,130	-
Other education	476,057	476,057	946,813	470,756
Highway block grant	43,636	43,636	46,784	3,148
State revenue sharing	157,684	157,684	232,225	74,541
Homestead exemption	148,955	148,955	155,682	6,727
Other intergovernmental	11,577	11,577	146,919	135,342
Other revenues:				
Interest	-	-	54,490	54,490
Other miscellaneous revenues	-	-	24,926	24,926
Total revenues	\$ 7,575,147	\$ 7,575,147	\$ 9,523,300	\$ 1,948,153
Expenditures:				
Administration	\$ 380,535	\$ 380,535	\$ 350,507	\$ 30,028
Protection and health	426,570	426,570	179,372	247,198
Roads and highways	916,150	916,150	824,326	91,824
Unclassified	25,668	25,668	12,353	13,315
Outside organizations	10,639	10,639	10,639	-
Education	6,588,914	6,588,914	6,588,914	-
County tax	522,711	522,711	522,711	-
Abatements	50,116	50,116	15,814	34,302
Total expenditures	\$ 8,921,303	\$ 8,921,303	\$ 8,504,636	\$ 416,667
Excess (deficiency) of revenues over (under) expenditures				
	\$ (1,346,156)	\$ (1,346,156)	\$ 1,018,664	\$ 2,364,820
Other financing sources (uses):				
Utilization of prior year surplus	\$ 1,349,156	\$ 1,349,156	\$ -	\$ (1,349,156)
Transfer to permanent funds	(3,000)	(3,000)	(3,000)	-
Total other financing sources (uses)	\$ 1,346,156	\$ 1,346,156	\$ (3,000)	\$ (1,349,156)
Net change in fund balance	\$ -	\$ -	\$ 1,015,664	\$ 1,015,664
Fund balance, beginning of year			5,283,783	
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,299,447</b>	

**TOWN OF JEFFERSON, MAINE**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**MainePERS State Employees and Teachers Plan**  
**Employer ID: TT0935**  
**As of the Last Eight Measurement Dates\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Dept's Proportion	0.006214%	0.007132%	0.006600%	0.008502%
B. Dept's Share	\$ 52,560	\$ 116,412	\$ 96,748	\$ 114,730
C. State's Share	825,139	1,638,419	1,419,063	1,352,411
D. Total	<u>\$ 877,699</u>	<u>\$ 1,754,831</u>	<u>\$ 1,515,811</u>	<u>\$ 1,467,141</u>
E. Covered Payroll	\$ 1,508,123	\$ 1,392,219	\$ 1,319,938	\$ 1,320,879
F. Payroll %	3.5%	8.4%	7.3%	8.7%
G. Net Position %	34.9%	0.0%	82.9%	80.8%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Dept's Proportion	0.009990%	0.009591%	0.008377%	0.006874%
B. Dept's Share	\$ 145,108	\$ 169,440	\$ 113,099	\$ 74,262
C. State's Share	1,451,105	1,747,712	1,226,054	985,779
D. Total	<u>\$ 1,596,213</u>	<u>\$ 1,917,152</u>	<u>\$ 1,339,153</u>	<u>\$ 1,060,041</u>
E. Covered Payroll	\$ 1,329,644	\$ 1,274,264	\$ 1,237,089	\$ 1,100,773
F. Payroll %	10.9%	13.3%	9.1%	6.7%
G. Net Position %	76.2%	81.2%	83.9%	76.9%

- A. The Department's proportion of the Plan's total net pension liability.  
B. The Department's proportionate share of the Plan's total net pension liability.  
C. The State's proportionate share of the Plan's total net pension liability associated with the Department.  
D. The total proportionate share of the Plan's net pension liability that is associated with the Department.  
E. The Department's covered-employee payroll for the fiscal year.  
F. The Department's proportionate share (B) as a percentage of its covered-employee payroll (E).  
G. The Plan's fiduciary net position as a percentage of the Plan's total pension liability.

\* Date headers reflect the reporting fiscal year, but measurement dates are six months prior.

This schedule is intended to show information for ten years. However, ten years has not passed since implementation of GASB 68.

**TOWN OF JEFFERSON, MAINE**  
**Schedule of Employer Contributions**  
**MainePERS State Employees and Teachers Plan**  
**Employer ID: TT0935**  
**As of the Last Eight Measurement Dates\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Required	\$ 84,053	\$ 75,632	\$ 61,926	\$ 52,420
B. Actual	<u>84,053</u>	<u>75,632</u>	<u>61,926</u>	<u>52,420</u>
C. Deficiency	<u>\$ 84,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Covered Payroll	\$ 1,508,123	\$ 1,458,752	\$ 1,356,079	\$ 1,320,409
E. Payroll %	5.6%	5.2%	4.6%	4.0%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Required	\$ 48,555	\$ 43,743	\$ 37,799	\$ 30,977
B. Actual	<u>48,555</u>	<u>43,743</u>	<u>37,799</u>	<u>30,977</u>
C. Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Covered Payroll	\$ 1,325,262	\$ 1,301,954	\$ 1,255,677	\$ 1,168,931
E. Payroll %	3.7%	3.4%	3.0%	2.7%

- A. The Department's contractually required contributions to the Plan.  
B. The Department's actual contributions to the Plan.  
C. The Department's deficiency (excess) of actual contributions (B) from (over) required contributions (A).  
D. The Department's covered-employee payroll for the fiscal year.  
E. The Department's contributions (A) as a percentage of its covered-employee payroll (D).

