

Town of Weston

AUDIT

YEAR ENDING JUNE, 30 2022

BASIC FINANCIAL STATEMENT
PREPARED BY MINDY CYR, CPA

TOWN OF WESTON, MAINE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2022

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Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Select Board
Town of Weston
Weston, Maine

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Weston, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Weston, Maine'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, each major fund, and the aggregate remaining fund information of the Town of Weston, Maine, as of June 30, 2022, and the respective changes in financial position 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 Weston, Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to 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 Town of Weston, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 aggregate, they would influence the judgment made by a reasonable user based on financial statements.

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

- Exercise professional judgment 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.

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- 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 Town of Weston, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Weston, Maine's ability to continue as a going concern for a reasonable period of time.

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

REQUIRED SUPPLEMENTARY INFORMATION

Management has omitted the management 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 opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in net OPEB liability and related ratios and the budgetary comparison schedule, on pages 23 and 24 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 Weston, Maine's basic financial statements. The schedule of expenditures - departmental operations and the schedule of changes in assigned fund balances 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 related 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 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 schedule of expenditures - departmental operations and the schedule of changes in assigned fund balances are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA

Levant, Maine

September 12, 2022

Town of Weston, Maine
Statement of Net Position
June 30, 2022

		<u>Total Governmental Activities</u>
ASSETS:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 539,828	
Tax acquired property	7,174	
Taxes receivable	29,685	
Tax liens receivable	9,659	
<i>Total current assets</i>	\$ 586,346	
<i>Non-current assets:</i>		
Capital assets, net of accumulated depreciation	969,702	
Non-depreciable capital assets	62,143	
<i>Total non-current assets</i>	1,031,845	
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB related outflows	2,885	
<i>Total deferred outflows of resources</i>	2,885	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		\$ 1,621,076
LIABILITIES:		
<i>Current liabilities:</i>		
Accounts payable	\$ 6,953	
Due to other governments	3,808	
Current portion of notes payable	34,583	
<i>Total current liabilities</i>	\$ 45,344	
<i>Non-current liabilities:</i>		
Notes payable	34,417	
OPEB liability	12,514	
<i>Total non-current liabilities</i>	46,931	
DEFERRED INFLOWS OF RESOURCES:		
OPEB related inflows	243	
Taxes collected in advance	5,381	
<i>Total deferred inflows of resources</i>	5,624	
NET POSITION:		
Net investment in capital assets	962,845	
Restricted for:		
<i>Nonexpendable for endowment principal</i>	271	
Unrestricted	560,060	
<i>TOTAL NET POSITION</i>	1,523,176	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		\$ 1,621,076

Statement 2

Town of Weston, Maine
Statement of Activities
For the Year Ended June 30, 2022

	Net (Expense) Revenue and Changes in Net Position			
	Program Revenues		Primary Government	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Total
Governmental activities:				
Administration	\$ 137,992	\$ 4,479	\$ -	\$ (133,514)
Protection	22,182	-	-	(22,182)
Public works	86,668	14,032	-	(72,636)
Sanitation	52,603	-	-	(52,603)
Education	569,946	-	-	(569,946)
County tax	74,829	-	-	(74,829)
Health and welfare	4,021	88	-	(3,933)
Other	23,085	41,290	-	18,205
Depreciation	51,668	-	-	(51,668)
Total governmental activities	1,022,995	4,479	55,410	(963,106)
Total primary government	1,022,995	4,479	55,410	(963,106)
General revenues:				
Property taxes, levied for general purposes				883,953
Excise taxes				75,759
Licenses and permits				424
State revenue sharing				38,278
Other				71,163
Investment income				2,256
Miscellaneous revenues				3,660
Total general revenues and transfers				1,075,494
Changes in net position				112,388
NET POSITION - BEGINNING - RESTATED FOR GASB # 75				1,410,788
NET POSITION - ENDING			\$	1,523,176

The accompanying notes are an integral part of this statement.

Town of Weston, Maine
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Non-Major Fund Permanent Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$	271 \$	539,828
Tax acquired property	539,557 \$	-	7,174
Taxes receivable, net	7,174	-	29,685
Tax liens receivable	29,685	-	9,659
TOTAL ASSETS	\$ 586,074 \$	271 \$	586,346
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$	- \$	6,953
Due to other governments	6,953 \$	-	3,808
<i>Total liabilities</i>	<i>10,761</i>	<i>-</i>	<i>10,761</i>
<i>Deferred inflows of resources:</i>			
Taxes collected in advance	5,381	-	5,381
Uncollected property taxes	29,906	-	29,906
<i>Total deferred inflows of resources</i>	<i>35,287</i>	<i>-</i>	<i>35,287</i>
<i>Fund balances:</i>			
Non-spendable:			
Endowments	-	271	271
Tax acquired property	7,174	-	7,174
Assigned - see footnotes	179,438	-	179,438
Unassigned	353,414	-	353,414
<i>Total fund balances</i>	<i>540,026</i>	<i>271</i>	<i>540,297</i>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 586,074 \$	271	
<i>Amounts reported for governmental activities in the statement of net position (Stmnt. 1) are different because:</i>			
Depreciable and non-depreciable capital assets as reported in Stmnt. 1			1,031,845
Long-term liabilities, including capital leases payable, as reported on Stmnt. 1			(69,000)
Deferred property taxes not reported on Stmnt. 1			29,906
Deferred outflows of resources - OPEB related expenditures			2,885
Deferred outflows of resources - OPEB related inflows			(243)
OPEB liabilities			(12,514)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	1,523,176

The accompanying notes are an integral part of this statement.

