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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 2 and 3 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

July 12, 2024



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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, 2022, 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 July 12, 2024.

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

July 12, 2024

A handwritten signature in black ink, appearing to read "W. R. Adams", is positioned to the right of the date.

TOWN OF JEFFERSON, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022

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, 2022. 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 \$1,317,456 to \$15,300,905.
- Net capital assets increased by \$736 to \$13,974,496 due to paving that was done in the current year.
- General revenues accounted for \$6,683,367, or 68.92% of all revenues. Program specific revenues accounted for \$3,013,943 in revenue, or 31.08% 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 \$3,438,056.

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 \$15,300,905. 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**

	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 7,797,096	\$ 7,068,018
Capital Assets (Net)	14,047,346	14,046,610
Deferred Outflows of Resources	82,034	78,572
Total Assets	<u>\$ 21,926,476</u>	<u>\$ 21,193,200</u>
Current Liabilities	\$ 920,154	\$ 806,882
Noncurrent Liabilities	5,671,186	6,313,085
Total Liabilities	<u>\$ 6,591,340</u>	<u>\$ 7,119,967</u>
Deferred Inflows of Resources	<u>\$ 34,231</u>	<u>\$ 89,784</u>
Net Position:		
Net Invested in Capital Assets	\$ 7,786,821	\$ 7,090,471
Restricted for Other Purposes	1,488,064	1,438,112
Unrestricted	60,260.20	5,454,866
Total Net Position	<u>\$ 15,300,905</u>	<u>\$ 13,983,449</u>

**CHANGE IN NET POSITION
GOVERNMENTAL ACTIVITIES**

	<u>2022</u>	<u>2021</u>
Net Position, Beginning of Year	<u>\$ 13,983,449</u>	<u>\$ 12,173,992</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 209,924	\$ 150,842
Grants and Contributions	2,804,019	2,957,358
General Revenues:		
Property Taxes	5,233,481	4,935,360
Excise Taxes	657,921	690,122
Intergovernmental	633,104	534,826
Licenses, Permits, and Fees		
Other Revenue	158,861	165,941
Total Revenues	<u>\$ 9,697,310</u>	<u>\$ 9,434,449</u>
Program Expenses:		
Administration	\$ 333,966	\$ 352,956
Roads and Highways	511,608	409,664
Protection and Health	323,865	196,798
Unclassified	11,435	13,353
Outside Organizations	10,122	10,639
Fixed Costs and Assessments	7,188,858	6,641,582
Total Program Expenses	<u>\$ 8,379,854</u>	<u>\$ 7,624,992</u>
Increase in Net Position	<u>\$ 1,317,456</u>	<u>\$ 1,809,457</u>
Net Position, End of Year	<u>\$ 15,300,905</u>	<u>\$ 13,983,449</u>

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
2022**

	Total Cost of Services	%	Net Cost of Services	%
Fixed Costs and Assessments	\$ 7,188,858	85.78	\$ 4,276,865	79.70
Roads and Highways	511,608	6.11	465,080	8.67
Administration	333,966	3.99	278,679	5.19
Protection and Health	323,865	3.86	323,865	6.04
Outside Organization	10,122	.12	10,122	.18
Unclassified	11,435	.14	11,300	.22
Total Expenses	<u>\$ 8,379,854</u>	<u>100.00</u>	<u>\$ 5,365,911</u>	<u>100.00</u>

**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>

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:

Fund	Balance December 31, 2022	Balance December 31, 2021	Change	% Change
General Fund	\$ 6,797,637	\$ 6,299,447	\$ 498,190	7.91
Other Governmental Funds	405,953	395,678	10,275	2.60
Total	\$ 7,203,590	\$ 6,695,125	\$ 508,465	

General Fund Budgetary Highlights

Expenditures

The table below shows the Town's budget for various departments and functions for the year ended December 31, 2022. 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:

