

TOWN OF MINOT

MINOT, MAINE

FINANCIAL AUDIT REPORT

DECEMBER 31, 2020

**TOWN OF MINOT
DECEMBER 31, 2020**

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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Selectmen and Administrator
TOWN OF MINOT
Minot, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Minot, Maine as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information of the Town of Minot, as of December 31, 2020, and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net OPEB Liability and Related Ratios – Health Plan be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Smith & Associates

SMITH & ASSOCIATES, CPAs
A Professional Association

Yarmouth, Maine
February 11, 2022

Smith & Associates, CPAs
A Professional Association

Yarmouth, Maine 04096

**TOWN OF MINOT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>Primary Government Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 3,032,368
Accounts Receivable	24,008
Taxes Receivable	300,949
Tax Liens Receivable	4,184
Capital Assets, Net of Accumulated Depreciation	<u>1,915,174</u>
Total Assets	<u>\$ 5,276,683</u>
Deferred Outflows - OPEB	<u>\$ 14,505</u>
Liabilities	
Accounts Payable	\$ 36,407
Accrued Expenses	13,886
Non-Current Liabilities	
Due Within One Year	144,101
Due In More Than One Year	<u>191,842</u>
Total Liabilities	<u>\$ 386,236</u>
Deferred Inflows of Resources	<u>\$ 20,502</u>
Net Position	
<i>Invested in Capital Assets, Net of Related Debt</i>	\$ 1,630,639
<i>Restricted For:</i>	
Permanent Funds, Non-Expendable	80,650
<i>Unrestricted</i>	
General Fund	<u>3,173,161</u>
Total Net Position	<u>\$ 4,884,450</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT II

**TOWN OF MINOT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary Government Governmental Activities	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
General Government	\$ 542,838	\$ 45,233	\$ 0	\$ (497,605)
Public Works and Sanitation	922,030	300	63,395	(858,335)
Public Safety	96,558	0	10,000	(86,558)
Culture and Recreation	29,366	18,715	280	(10,371)
Public Health and Welfare	3,402	0	1,568	(1,834)
Education	2,086,075	0	0	(2,086,075)
Interest on Long-Term Debt	11,535	0	0	(11,535)
Fixed Charges	277,212	0	0	(277,212)
Depreciation – Unallocated	124,899	0	0	(124,899)
Total Primary Government	\$ 4,093,915	\$ 64,248	\$ 75,243	\$ (3,954,424)
General Revenues				
Property Taxes				\$ 3,681,584
Grants and Contributions Not Restricted to Special Programs				429,260
Unrestricted Investment Earnings				20,155
Gain on Disposal of Capital Asset				5,819
Miscellaneous				107
Total General Revenues				\$ 4,136,925
Changes in Net Position				\$ 182,501
Net Position – January 1, 2020				\$ 4,701,949
Net Position – December 31, 2020				\$ 4,884,450

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT III**TOWN OF MINOT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	Other Governmental Funds	Total
Assets			
Cash and Cash Equivalents	\$ 2,916,929	\$ 115,439	\$ 3,032,368
Taxes Receivable	300,949	0	300,949
Tax Liens Receivable	4,184	0	4,184
Accounts Receivable	24,008	0	24,008
Due From Other Funds	<u>0</u>	<u>64,784</u>	<u>64,784</u>
Total Assets	<u>\$ 3,246,070</u>	<u>\$ 180,223</u>	<u>\$ 3,426,293</u>
Deferred Outflows of Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,246,070</u>	<u>\$ 180,223</u>	<u>\$ 3,426,293</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts Payable	\$ 36,407	\$ 0	\$ 36,407
Accrued Expenses	5,775	0	5,775
Due To Other Funds	<u>64,784</u>	<u>0</u>	<u>64,784</u>
Total Liabilities	<u>\$ 106,966</u>	<u>\$ 0</u>	<u>\$ 106,966</u>
Deferred Inflows of Resources	<u>\$ 138,652</u>	<u>\$ 0</u>	<u>\$ 138,652</u>
Fund Balance			
<i>Nonspendable</i>			
Permanent Funds, Nonspendable	\$ 0	\$ 80,650	\$ 80,650
<i>Restricted</i>	0	0	0
Special Revenue Funds	0	19,556	19,556
<i>Committed</i>			
Special Revenue Funds	0	20,618	20,618
General Fund – Revaluation Reserve	75,000	0	75,000
<i>Assigned</i>			
Capital Project Funds	0	25,424	25,424
Permanent Funds, Expendable	0	33,975	33,975
<i>Unassigned</i>			
General Fund	<u>2,925,452</u>	<u>0</u>	<u>2,925,452</u>
Total Fund Balance	<u>\$ 3,000,452</u>	<u>\$ 180,223</u>	<u>\$ 3,180,675</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,246,070</u>	<u>\$ 180,223</u>	<u>\$ 3,426,293</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT IV