Town of Weston, Maine
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2022

	General Fund	Non-Major Fund Permanent Fund	Total Governmental Funds
REVENUES:			
Property taxes	895,802	-	895,802
Excise taxes	75,759	-	75,759
Intergovernmental revenue	164,851	-	164,851
Charges for services	4,479	-	4,479
Licenses and permits	424	-	424
Investment income	2,255	1	2,256
Other revenue	3,660	-	3,660
<i>Total revenues</i>	<u>1,147,231</u>	<u>1</u>	<u>1,147,232</u>
EXPENDITURES:			
Administration	157,517	-	157,517
Protection	22,182	-	22,182
Public works	313,912	-	313,912
Sanitation	52,603	-	52,603
Education	569,946	-	569,946
County tax	74,829	-	74,829
Health and welfare	4,021	-	4,021
Other	23,085	-	23,085
<i>Total expenditures</i>	<u>1,218,096</u>	<u>-</u>	<u>1,218,096</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(70,864)</u>	<u>1</u>	<u>(70,864)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from direct borrowings	69,000	-	69,000
<i>Total other financing sources (uses)</i>	<u>69,000</u>	<u>-</u>	<u>69,000</u>
<i>Net change in fund balances</i>	<u>(1,864)</u>	<u>1</u>	<u>(1,864)</u>
FUND BALANCES - BEGINNING	541,890	271	542,161
FUND BALANCES - ENDING	<u>\$ 540,026</u>	<u>\$ 271</u>	<u>\$ 540,297</u>

The accompanying notes are an integral part of this statement.

Town of Weston, Maine
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds (Statement 4)	\$	(1,864)
<p>Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:</p>		
<p>Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on Governmental Funds Report</p>		(51,668)
<p>Capital outlays expensed on the Governmental Funds Report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)</p>		249,031
<p>Revenues in the Statement of Activities (Stmt 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes and other deferred revenue.</p>		(11,849)
<p>Issuances of long-term debt are reported as other financing sources in the governmental funds, but debt issuances increase long-term debt in the statement of net position. Issurances are as follows:</p>		
<p style="padding-left: 20px;">Note payable</p>		(69,000)
<p>OPEB expense</p>		(2,262)
<hr/>		
Changes in net position of governmental activities (see Stmt. 2)	\$	112,388

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town operates under a selectboard-manager-town meeting form of government and was incorporated in 1835 under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

The financial statements include those of the various departments governed by the Select Board and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by GASB.

B. Basis of Presentation

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

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position presents the financial condition of the governmental and business-type (if applicable) activities of the Town at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental and business-type (if applicable) activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major funds:

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

Permanent Fund – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements, proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

F. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised by department heads, town administration and the Select Board. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Select Board or required by law.

G. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair market value.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Compensated Absences

Vacation and sick pay benefits are substantially non-vesting and are not material. Therefore, no liability has been recorded in the financial statements for the year ended June 30, 2022.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	20-50
Infrastructure	40

Net Position and Fund Balances

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position is the residual amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that are restricted for use by an external party, constitutional provision, or enabling legislation.

Committed – Funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governing body.

Assigned – Funds intended to be used for specific purposes set by the Select Board.

Unassigned – Funds available for any purpose.

When an expenditure is incurred for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue arises when resources are received by the Town before the Town has legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Property Taxes

Property taxes for the current year were committed on August 30, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Payment of taxes was due November 1, 2021 with interest at 6% on all tax bills unpaid as of the due date.

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 \$13,193 for the year ended June 30, 2022.

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

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Typically, the Town invests funds in checking accounts, savings accounts, certificates of deposit, and U.S. government obligations (through an investment group owned by a financial institution). From time to time the Town's deposits and investments may be subject to risks, such as the following:

Custodial Credit Risk – Deposits - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2022, cash deposits had a carrying value of \$539,828, all of which was covered by FDIC or collateralized.

Interest Rate Risk – The Town does not currently have a deposit policy for interest rate risk.

Credit Risk – The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, and U.S. Agencies and certain bonds, securities and real assets.

Custodial Credit Risk – Investments – the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy. None of the Town's investments were subject to custodial credit risk.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments held by the Town are Level 1 inputs.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
<i>Capital assets:</i>				
Land	\$ 40,356	\$ 21,787	\$ -	\$ 62,143
Buildings and improvements	351,938	-	-	351,938
Infrastructure	759,743	227,244	-	986,987
	<hr/>			
Total capital assets	1,152,037	249,031	-	1,401,068
	<hr/>			
<i>Less accumulated depreciation</i>	(317,555)	(51,668)	-	(369,223)
	<hr/>			
Governmental activities Capital assets, net	\$ 834,482	\$ 197,363	\$ -	\$ 1,031,845

Depreciation expense has not been charged as a direct expense for any department of the Town.