Department/Function Expenditures	Adjusted Budget	Actual Expenditures	Variance	
			Amount	%
Administration	\$ 386,400	\$ 331,517	\$ 54,883	16.56
Roads and Highways	750,100	662,625	87,475	13.20
Protection and Health	433,495	306,439	127,056	41.46
Fixed Costs and Assessments	7,572,068	7,544,851	27,217	.36
Outside Organizations	10,122	10,122		
Unclassified	11,933	10,035	1,898	18.91
Total Expenditures	\$ 9,164,118	\$ 8,865,589	\$ 298,529	

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, 2022. 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	\$ 5,233,261	\$ 5,123,481	\$ (109,780)	(2.10)
Excise Taxes		657,920	657,920	100.00
Intergovernmental	441,404	685,579	244,175	35.62
Education Subsidies, Grants and Other	2,475,800	2,475,800		
Licenses, Permits, and Fees and Charges for Services		346,237	346,237	100.00
Other Revenues		74,762	74,762	100.00
Total Revenues	<u>\$ 8,150,465</u>	<u>\$ 9,363,779</u>	<u>\$ 1,213,314</u>	

In total, actual revenues exceeded budget by \$1,213,314, 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, 2022, the Town had approximately \$14,047,346 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 0.01% from last year.

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, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,295,404
Investments	63,550
Receivables:	
Accounts receivable	7,767
Taxes receivable - current year	350,136
Taxes and liens - prior years	80,239
Capital assets not being depreciated (Note 8)	72,850
Capital assets, net of accumulated depreciation (Note 8)	13,974,496
Total assets	\$ 21,844,442
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension (Note 11)	\$ 82,034
LIABILITIES	
Accounts payable	91,398
Accrued payroll	105,870
Current portion of long-term debts (Note 3)	695,614
Other current liabilities	27,272
Noncurrent liabilities:	
Non-current portion of long-term debts	5,564,911
Pension liability (Note 11)	106,275
Total liabilities	\$ 6,591,340
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	\$ 4,966
Related to pension (Note 11)	29,265
Total deferred inflows of resources	\$ 34,231
NET POSITION	
Net invested in capital assets	\$ 7,786,821
Restricted for:	
Education	1,095,585
Coronavirus fiscal recovery funds	259,588
Permanent fund principal	73,719
State revenue sharing	-
Urban / rural improvement program	46,528
Other	12,644
Unassigned	6,026,020
Total net position	\$ 15,300,905

See accompanying notes to financial statements.

TOWN OF JEFFERSON, MAINE
Statement of Activities
For the year ended December 31, 2022

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	\$ 333,966	55,287			(278,679)
Roads and highways	511,608			46,528	(465,080)
Protection and health	323,865				(323,865)
Education	6,603,805	154,502	2,757,491		(3,691,812)
Unclassified	11,435	135			(11,300)
Outside organizations	10,122				(10,122)
County tax	577,135				(577,135)
Abatements	7,918				(7,918)
Total Primary Government	8,379,854	209,924	2,757,491	46,528	(5,365,911)
General revenues:					
Property taxes					5,233,481
Excise taxes					657,921
Grants and contributions not restricted to specific programs:					
State Revenue Sharing					309,513
Homestead exemption					150,207
Other State aid					173,384
Unrestricted investment earnings					61,794
Loss on disposal of assets					-
Miscellaneous revenues					97,067
Total general revenues					6,683,367
					Change in net position 1,317,456
					Net position - beginning 13,983,449
					\$ 15,300,905

See accompanying notes to financial statements.