**TOWN OF MINOT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Total Fund Balance – Total Governmental Funds			\$3,180,675
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Capital Assets used in Governmental Activities are not Current Financial Resources and therefore are not reported in the Governmental Funds Balance Sheet.			1,915,174
Unavailable Property Tax Revenues are Not Available to Pay for Current Period Expenditures and, Therefore, are Deferred Inflows of Resources.			137,115
Deferred Outflows, Deferred Inflows and Liability Related to OPEB.			(35,157)
Accrued Interest Payable on Long-Term Debt.			(8,111)
Long Term Liabilities are not due and payable in the current period and, therefore, they are not reported in the Governmental Funds Balance Sheet.			
Due in One Year	\$	144,101	
Due in More Than One Year		140,434	
Accrued Compensated Absence Pay		<u>20,711</u>	<u>(305,246)</u>
Net Position of Governmental Activities			<u>\$4,884,450</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT V

**TOWN OF MINOT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues			
Taxes	\$ 3,666,819	\$ 0	\$ 3,666,819
Intergovernmental	489,740	0	489,740
Licenses, Permits and Fees	45,233	18,715	63,948
Investment Income	19,075	1,080	20,155
Miscellaneous	<u>107</u>	<u>15,064</u>	<u>15,171</u>
Total Revenues	<u>\$ 4,220,974</u>	<u>\$ 34,859</u>	<u>\$ 4,255,833</u>
Expenditures			
<i>Current</i>			
General Government	\$ 528,606	\$ 5,866	\$ 534,472
Public Works and Sanitation	916,111	5,919	922,030
Public Safety	96,558	0	96,558
Culture and Recreation	25,458	3,908	29,366
Public Health and Welfare	769	2,633	3,402
Education	2,085,575	500	2,086,075
Debt Service	150,641	0	150,641
Fixed Charges	277,212	0	277,212
<i>Capital Outlay</i>	<u>110,784</u>	<u>15,000</u>	<u>125,784</u>
Total Expenditures	<u>\$ 4,191,714</u>	<u>\$ 33,826</u>	<u>\$ 4,225,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 29,260</u>	<u>\$ 1,033</u>	<u>\$ 30,293</u>
Other Financing Sources (Uses)			
Debt Proceeds	\$ 99,999	\$ 0	\$ 99,999
Operating Transfers In (Out)	<u>(23,140)</u>	<u>23,140</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ 76,859</u>	<u>\$ 23,140</u>	<u>\$ 99,999</u>
Net Change in Fund Balance	106,119	24,173	130,292
Fund Balance – January 1, 2020	<u>2,894,333</u>	<u>156,050</u>	<u>3,050,383</u>
Fund Balance – December 31, 2020	<u>\$ 3,000,452</u>	<u>\$ 180,223</u>	<u>\$ 3,180,675</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

**TOWN OF MINOT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YAER ENDED DECEMBER 31, 2020**

Net Change in Fund Balance – Total Governmental Funds \$ 130,292

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

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 and reported as Depreciation Expense. This is the amount of Capital Assets recorded in the current period. 131,602

Depreciation Expense on Capital Assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of Current Financial Resources. Therefore, Depreciation Expense is not reported as Expenditure in Governmental Funds. (124,899)

The Issuance of Long-Term Debt (e.g. Bonds, Leases, and Notes Payable and Similar Obligations) provides current financial resources to Governmental Funds, while the repayment of the principal of Long-Term Debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on Net Position. Also, Governmental Funds Report the effect of Issuance Cost, Premiums, Discounts, and Similar Items when Debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This Amount is the net effect of these differences in the treatment of Long-Term Debt and related items. 36,590