\* Date headers reflect both the reporting fiscal year and the measurement date.

This schedule is intended to show information for ten years. However, ten years has not passed since implementation of GASB 68.

**Note 1            Budgetary Accounting**

On an annual basis, the Town adopts an appropriated budget for the General Fund. Formal budgetary integration is employed as a management control device. The budget is prepared on budgetary basis of accounting which may differ from the modified accrual basis of accounting used to prepare financial statements of the General Fund. For the fiscal year 2021 financial statements, however, there are no differences between the budgetary basis of accounting and the modified accrual basis of accounting.

**Note 2            Budget to Actual Results**

Despite the final budgeted deficit of \$455,670 actual results were that the deficit came in at only \$184,251. This smaller deficit than budgeted was a result of revenues coming in over estimates by \$1,884,796, and expenditures coming in over budget by \$1,623,377.

**TOWN OF JEFFERSON, MAINE**  
**Comparative Balance Sheets - General Fund**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,374,616	\$ 5,256,110
Receivables:		
Taxes receivable - current year	230,536	307,338
Taxes and liens - prior years	67,188	127,298
<b>Total assets</b>	<b>\$ 6,672,340</b>	<b>\$ 5,690,746</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 41,364	\$ 9,367
Accrued payroll	51,802	6,661
Deferred revenue	261,625	373,646
Other current liabilities	18,102	17,289
<b>Total liabilities</b>	<b>\$ 372,893</b>	<b>\$ 406,963</b>
Fund balance:		
Restricted for:		
Education	\$ 1,233,595	\$ 1,022,803
Coronavirus fiscal recovery funds	129,643	-
Urban / rural improvement program	46,784	43,636
Other	10,518	11,355
Committed	1,434,085	1,142,604
Assigned	548,290	231,897
Unassigned	2,896,532	2,831,488
<b>Total fund balance</b>	<b>\$ 6,299,447</b>	<b>\$ 5,283,783</b>
<b>Total liabilities and fund balance</b>	<b>\$ 6,672,340</b>	<b>\$ 5,690,746</b>

TOWN OF JEFFERSON, MAINE  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2021

	Llewellyn Clary Worthy Poor	Ella Hamblin Worthy Poor	E. Hamblin and Llewellyn Clary Worthy Poor	Hopkins Cemetery (Hattie E. Fossett Fund)	Hall-Amy Partridge Cemetery Trust Fund	David Hodgkins Cemetery Fund	Andrew Rice Trust Fund	Emily Clark Trust Fund	Jefferson Scholarship Endowment Fund	Clary Memorial Highway Fund	Andrew W. Williamson Scholarship Fund	Davis Worthy and Deserving Poor Fund	Joan Levesque and Ada Packard Scholarship Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>														
Cash and cash equivalents	\$ 63,259	\$ 20,096	\$ 9,730	\$ 1,409	\$ 1,238	\$ 1,049	\$ 2,415	\$ 2,477	\$ 68,505	\$ 63,399	\$ 26,970	\$ 73,834	\$ 6,087	\$ 340,468
Investments	-	-	-	-	-	-	-	-	-	-	-	55,210	-	55,210
<b>Total assets</b>	<b>\$ 63,259</b>	<b>\$ 20,096</b>	<b>\$ 9,730</b>	<b>\$ 1,409</b>	<b>\$ 1,238</b>	<b>\$ 1,049</b>	<b>\$ 2,415</b>	<b>\$ 2,477</b>	<b>\$ 68,505</b>	<b>\$ 63,399</b>	<b>\$ 26,970</b>	<b>\$ 129,044</b>	<b>\$ 6,087</b>	<b>\$ 395,678</b>
<b>LIABILITIES AND FUND BALANCES</b>														
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:														
Principal	\$ 12,000	\$ 10,000	\$ 5,219	\$ 1,000	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 73,719
Unexpended Income	51,259	10,096	4,511	409	1,238	1,049	2,415	1,977	68,505	18,399	26,970	129,044	6,087	321,959
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>\$ 63,259</b>	<b>\$ 20,096</b>	<b>\$ 9,730</b>	<b>\$ 1,409</b>	<b>\$ 1,238</b>	<b>\$ 1,049</b>	<b>\$ 2,415</b>	<b>\$ 2,477</b>	<b>\$ 68,505</b>	<b>\$ 63,399</b>	<b>\$ 26,970</b>	<b>\$ 129,044</b>	<b>\$ 6,087</b>	<b>\$ 395,678</b>
<b>Total liabilities and fund balances</b>	<b>\$ 63,259</b>	<b>\$ 20,096</b>	<b>\$ 9,730</b>	<b>\$ 1,409</b>	<b>\$ 1,238</b>	<b>\$ 1,049</b>	<b>\$ 2,415</b>	<b>\$ 2,477</b>	<b>\$ 68,505</b>	<b>\$ 63,399</b>	<b>\$ 26,970</b>	<b>\$ 129,044</b>	<b>\$ 6,087</b>	<b>\$ 395,678</b>
Revenues:														
Investment income	\$ 158	\$ 224	\$ 24	\$ 13	\$ -	\$ 5	\$ 10	\$ 20	\$ 924	\$ 297	\$ 99	\$ 19,229	\$ 146	\$ 21,149
Expenditures:														
Current:														
Scholarships									899				101	1,000
Excess (deficiency) of revenues over (under) expenditures	\$ 158	\$ 224	\$ 24	\$ 13	\$ -	\$ 5	\$ 10	\$ 20	\$ 25	\$ 297	\$ 99	\$ 19,229	\$ 45	\$ 20,149
Other financing sources														
Transfer (to)from general fund									3,000					3,000
Net change in fund balances	\$ 158	\$ 224	\$ 24	\$ 13	\$ -	\$ 5	\$ 10	\$ 20	\$ 3,025	\$ 297	\$ 99	\$ 19,229	\$ 45	\$ 23,149
Fund balances, beginning of year	63,101	19,872	9,706	1,396	1,238	1,044	2,405	2,457	65,480	63,102	26,871	109,815	6,042	372,529
<b>Fund balances, end of year</b>	<b>\$ 63,259</b>	<b>\$ 20,096</b>	<b>\$ 9,730</b>	<b>\$ 1,409</b>	<b>\$ 1,238</b>	<b>\$ 1,049</b>	<b>\$ 2,415</b>	<b>\$ 2,477</b>	<b>\$ 68,505</b>	<b>\$ 63,399</b>	<b>\$ 26,970</b>	<b>\$ 129,044</b>	<b>\$ 6,087</b>	<b>\$ 395,678</b>