TOWN OF JEFFERSON, MAINE
Balance Sheet
Governmental Funds
December 31, 2022

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,953,001		342,403	7,295,404
Investments			63,550	63,550
Receivables:				
Accounts receivable	7,767			7,767
Taxes receivable - current year	350,136			350,136
Taxes and liens - prior years	80,239			80,239
Prepaid expenses				
Total assets	\$ 7,391,143		405,953	7,797,096
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	91,398			91,398
Accrued payroll	105,870			105,870
Deferred revenue	368,966			368,966
Refundable bond interest payable	-			-
Other current liabilities	27,272			27,272
Total liabilities	593,506			593,506
Fund balances:				
Nonspendable:				
Permanent fund principal			73,719	73,719
Restricted:				
Education	1,161,878			1,161,878
Coronavirus fiscal recovery funds	259,588			259,588
Urban / rural improvement program	46,528			46,528
Other	12,644			12,644
Committed:				
General fund	1,414,853			1,414,853
Assigned:				
General fund	464,090			464,090
Non-major governmental funds	-		332,234	332,234
Unassigned:				
General fund	3,438,056			3,438,056
Total fund balances	6,797,637		405,953	7,203,590
Total liabilities and fund balances	\$ 7,391,143		405,953	

See accompanying notes to financial statements.

TOWN OF JEFFERSON, MAINE
Reconciliation of the Total Governmental Funds Balance
to the Net Position of Government Activities
For the year ended December 31, 2022

Total governmental fund balances, per Statement 3	\$	7,203,590
<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.		14,047,346
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the fund.		364,000
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.		82,034
Notes payable are not due and payable in the current period and therefore are not reported in the funds.		(6,260,525)
Pension liability is not due and payable in the current period and therefore is not reported in the funds.		(106,275)
Deferred inflows are deferred revenues related to pension expenses that are amortized in the government-wide financial statements.		(29,265)
Net position of governmental activities, per Statement 1	<u>\$</u>	<u>15,300,905</u>

TOWN OF JEFFERSON, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2022

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,781,401			5,781,401
Licenses, permits and charges for services	346,237			346,237
Intergovernmental	3,373,235			3,373,235
Other	74,762		11,675	86,437
Total revenues	9,575,635		11,675	9,587,310
Expenditures:				
Administration	331,517			331,517
Protection and health	306,439			306,439
Roads and highways	662,625			662,625
Unclassified	10,035			10,035
Outside organizations	10,122			10,122
Education	7,171,654		1,400	7,173,054
County tax	577,135			577,135
Abatements	7,918			7,918
Total expenditures	9,077,445		1,400	9,078,845
Excess of revenues over (under) expenditures	498,190		10,275	508,465
Other financing sources (uses):				
Transfers (to) from other funds				
Total other financing sources (uses)				
Net change in fund balances	498,190		10,275	508,465
Fund balances, beginning of year	6,299,447		395,678	6,695,125
Fund balances, end of year	\$ 6,797,637		405,953	7,203,590

See accompanying notes to financial statements.

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 30, 2022

Net change in fund balances - total governmental funds (from Statement 5)	\$	508,465
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<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 capital outlays (\$319,049) exceeded depreciation expense (\$318,313) in the current period.</p>		736
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		110,000
<p>The issuance of long-term debt (e.g., notes, leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments.</p>		695,614
<p>Pension expense is adjusted for changes in earnings contributions and contributions subsequent to the measurement date.</p>		2,641
Change in net position of governmental activities (see Statement 2)	\$	1,317,456

See accompanying notes to financial statements.

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	\$ 17,880,786
Accumulated depreciation	(3,833,440)
Current portion of bond debt	(695,614)
Non-current portion of bond debt	(5,564,911)
Net invested in capital assets	<u>\$ 7,786,821</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, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

- 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. 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.

Note 1 Summary of Significant Accounting Policies (Continued)**Implementation of New Accounting Standards (Cont'd)**

- c. 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.
- d. 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.
- e. 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 ending December 31, 2022. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 Plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. Management has determined that this statement is not applicable.
- f. Statement No. 98, “The Annual Comprehensive Financial Report” is effective for the year ending December 31, 2022. This statement establishes the term *annual comprehensive financial report* and its acronym ACFR. 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.

Future Accounting Pronouncements

- a. Statement No. 94, “Public Private Partnerships” is effective for the year ending December 31, 2023. The primary 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.