Some Property Tax will not be collected for several months after the Town's Fiscal Year End; They are not considered current financial resources in the Governmental Funds. This amount is the Net Effect of the differences. 14,765

Change in Net Position Relating to OPEB (4,224)

Accrued Interest and Accrued Compensated Absences are reported in the Government-Wide Statement of Activities and Changes in Net Position, But Do Not Require the use of Current Financial Resources; Therefore, Accrued Interest Expense and Accrued Compensated Absences are not reported as Expenditures in Governmental Funds. (1,625)

Change in Net Position of Governmental Activities \$ 182,501

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT VII

**TOWN OF MINOT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
Revenues	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Taxes	\$ 3,639,391	\$ 3,639,391	\$ 3,666,819	\$ 27,428
Intergovernmental	438,006	438,006	489,740	51,734
Licenses, Permits and Fees	0	0	45,233	45,233
Investment Income	0	0	19,075	19,075
Miscellaneous	<u>0</u>	<u>0</u>	<u>107</u>	<u>107</u>
Total Revenues	<u>\$ 4,077,397</u>	<u>\$ 4,077,397</u>	<u>\$ 4,220,974</u>	<u>\$ 143,577</u>
Expenditures				
<i>Current</i>				
General Government	\$ 538,167	\$ 538,167	\$ 528,606	\$ 9,561
Public Works and Sanitation	922,338	922,338	916,111	6,227
Public Safety	107,648	107,648	96,558	11,090
Culture and Recreation	27,100	27,100	25,458	1,642
Public Health and Welfare	2,000	2,000	769	1,231
Education	2,087,575	2,087,575	2,085,575	2,000
Debt Service	150,643	150,643	150,641	2
Fixed Charges	324,141	324,141	277,212	46,929
<i>Capital Outlay</i>	<u>110,784</u>	<u>110,784</u>	<u>110,784</u>	<u>0</u>
Total Expenditures	<u>\$ 4,270,396</u>	<u>\$ 4,270,396</u>	<u>\$ 4,191,714</u>	<u>\$ 78,682</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ (192,999)</u>	<u>\$ (192,999)</u>	<u>\$ 29,260</u>	<u>\$ 222,259</u>
Other Financing Sources (Uses)				
Proceeds from Borrowing	\$ 99,999	\$ 99,999	\$ 99,999	
Transfers In (Out)	<u>(23,140)</u>	<u>(23,140)</u>	<u>(23,140)</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ 76,859</u>	<u>\$ 76,859</u>	<u>\$ 76,859</u>	<u>\$ 0</u>
Net Change In Fund Balance	\$ (116,140)	\$ (116,140)	\$ 106,119	\$ 222,259
Fund Balance – January 1, 2020	<u>2,894,333</u>	<u>2,894,333</u>	<u>2,894,333</u>	<u>0</u>
Fund Balance – December 31, 2020	<u>\$ 2,778,193</u>	<u>\$ 2,778,193</u>	<u>\$ 3,000,452</u>	<u>\$ 222,259</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. – General Statement

The Town of Minot, Maine was incorporated in 1802 under the laws of the State of Maine and currently operates under a Town Administrator – Selectmen Form of Government.

The accounting and reporting policies of the Town relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles as applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the Town are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of key elements in the Statement include the following:

- Inclusion of a Management Discussion and Analysis (MD&A) section, which provides an analysis of a municipality’s overall financial position and results of operations. Consistent with prior years, the Town has elected to not present an MD&A section.
- Financial statements prepared using full accrual accounting for all of a municipality’s activities, which are separately reconciled to the fund financial statements.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements including notes to financial statements.

B. – Financial Reporting Entity

The Town's combined financial statements include the accounts of all Town of Minot operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The Town holds the corporate powers of the organization.
- The Town appoints a voting majority of the organization's board.
- The Town is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Town.
- There is fiscal dependency by the organization on the Town.

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. – Financial Reporting Entity (Continued)

Based on the aforementioned criteria, the Town of Minot has no component units that are not included in this report.