TOWN OF JEFFERSON SCHOOL DEPARTMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR NUMBER	FUND BALANCE JULY 1, 2020	REVENUES	EXPENDITURES	CFDA/ CLUSTER TOTALS	FUND BALANCE JUNE 30, 2021
U.S. DEPARTMENT OF AGRICULTURE:							
Passed Through State Department of Education							
Child Nutrition Cluster:							
Summer Food Service Program	10.559	013.3016	\$ -	\$ 100,106.92	\$ 100,106.92		\$ -
Summer Food Service Program Admin	10.559	013.3018		10,344.70	10,344.70		
Donated Commodities (Note 2)	10.555	N/A		7,062.21	7,062.21		
Total Child Nutrition Cluster						117,513.83	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ -</u>	<u>\$ 117,513.83</u>	<u>\$ 117,513.83</u>		<u>\$ -</u>
U.S. DEPARTMENT OF TREASURY:							
Passed through Maine Department of Education							
Coronavirus Relief Fund 1	21.019	022.7010	\$ -	\$ 247,025.66	\$ 250,105.37		\$ (3,079.71)
TOTAL U.S. DEPARTMENT OF TREASURY			<u>\$ -</u>	<u>\$ 247,025.66</u>	<u>\$ 250,105.37</u>		<u>\$ (3,079.71)</u>
U.S. DEPARTMENT OF EDUCATION:							
Passed Through State Department of Education:							
Title IA - Basic Disadvantaged Program	84.010	013.3107	\$ 10,183.81	\$ 70,286.20	\$ 80,348.20		\$ 121.81
Special Education Cluster (IDEA):							
Special Education - Grants to State (IDEA Part B)	84.027	013.3046		94,046.51	94,068.79		(22.28)
Total Special Education Cluster						94,068.79	
Title IIA - Teacher Quality	84.367	013.3042		3,075.79	3,075.79		
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	013.7006		33,441.11	33,441.11		
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 10,183.81</u>	<u>\$ 200,849.61</u>	<u>\$ 210,933.89</u>		<u>\$ 99.53</u>
Total			<u>\$ 10,183.81</u>	<u>\$ 565,389.10</u>	<u>\$ 578,553.09</u>		<u>\$ (2,980.18)</u>

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Town of Jefferson School Department's Schedule of Expenditures of Federal Awards conforms to generally accepted accounting principles as applicable to governmental units. The modified accrual basis of accounting is followed. This method of accounting is defined as the basis of accounting under which expenditures are recorded as incurred, and revenues are recorded when received in cash except for material and/or available revenues which are accrued to reflect properly the assessments levied and the revenues earned.

NOTE 2 - DONATED COMMODITIES:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities consumed.

NOTE 3 - INDIRECT COST RATE:

Town of Jefferson School Department has elected not to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.