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

- b. Statement No. 96, "Subscription-Based Information Technology Arrangements" is effective for the year ending December 31, 2023. This statement provides guidance on the accounting and 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined that this statement is not applicable.
- c. Statement No. 99, "Omnibus 2022" portions of the Omnibus 2022 is effective for the year ending December 31, 2023 and portions are effective for the fiscal year ending June 30, 2024. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Management has determined that some portions of this statement will be applicable.
- d. Statement No. 100, "Accounting Changes and Error Corrections" is effective for the year ending December 31, 2024. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Management has determined that this statement is applicable based on certain circumstances that change from year to year.
- e. Statement No. 101, "Compensated Absences" is effective for the year ending December 31, 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management has determined that this statement will be applicable.

Subsequent Events

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

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, 2022, 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.

Note 2 Deposit Risk (Cont'd)

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 \$7,295,404 and the bank balance was \$7,400,224. Of the bank balance, \$498,283 was covered by federal depository insurance, and \$6,901,941 was collateralized with funds held at the pledging institute. There was \$234 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 \$292,387 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, 2022:

	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2022</u>
General Fund:				
Maine Municipal Bond Bank				
School Building Bond	\$ 6,956,139	\$	\$ 695,614	\$ 6,260,525

The maturity schedule of the loan is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year 2022	\$ 695,614	\$ 253,259	\$ 948,873
Fiscal year 2023	695,614	234,582	930,196
Fiscal year 2024	695,614	219,800	915,414
Fiscal year 2025	695,614	180,672	876,286
Fiscal year 2026	695,614	146,531	842,145
Fiscal years 2027-2031	<u>2,782,455</u>	<u>282,496</u>	<u>3,064,951</u>
	<u>\$ 6,260,525</u>	<u>\$ 1,317,340</u>	<u>\$ 7,577,865</u>

Note 4 Property Taxes

The Town’s property taxes for fiscal year 2022 (January 1, 2022 to December 31, 2022), were committed on July 12, 2022. Taxes were due October 1, 2022. The tax commitment was based on the July 12, 2022, assessed real estate and personal property values totaling \$347,771,210.

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 \$35,135.

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.

Note 4 Property Taxes (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. 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.

The following summarizes the tax levy for fiscal year 2022:

Real estate valuation	\$347,063,210
Personal property valuation	<u>708,000</u>
Total valuation	\$347,771,210
Tax rate (per \$1,000 of valuation)	15.048
Tax commitment	<u><u>\$ 5,233,261</u></u>

Collection through December 31, 2022, of the current year’s taxes is as follows:

Original tax commitment	\$ 5,233,261
Supplemental taxes	<u>71</u>
Total tax commitment	\$ 5,233,332
Less:	
Abatements of current year taxes	3,001
Current year taxes outstanding	<u>350,136</u>
Current year tax collections	<u><u>\$ 4,880,195</u></u>
Collection rate of current year taxes	93.25%

Note 5 Interest Cost Incurred

During the current year, the Town incurred interest costs totaling \$292,387 which was charged as an expense to various operating accounts. Of that amount, the State of Maine provided \$292,387 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 \$2,024,250 at December 31, 2022. The Town of Jefferson’s share would be 4.91% of the debt, or approximately \$99,391.

Note 8 Capital Assets

Capital asset activity for the year ended December 31, 2022 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	100,271	184,176	937,057
Infrastructure	1,706,667	218,778		1,925,445
Total capital assets	\$ 17,745,913	\$ 319,049	\$ 184,176	\$ 17,880,786
Accumulated depreciation:				
Land improvements	\$ 96,323	\$ 4,950	\$	\$ 101,273
School and town equipment	367,734	14,450		382,184
Buildings and improvements	2,221,990	192,383		2,414,373
Vehicles	810,808	42,934	184,176	669,566
Infrastructure	202,448	63,596		266,044
Total Accumulated depreciation	\$ 3,699,303	\$ 318,313	\$ 184,186	\$ 3,833,440
Net capital assets	\$ 14,046,610	\$ 736	\$	\$ 14,047,346