C. – Financial Statements – Government-Wide Statements

The Town's financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, charges for services, etc). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (whether operating or capital) grants while the capital grants column reflects capital-specific grants. The Town of Minot does not have capital grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc).

D. – Financial Statements – 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 comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town.

Governmental Funds

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

TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. – Financial Statements – Fund Financial Statements (Continued)

Governmental Funds (Continued)

The following is a description of the governmental funds of the Town:

General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

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 government or its citizenry. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

E. – Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. – Measurement Focus/Basis of Accounting (Continued)

“Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

A one-year availability period is used for recognition of all other Governmental fund revenues. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

F. – Budgetary Control

Formal budgetary accounting is employed as a management control for the general fund of the Town of Minot. The Town of Minot's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

- Early in the second half of the last fiscal year the Town prepared a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the inhabitants of the Town of Minot was then called for the purpose of adopting the proposed budget after public notice of the meeting was given.
- The budget was adopted subsequent to passage by the inhabitants of the Town.

The Town does not adopt budgets for the special revenue funds.

G. – Cash and Cash Equivalents

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the Town invests certain funds in checking, savings accounts, or certificates of deposit.

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with a fiscal agent.

TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. – Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	15 – 40	Years
Machinery and Equipment	5 – 12	Years
Vehicles	10	Years

The Town of Minot has elected not to retroactively report their major general infrastructure assets.

I. - Compensated Absences

The Town of Minot recognizes accumulated personal leave compensation during the period in which the related liability is incurred. In compliance with Town personnel policies the liability for accrued compensated absence pay was \$20,711 at December 31, 2020.

J. - Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market, or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

K. – Deferred Outflows and Inflows of Resources

The Town has implemented the following statements:

GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB No. 65, Items Previously Reported as Assets and Liabilities.

GASB No. 63 and GASB No. 65 amends GASB No. 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. These terms are defined as follows:

TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. – Deferred Outflows and Inflows of Resources (Continued)

Deferred Outflows of Resources - a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources - an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities. The GASB emphasizes in GASB No. 63 that deferred inflows and deferred outflows are not assets or liabilities and therefore should be separately categorized in the financial statements.

The deferred inflows of resources listed at December 31, 2020 in Exhibit I amounted to \$1,537 of prepaid taxes and \$18,965 of deferred inflows relating to OPEB, with deferred outflows of resources of \$14,505 relating to OPEB. Per Exhibit III, modified accrual deferred inflow of resources amounted to \$138,652 of prepaid and deferred taxes with no corresponding deferred outflows of resources.

L. – Equity Classifications

Government-Wide Statements

Net position represents the differences between assets and liabilities. Equity is classified as net position and displayed in three components:

- *Net Investment in Capital Assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

The Town’s fund balances represent: **(1) Nonspendable Fund Balance**, resources that cannot be spent because of legal or contractual provisions that require they be maintained intact. (e.g. the principal of an endowment). **(2) Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; **(3) Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectmen; **(4) Assigned Purposes**, which includes balances that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. **(5) Unassigned Fund Balance**, net resources in excess of what is properly categorized in one of the four categories already described.

TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. – Use of Estimates

Preparation of financial statements in conformity with GAAP requires the use of management’s estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the Town invests such excess funds in checking accounts, savings accounts, certificates of deposit and U.S. government obligations (through an investment group owned by a financial institution).

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s policy is to hold deposits only at financial institutions carrying sufficient deposit insurance and capital. At December 31, 2020 the Town did not have any deposits subject to such risk.

Interest Rate Risk – The Town’s policy is to minimize the risk that the market value of investments may deteriorate due to changes in market interest rates by structuring the maturity of such investments in a manner that meets cash flow requirements of the Town, with a focus on shorter-term instruments.

Credit Risk and Concentration of Credit Risk – The Town’s policy is to minimize these risks by diversifying its holdings to minimize potential losses from any one type of security or any one issuer.

NOTE 3 – 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; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage during the fiscal year and no significant settlements that exceeded insurance coverage.