Depreciation expense for the year totaled \$318,313. The expense was charged to the Town’s departments as follows:

Administration	\$ 2,449
Public safety	17,426
Public works	67,761
Education	230,677
Total depreciation expense	\$ 318,313

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, 2022:

Investments at Fair Value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Corporate Stocks	\$ 63,550	\$	\$	\$ 63,550

Note 10 Fund Balance Components

The governmental funds’ fund balances were composed of the following at December 31, 2022:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Permanent Funds				
Llewellyn Clary Worthy Poor	\$ 12,000	\$ 51,418	\$	\$
Ella Hamblin Worthy Poor	10,000	10,307		
E. Hamblin & L. Clary Worthy Poor	5,219	4,535		
Hopkins Cemetery	1,000	413		
Hall-Amy Partridge Cemetery		1,239		
David Hodgkins Cemetery		1,054		
Andrew Rice Trust Fund		2,421		
Emily Clark Trust Fund	500	1,991		
Jefferson Scholarship Fund		68,528		
Clary Memorial Highway	45,000	18,651		
Andrew Williamson Scholarship		26,658		
Levesque and Packard Scholarship		6,003		
Davis Worthy and Deserving Poor		139,016		
General Fund				
Education		1,161,878		
Highway Block Grant		46,528		
Animal Control		12,644		
Coronavirus Fiscal Recovery Funds		259,588		
Fire Truck Reserve			469,392	
Meserve Mills Dam Reserve			6,436	
Library Reserve			8,336	
School Maintenance Reserve			645,788	
School Bus Reserve			216,280	
Heirloom Garden Reserve			1,296	
Secondary Transportation Reserve			2,615	
Land Planning Reserve			16,204	
Revaluation Reserve			36,633	
Comprehensive Plan Reserve			11,873	
Office Expense Carryforward				831
Assessors Carryforward				80,784
Planning Carryforward				5,262
Salt Shed Carryforward				2,529
Roads Carryforward				354,364
Cemeteries Carryforward				6,245
Broadband Study				14,075
New Rescue/Pumper Truck				
Total	<u>\$ 73,719</u>	<u>\$ 1,812,872</u>	<u>\$ 1,414,853</u>	<u>\$ 464,090</u>

The General Fund’s unassigned fund balance ended the year with a balance of \$3,438,056.

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, 2022 there were 311 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 1.52%.

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.maineopers.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, 2022, 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, 2022. 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, 2022, 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	\$ 106,275
State's Proportionate Share of the Net Pension Liability Associated with the District	1,568,891
Total	<u>\$ 1,675,166</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, 2022, the Town's proportion was 0.007156%, which was an increase of 0.000942% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized total pension expense of \$10,146 and revenue of \$211,856 for support provided by the State. At December 31, 2022, 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	\$ 5,295	\$
Net difference between projected and actual earnings on pension plan investments		20,931
Changes of assumptions	20,636	
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,088	8,334
Department contributions subsequent to the measurement date	46,015	
Totals	<u>\$ 82,034</u>	<u>\$ 29,265</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 \$33,228, 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 2023	\$	11,309
Fiscal year 2024		(5,086)
Fiscal year 2025		(9,341)
Fiscal year 2026		9,872
Total	\$	<u>6,754</u>

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2022 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, 2022 are as follows:

Investment Rate of Return – 6.5 % per annum, compounded annually (2022)

Inflation Rate – 2.75% (2022)

Salary Increases, including Inflation – State employees, 3.26% - 9.43% (2022); Teachers, 2.8% - 13.03% (2022)

Cost of Living Benefit Increases – 2.20% (2022)

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, 2022 are summarized in the following table:

	Long-Term Expected Real Rate of Return
Public Equities	6.0%
US Government	2.3%
Private Equity	7.6%
Real Assets:	
Real Estate	5.2%
Infrastructure	5.3%
Natural Resources	5.0%
Traditional Credit	3.2%
Alternative Credit	7.4%
Diversifiers	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022. 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 6.5%, 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 (5.5%) or 1 percentage point higher (7.5%) than the current rate.