NOTE 4 – OPERATING LEASE

The Town has entered into an operating lease with respect to the use of a photocopier, calling for 63 monthly payments of \$119 each. Rental expense paid during the year ended December 31, 2020 under this lease amounted to \$1,428. Future minimum required lease payments under this agreement are as follows:

Year Ending 12/31	Amount
2021	1,428
2022	<u>1,071</u>
Total	<u>\$ 2,499</u>

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 – PROPERTY TAXES

The Town is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. The Town of Minot’s property tax is levied on the assessed value listed as of the prior April 1st for all taxable real and personal property located in the Town. Assessed values are periodically established by the Assessor at 100% of assumed market value. Each property must be reviewed no less than once every four years.

The assessed value for the list of April 1, 2020 upon which the levy for the year ended December 31, 2020, was based, amounted to \$191,641,828. The assessed value was 80.0% of the 2020 state valuation of \$239,500,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$50,391 for the year ended December 31, 2020.

In the fund financial statements, property taxes are recognized in compliance with NCGA Interpretation – 3, *Revenue Recognition – Property Taxes* which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. In the government-wide financial statements, property taxes are recognized under the accrual method.

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.

The following summarizes the levy for the year ended December 31, 2020:

Assessed Value	\$ 191,641,828
Less: Homestead Exemption	(10,502,099)
BETE	<u>(511,945)</u>
Net Assessed Value	\$ 180,627,784
Tax Rate (Per \$1,000)	<u>16.55</u>
Commitment	\$ 2,989,390
Supplemental Taxes Assessed	<u>5,629</u>
Sub Total	\$ 2,995,019
Less: Abatements	(2,846)
Transferred to Tax Acquired Property	(1,435)
Collections	<u>(2,709,018)</u>
 Receivable at Year End	 <u><u>\$ 281,720</u></u>
 Collection Rate	 <u>90.45%</u>

Property taxes were due in one installment on December 14, 2020 with interest charged at a rate of 8% on delinquent accounts.

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance <u>February 1</u>	Additions/ <u>Completions</u>	Retirements/ <u>Adjustments</u>	Ending Balance <u>December 31</u>
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land and Improvements	\$ 491,779	\$ 0	\$ 0	\$ 491,779
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	\$ 633,870	\$ 0	\$ 0	\$ 633,870
Machinery and Equipment	277,564	106,000	0	383,564
Vehicles	<u>1,980,460</u>	<u>36,500</u>	<u>26,090</u>	<u>1,990,870</u>
Total Capital Assets, Being Depreciated	<u>\$ 2,891,894</u>	<u>\$ 142,500</u>	<u>\$ 26,090</u>	<u>\$ 3,008,304</u>
<i>Less Accumulated Depreciation for</i>				
Buildings and Improvements	\$ 361,908	\$ 17,325	\$ 0	\$ 379,233
Machinery and Equipment	261,099	10,456	0	271,555
Vehicles	<u>851,911</u>	<u>97,118</u>	<u>14,908</u>	<u>934,121</u>
Total Accumulated Depreciation	<u>\$ 1,474,918</u>	<u>\$ 124,899</u>	<u>\$ 14,908</u>	<u>\$ 1,584,909</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 1,416,976</u>	<u>\$ 17,601</u>	<u>\$ 11,182</u>	<u>\$ 1,423,395</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,908,755</u>	<u>\$ 17,601</u>	<u>\$ 11,182</u>	<u>\$ 1,915,174</u>

NOTE 7 – LONG-TERM DEBT

At December 31, 2020, notes and leases payable consisted of the following individual issues:

Androscoggin Bank	Governmental
<i>Backhoe Capital Lease</i>	<u>Activities</u>
Two Principal and Interest Payments of \$50,760 Per Year, with an Interest Rate of 3.09%, Secured by Equipment With Original Cost of \$106,000 and Accumulated Depreciation of \$7,950 at December 31, 2020, Due in Full in 2022	\$ 49,239
<i>Fire Truck Capital Lease</i>	
Five Principal and Interest Payments of \$93,341 Per Year, with an Interest Rate of 4.2%, Secured by Vehicle With Original Cost of \$425,000 and Accumulated Depreciation of \$21,250 at December 31, 2020, Due in Full in 2023	<u>\$ 235,296</u>
Total Lease Payable	<u>\$ 284,535</u>

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

In accordance with 30-A MRSA, Section 5702, as amended, the amount of long-term debt that can be incurred by the Municipality is limited by state statute. Total outstanding long-term obligations during a year can be no greater than 7.5%, with certain exceptions, of the state valuation of taxable property as of the beginning of the fiscal year. As of December 31, 2020, the amount of outstanding long-term debt was equal to 0.16% of property valuation for the year then ended.