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Department’s Proportionate Share of the Plan’s Net Pension Liability	\$ 208,112	\$ 106,275	\$ 21,485

Pension Plan Fiduciary Net Position

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

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS:

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with post employment benefits through the Maine Public Employees Retirement System Consolidated Plan, a multiple-employer cost sharing plan with a special funding situation, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineper.org.

Other Post-Employment Benefits (OPEB)

The Group Life Insurance Plans (the Plans) provide basic group life insurance benefits during retirement, to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree’s average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.00.

Funding Policy

Premium rates are those determined by the System’s Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year’s annual required contribution.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (CONT'D):

On-Behalf Payments

As mentioned above, contributions are made by the System for participating retired teachers. The summary below provides the School Department's allocation of those contributions as well as the proportionate share of the net OPEB liability. The net OPEB liability is not recorded on the School financial statements since it is a liability of State of Maine and not a liability of the School or Town.

	<u>On-Behalf Payments</u>	<u>Allocation of: Benefits Expense</u>	<u>Net OPEB Liability</u>
2022	\$ 5,049	\$ 4,501	\$ 42,363

Additional Financial and Actuarial Information

Additional financial and actuarial information with respect to the Plans can be found in the System's 2019 Comprehensive Annual Financial Report available online at www.mainepepers.org or by contacting the System at (207) 512-3100.

TOWN OF JEFFERSON, MAINE
Budgetary Comparison Schedule - General Fund
Budget and Actual
General Fund
For the year ended December 31, 2022

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 5,233,261	5,233,261	5,123,481	(109,780)
Excise taxes	-	-	657,920	657,920
Licenses, permits and charges for services	-	-	346,237	346,237
Intergovernmental:				
Education - state subsidies	1,095,559	1,095,559	963,828	(131,731)
Education - debt service	988,001	988,001	988,001	-
Other education	392,240	392,240	527,874	135,634
Highway block grant	46,784	46,784	46,528	(256)
State revenue sharing	232,225	232,225	309,513	77,288
Homestead exemption	151,375	151,375	150,207	(1,168)
Other intergovernmental	11,020	11,020	175,428	164,408
Other revenues:				
Interest	-	-	50,119	50,119
Other miscellaneous revenues	-	-	24,643	24,643
Total revenues	8,150,465	8,150,465	9,363,779	1,213,314
Expenditures:				
Administration	386,400	386,400	331,517	54,883
Protection and health	433,495	433,495	306,439	127,056
Roads and highways	750,100	750,100	662,625	87,475
Unclassified	11,933	11,933	10,035	1,898
Outside organizations	10,122	10,122	10,122	-
Education	6,959,798	6,959,798	6,959,798	-
County tax	577,135	577,135	577,135	-
Abatements	35,135	35,135	7,918	27,217
Total expenditures	9,164,118	9,164,118	8,865,589	298,529
Excess (deficiency) of revenues over (under) expenditures	(1,013,653)	(1,013,653)	498,190	1,511,843
Other financing sources (uses):				
Utilization of prior year surplus	1,016,653	1,016,653	-	(1,016,653)
Transfer to permanent funds	(3,000)	(3,000)	-	3,000
Total other financing sources (uses)	1,013,653	1,013,653	-	(1,013,653)
Net change in fund balance	-	-	498,190	498,190
Fund balance, beginning of year			6,299,447	
Fund balance, end of year	\$		6,797,637	

See accompanying notes to financial statements.

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 Nine Measurement Dates*

	2022	2021	2020	2019	2018
A. Dept's Proportion	0.007156%	0.006214%	0.007132%	0.006600%	0.008502%
B. Dept's Share	\$ 106,275	\$ 52,560	\$ 116,412	\$ 96,748	\$ 114,730
C. State's Share	1,568,891	825,139	1,638,419	1,419,063	1,352,411
D. Total	<u>\$ 1,675,166</u>	<u>\$ 877,699</u>	<u>\$ 1,754,831</u>	<u>\$ 1,515,811</u>	<u>\$ 1,467,141</u>
E. Covered Payroll	\$ 1,624,601	\$ 1,508,123	\$ 1,392,219	\$ 1,319,938	\$ 1,320,879
F. Payroll %	6.5%	3.5%	8.4%	7.3%	8.7%
G. Net Position %	62.4%	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 Nine Measurement Dates*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Required	\$ 144,014	\$ 84,053	\$ 75,632	\$ 61,926	\$ 52,420
B. Actual	<u>144,014</u>	<u>84,053</u>	<u>75,632</u>	<u>61,926</u>	<u>52,420</u>
C. Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Covered Payroll	\$ 1,624,601	\$ 1,508,123	\$ 1,458,752	\$ 1,356,079	\$ 1,320,409
E. Payroll %	8.9%	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 2022 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 \$1,013,653 actual results were that a surplus came in at \$498,190. This smaller deficit than budgeted was a result of revenues coming in over estimates by \$1,213,314, and expenditures coming in under budget by \$8,865,589.

TOWN OF JEFFERSON, MAINE
Comparative Balance Sheets - General Fund
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 6,953,001	6,374,616
Receivables:		
Taxes receivable - current year	350,136	230,536
Taxes and liens - prior years	80,239	67,188
Other receivables	7,767	-
Prepaid expenses	-	-
Total assets	\$ 7,391,143	6,672,340
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	91,398	41,364
Accrued payroll	105,870	51,802
Deferred revenue	368,966	261,625
Other current liabilities	27,272	18,102
Total liabilities	593,506	372,893
Fund balance:		
Restricted for:		
Education	1,161,878	1,233,595
Coronavirus fiscal recovery funds	259,588	129,643
Urban / rural improvement program	46,528	46,784
Other	12,644	10,518
Committed	1,414,853	1,434,085
Assigned	464,090	548,290
Unassigned	3,438,056	2,896,532
Total fund balance	6,797,637	6,299,447
Total liabilities and fund balance	\$ 7,391,143	6,672,340

TOWN OF JEFFERSON, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	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	Other	Total Nonmajor Governmental funds
ASSETS															
Cash and cash equivalents	\$ 63,418	20,307	9,754	1,413	1,239	1,054	2,421	2,491	68,528	63,651	26,658	75,466	6,003	-	342,403
Investments	-	-	-	-	-	-	-	-	-	-	-	63,550	-	-	63,550
Total assets	\$ 63,418	20,307	9,754	1,413	1,239	1,054	2,421	2,491	68,528	63,651	26,658	139,016	6,003	-	405,953
LIABILITIES AND FUND BALANCES															
Liabilities:	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:															
Principal	12,000	10,000	5,219	1,000	-	-	-	500	-	45,000	-	-	-	-	73,719
Unexpended Income	51,418	10,307	4,535	413	1,239	1,054	2,421	1,991	68,528	18,651	26,658	139,016	6,003	-	332,234
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	63,418	20,307	9,754	1,413	1,239	1,054	2,421	2,491	68,528	63,651	26,658	139,016	6,003	-	405,953
Total liabilities and and fund balances	\$ 63,418	20,307	9,754	1,413	1,239	1,054	2,421	2,491	68,528	63,651	26,658	139,016	6,003	-	405,953