Changes in Outstanding Debt

Transactions for the year ended December 31, 2020 are summarized as follows:

	Balance <u>January 1</u>	Issues or <u>Additions</u>	Payments or <u>Expenditures</u>	Balance <u>December 31</u>	Due Within <u>One Year</u>
Governmental Activities					
Capital Leases	\$ 321,125	99,999	136,589	284,535	144,101
OPEB Liability	33,456	0	2,759	30,697	0
Compensated Absences	<u>16,569</u>	<u>4,142</u>	<u>0</u>	<u>20,711</u>	<u>0</u>
Total Governmental Activities	<u>\$ 371,150</u>	<u>\$ 104,141</u>	<u>\$ 139,348</u>	<u>\$ 335,943</u>	<u>\$ 144,101</u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each debt type for the years subsequent to December 31, 2020 are as follows:

<u>Period Ending December 31,</u>	<u>Lease Payments Due</u>
2021	\$ 144,101
2022	93,341
2023	<u>78,367</u>
Total Payments	\$ 315,809
Less Amounts Representing Interest	<u>(31,274)</u>
Amounts Representing Principal	<u>\$ 284,535</u>

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN

Deferred Compensation Plan

The government offers its employees a deferred compensation plan (SIMPLE IRA) through American Funds, created in accordance with Internal Revenue Code Section 408a. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) was established for all employees as of November 27, 2000. For each calendar year, the Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. The employer will make no contributions to the SIMPLE IRAs other than salary reduction contributions and matching or nonelective contributions. All contributions made under this SIMPLE IRA plan are fully vested and nonforfeitable. Currently six employees participate in the SIMPLE IRA plan.

TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

The Town may not require the employee to retain any portion of the contributions in his or her SIMPLE IRA or otherwise impose any withdrawal restrictions. The employer must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the SIMPLE IRA to which the employer will make all contributions on behalf of the employee. Employer contributions to this plan were \$8,792 for the year ended December 31, 2020.

NOTE 9 – INTERFUND ACTIVITY

Interfund balances at December 31, 2021 consisted of the following:

Due To	
<i>Non-Major Governmental Funds</i>	
Special Revenue Funds	\$ 29,360
Capital Project Funds	<u>35,424</u>
Total	<u>\$ 64,784</u>
Due From	
General Fund	<u>\$ 64,784</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended December 31, 2020 consisted of the following:

Transfer To	
Special Revenue Funds	\$ (4,709)
Capital Project Funds	<u>27,849</u>
Total	<u>\$ 23,140</u>
Transfer From	
General Fund	<u>\$ 23,140</u>
Total	<u>\$ 23,140</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 – FUND BALANCE APPROPRIATIONS

At the 2020 annual Town meeting, the Townspeople voted to authorize the selectmen to utilize fund balance at their discretion to lower the 2020 tax rate. Accordingly, the Selectmen utilized \$116,140 of fund balance in this fashion, which is reflected as the budgeted reduction in fund balance per Exhibit VII.

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 – GOVERNMENTAL FUND BALANCES

A positive amount of unassigned fund balance will never be reported in a governmental fund other than the general fund, because GASB Statement 54 prohibits reporting resources in another fund unless they are at least assigned to the purpose of that fund. However, funds other than the general fund could report a negative amount of unassigned fund balance should the total of nonspendable, restricted and committed fund balance exceeds the total net resources of the fund.

The Town of Minot has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the Town’s policy to use committed or assigned resources first, then unassigned resources as they are needed.

The General Fund unassigned fund balance total of \$2,925,452 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. This unassigned fund balance is in keeping with the Town’s adopted unassigned fund balance policy calling for such unassigned fund balance to equal at least 70% of the most recently appropriated general fund budget.

Fund balance per Exhibit III at year-end consisted of amounts which the Town of Minot intends to use for the following purposes:

Nonspendable and Assigned

Permanent Funds	Nonexpendable	Expendable	Total
Roland and Noella Hemond	\$ 25,000	\$ 546	\$ 25,546
Herbert Shaw Fund	5,000	17,157	22,157
Riverside Cemetery	4,000	6,996	10,996
Minot Center Hill Expansion	8,400	4,113	12,513
Kurt Theriault Scholarship	11,000	2,835	13,835
Leonard Simion and Elsa Fortin Simion	10,000	442	10,442
Center Hill Cemetery	9,820	116	9,936
Arthur Harris Scholarship	5,000	233	5,233
Cemetery Trust Fund	2,430	1,537	3,967
Total	<u>\$ 80,650</u>	<u>\$ 33,975</u>	<u>\$ 114,625</u>

Restricted

Special Revenue Funds

Impact Fees – Recreation	\$ 814
Community Day	2,701
Fire Department Grant	10,000
General Assistance Donations	<u>6,041</u>
Total Restricted	<u>\$ 19,556</u>

TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – GOVERNMENTAL FUND BALANCES (CONTINUED)

Committed

Special Revenue Funds

Broadband Franchise Fees	\$ 20,618
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General Fund

Revaluation Reserve	<u>75,000</u>
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Total Committed	<u>\$ 95,618</u>
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Assigned

Capital Project Funds

Fire Department Equipment	\$ 6,500
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Fire Department Apparatus	6,500
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Highway Equipment	1,521
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Recreation Trail Grants	163
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Town Well	3,827
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Cemetery	5,398
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IT Reserve	400
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Office Equipment	<u>1,115</u>
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Total Assigned	<u>\$ 25,424</u>
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NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Town of Minot participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020 may be impaired.

NOTE 13 – OVERLAPPING DEBT

The Town's proportionate share of Androscoggin County's debt is not recorded in the financial statements of the Town of Minot. At December 31, 2020, there is no outstanding debt from Androscoggin County.

The Town's proportionate share of RSU 16's debt is 19.18% or \$2,017,932 of the RSU 16 overlapping debt of \$10,521,024 at June 30, 2020 which is the most recently available financial statement information for RSU 16.

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. - Budgetary Accounting

The Town of Minot utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. This budget is established by the Board of Selectmen and must be approved at the Annual Town Meeting.

B. - Excess of Expenditures over Appropriations

For the year ended December 31, 2020, expenditures did not exceed appropriations in total. Additionally, Exhibit VII shows no overdrafts.

C. - Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2020, no funds held a deficit balance, as indicated in Note 11.

NOTE 15 – JOINT VENTURES

Mid-Maine Waste Action Corporation

The Town is a member of an interlocal solid waste agreement with 11 other participating municipalities. MMWAC, or Maine Waste to Energy, is a quasi-governmental organization, created as a not-for-profit corporation by twelve area municipalities in 1986. The Town of Minot's proportionate interest in the net position of MMWAC on June 30, 2020, the date of MMWAC's most recent audited financial statements, was approximately 3.22% which amounted to \$290,564. As this interest does not constitute an explicit measurable equity interest, however, it is not recorded as an asset by the Town. Complete financial statements may be obtained from MMWAC at 110 Goldthwaite Road, Auburn, ME 04211-1750 or calling 207-783-8805.

NOTE 16 – OPEB PLAN

The Town provides certain other postemployment benefits to its employees through the following plan:

I. Group Health Insurance Plan – Maine Municipal Employee Health Trust (MMEHT)

Plan Description

Qualifying personnel of the Town participate in the MMEHT Group Health Plan. This plan is a single-employer OPEB plan not administered through a trust or similar arrangement. Accordingly, no assets are accumulated within the plan for the payment of future benefits.

Benefits

Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with at least 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. At January 1, 2020 there were eight active employees participating in this plan and no inactive employees, retirees or beneficiaries entitled to and/or receiving benefits.