TOWN OF JEFFERSON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2022

	Llewellyn Clary Worthy Poor	Ella Hamblin Worthy Poor	Ella 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	Donald Stetson Fund	Total Nonmajor Governmental funds
Revenues:															
Investment income	\$ 159	211	24	4	1	5	6	14	918	252	88	9,972	21	-	11,675
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	159	211	24	4	1	5	6	14	918	252	88	9,972	21	-	11,675
Expenditures:															
Current:															
Scholarships	-	-	-	-	-	-	-	-	895	-	400	-	105	-	1,400
Assistance to the poor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-	895	-	400	-	105	-	1,400
Excess (deficiency) of revenues over (under) expenditures	159	211	24	4	1	5	6	14	23	252	(312)	9,972	(84)	-	10,275
Other financing sources															
Transfer (to)from general fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	159	211	24	4	1	5	6	14	23	252	(312)	9,972	(84)	-	10,275
Fund balances, beginning of year	63,259	20,096	9,730	1,409	1,238	1,049	2,415	2,477	68,505	63,399	26,970	129,044	6,087	-	395,678
Fund balances, end of year	\$ 63,418	20,307	9,754	1,413	1,239	1,054	2,421	2,491	68,528	63,651	26,658	139,016	6,003	-	405,953

TOWN OF JEFFERSON SCHOOL DEPARTMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ALN NUMBER	PASS THROUGH GRANTOR NUMBER	FUND BALANCE JULY 1, 2021	REVENUES	EXPENDITURES	ALN/ CLUSTER TOTALS	FUND BALANCE JUNE 30, 2022
U.S. DEPARTMENT OF AGRICULTURE:							
Passed Through State Department of Education:							
State Administrative (Nutrition Supply Chain) Assistance	10.560	013.6670	\$ -	\$ 8,570.26	\$ 8,570.26		\$ -
Pandemic EBT Administrative COVID	10.649	013.6184		614.00	614.00		
Child Nutrition Cluster:							
School Breakfast Program	10.553	013.3014		28,800.75	28,800.75		
National School Lunch Program - Regular Lunch	10.555	013.3022		8,445.85	8,445.85		
National School Lunch Program - Free/Reduced Lunch	10.555	013.3024		94,784.84	94,784.84		
Summer Food Service Program	10.559	013.3016		4,722.75	4,722.75		
Healthy Meals Program	10.555	013.6662		9,713.16	9,713.16		
Donated Commodities (Note 2)	10.555	N/A		8,977.18	8,977.18		
Total Child Nutrition Cluster						155,444.53	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ -</u>	<u>\$ 164,628.79</u>	<u>\$ 164,628.79</u>		<u>\$ -</u>
U.S. DEPARTMENT OF EDUCATION:							
Passed Through State Department of Education:							
Title IA - Basic Disadvantaged Program	84.010	013.3107	\$ 121.81	\$ 47,212.96	\$ 47,212.96		\$ 121.81
Special Education Cluster (IDEA):							
Special Education - Grants to State (IDEA Part B)	84.027	013.3046	(22.28)	91,825.69	91,825.69		(22.28)
Special Education - Preschool American Rescue Plan	84.173X	025.7171		1,338.80	1,338.80		
Special Education - American Rescue Plan	84.027X	025.7170		16,508.57	16,508.57		
Total Special Education Cluster						109,673.06	
Title IIA - Teacher Quality	84.367	013.3042		2,979.32	2,979.32		
Elementary and Secondary School Emergency Relief (ESSER #1)	84.425D	013.7006		9,639.98	9,639.98		
Elementary and Secondary School Emergency Relief (ESSER #2)	84.425D	013.7041		89,060.50	89,060.50		
Student Support Grant	84.424	013.3345		2,702.04	2,702.04		
American Rescue Plan - Learning Loss	84.425	025.7072		590.00	590.00		
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 99.53</u>	<u>\$ 261,857.86</u>	<u>\$ 261,857.86</u>		<u>\$ 99.53</u>
Total			<u>\$ 99.53</u>	<u>\$ 426,486.65</u>	<u>\$ 426,486.65</u>		<u>\$ 99.53</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.