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 16 – OPEB PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town's total Health Plan OPEB liability reported as of December 31, 2020 of \$30,697 was measured as of January 1, 2020 and was determined by an actuarial valuation as of January 1, 2020 as remeasured. For the year ended December 31, 2020 the Town recognized OPEB expense of \$4,027 related to the Health Plan. At December 31, 2020 the Town reported deferred inflows of resources and deferred outflows of resources related to the Health Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,269	\$ 15,548
Changes in Assumptions	<u>13,236</u>	<u>3,417</u>
Total	<u>\$ 14,505</u>	<u>\$ 18,965</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

For the Year Ended December 31,	<u>Amount</u>
2021	\$ (244)
2022	(244)
2023	(244)
2024	(244)
2025	(244)
Thereafter	<u>(3,240)</u>
Total	<u>\$ (4,460)</u>

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

- **Inflation** 2.00%
- **Salary Increases** 2.75%
- **Discount Rate** 2.74%
- **Healthcare Cost Trend Rates** 8.55% Non-Medicare reducing to 3.53% by 2040
- **Healthcare Cost Trend Rates** 7.84% Medicare reducing to 3.53% by 2040
- **Retirees' Share of Benefit Costs** 100% of projected premiums

**TOWN OF MINOT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 16 – OPEB PLAN (CONTINUED)

For the Health Plan, the mortality rate is based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Tables for males and females. The discount rate of 2.74% used to measure the Health Plan OPEB liability was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

The following presents the Town’s total OPEB liability related to the Health Plan calculated using the discount rate of 2.74%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate:

	<u>1% Decrease</u> <u>(1.74%)</u>	<u>Current Discount</u> <u>Rate (2.74%)</u>	<u>1% Increase</u> <u>(3.74%)</u>
Total OPEB Liability	\$38,778	\$30,697	\$24,450

Changes in the healthcare trend rate affect the measurement of the total OPEB liability. Lower healthcare trend rates produce a lower total OPEB liability and higher healthcare trend rates produce a higher total OPEB liability. The table below shows the sensitivity of the total OPEB liability to the healthcare trend rate.

	<u>1% Decrease</u>	<u>Health Care Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$23,507	\$30,697	\$40,635

NOTE 17 – DATE OF MANAGEMENT REVIEW AND SUBSEQUENT EVENTS

Management has evaluated subsequent dates through February 11, 2022, the date these financial statements were available to be issued.

Engine 8 Lease Purchase

Androscoggin Bank reduced the interest on the remaining balance of the Engine 8 Lease purchase as described in Note 7 from 4.2% to 1.99% in February 2021.

Paving Bond

On June 25, 2021 the Town closed on a \$1,000,000 paving bond with Androscoggin Bank at an interest rate of 1.68%. The Bond is payable in three equal installments of principal and interest beginning December 31, 2021.

COVID-19 Pandemic

As of the date of this report, the COVID-19 pandemic continues to spread through all areas of the world including Maine. The ultimate impact of this health crisis on the financial condition of the Town is not knowable at this time.

SCHEDULE I

**TOWN OF MINOT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS – HEALTH PLAN
DECEMBER 31, 2020**

	12/31/2020	12/31/2019	12/31/18
Service Cost	\$ 3,283	\$ 3,665	\$ 2,911
Interest	1,505	1,256	921
Changes of Benefit Terms	(517)	0	0
Differences Between Expected and Actual Experience	(16,961)	0	1,815
Changes of Assumptions or Other Inputs	10,018	(4,271)	5,790
Benefit Payments	<u>(87)</u>	<u>(84)</u>	<u>(1)</u>
Net Changes	\$ (2,759)	\$ 566	11,436
Total OPEB Liability - Beginning	<u>33,456</u>	<u>32,890</u>	<u>21,454</u>
Total OPEB Liability – Ending	<u>\$ 30,697</u>	<u>\$ 33,456</u>	<u>\$ 32,890</u>
Covered-Employee Payroll	\$ 338,270	\$ 283,819	\$ 283,819
Total OPEB Liability as a Percentage of Covered- Employee Payroll	9.1%	11.8%	11.6%

Amounts presented for each fiscal year were determined as of the prior January 1. The data above was determined by the actuarial valuation date which was twelve to twenty-four months year prior to the audit report date. Retroactive information is not required to be presented. A full 10-year schedule will be displayed as it becomes available.

Notes to Required Supplementary Information

Significant Changes of Benefit Terms – None

Significant Changes to Assumptions – There was a change in the discount rate from 4.10% to 2.74%

The Notes to the Financial Statements are an Integral Part of This Statement.