4. CONTINGENCIES

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

5. 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.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

6. FUND BALANCES

Non-spendable:

Permanent fund – reserve for endowments	\$ 271
General fund – Tax acquired property	\$ 7,174

Assigned:

General Fund

Capital office reserve	\$ 494	
Building maintenance reserve	13,428	
Capital roads reserve	207	
Revaluation reserve	45,806	
Town road maintenance	62,011	
Special projects	15,937	
Cemetery reserve	19,356	
ARPA funds	<u>22,199</u>	
		\$ 179,438

UNASSIGNED **\$ 353,414**

7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2022, was as follows:

Description	Balance 7/1/21	Additions	(Reductions)	Balance 6/30/22	Due within one year
Notes payable – direct borrowings	\$ -	\$ 69,000	\$ -	\$ 69,000	\$ 34,583
Total	\$ -	\$ 69,000	\$ -	\$ 69,000	\$ 34,583

Payments on bonds payable, notes payable and capital leases of the governmental activities are paid out of the General Fund.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

7. LONG-TERM OBLIGATIONS (CONTINUED)

Notes Payable – Direct Borrowings

Notes payable at June 30, 2022 are comprised of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 6/30/2022</u>	<u>Collateral Pledged</u>
Governmental Activities:				
Harris Hill Project	2.79%	6/2024	\$ 69,000	N/A
Total governmental activities			<u>\$ 69,000</u>	

Debt service requirements to retire the notes payable outstanding for governmental activities at June 30, 2022 are as follows:

Year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 34,583	\$ 34,417	\$ 69,000
2024	<u>807</u>	<u>973</u>	<u>1,780</u>
Total	<u>\$ 35,390</u>	<u>\$ 35,390</u>	<u>\$ 70,780</u>

8. OPEB OBLIGATIONS

Plan Description

The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Town does not provide postemployment or postretirement health benefits, but it is subject to an implicit benefit for its members in MMEHT.

Accounting Policies

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 6 years.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

8. OPEB OBLIGATIONS (CONTINUED)

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next 5 years, and thereafter:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 703	\$ -
Changes in assumptions	2,182	243
Net difference between projected & actual earnings on OPEB plan investments	-	-
Total	\$ 2,885	\$ 243

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

Year ended June 30:

2023	883
2024	886
2025	690
2026	148
2027	35
Thereafter	0

As of January 1, 2022, the plan membership data is comprised of 1 active member with only an implicit benefit.

Key Economic Assumptions:

Measurement date: January 1, 2022
Discount rates: 2.06% per annum for year end 2022 reporting
 2.124% per annum for year end 2021 reporting
Trend assumptions: *Pre-Medicare Medical* – Initial trend of 6.25% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Pre-Medicare Drug – Initial trend of 13.10% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Medicare Medical – Initial trend of 5.00% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Medicare Drug – Initial trend of 9.90% applied in FYE 2022 grading over 20 years to 3.53% per annum.
Administrative and claims expense – 3% per annum.

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

8. OPEB OBLIGATIONS (CONTINUED)

Future Plan Changes

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

Demographic Assumptions:

Retiree continuation: Retirees who are current Medicare participants – 100%
Retirees who are Pre-medicare, active participants – 75%
Spouses who are Pre-medicare, spouse is active participant – 50%

Rate of mortality: Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those include in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Assumed rate of retirement: For employees hired prior to July 1, 2014
Age 57-58 – 6%
Age 59 – 10%
Age 60-61 - 12%
Age 62-63 - 16%
Age 64 – 20%
Age 65-66 – 30%
Age 67-69 – 25%
Age 70+ - 100%

For employees hired after July 1, 2014
Age 55-61 – 6%
Age 62 – 10%
Age 63-64 – 12%
Age 65 – 20%
Age 66-68 – 16%
Age 69 – 20%
Age 70-74 - 25%
Age 75+ - 100%

Salary increases: 2.75% per year

**TOWN OF WESTON, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

11. OPEB OBLIGATIONS (CONTINUED)

Discount Rate

The discount rate used to measure the TOL was 2.06% based on a measurement date of January 1, 2022. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 2.06%.

1% Decrease 1.06%	Current Rate 2.06%	1% Increase 3.06%
\$ 14,678	\$ 12,514	\$ 10,743

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

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 10,573	\$ 12,514	\$ 14,909

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 15.5%. A 1% increase in the healthcare trend rate increases the NOL by approximately 19.1%.

TOWN OF WESTON, MAINE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

Schedules of Required Supplementary Information start with one year of information as of the implementation of GASB No. 75, but eventually will build up to 10 years of information. The schedule below shows changes in total OPEB liability and related ratios required by GASB No. 75.

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Total OPEB Liability					
Service cost (BOY)	\$ 1,124	\$ 986	\$ 659	\$ 728	\$ 529
Interest (includes interest on service cost)	255	273	213	170	104
Changes of benefit terms	0	0	(156)	0	0
Differences between expected and actual experience	131	0	1,001	0	324
Changes of assumptions	79	683	2,726	(567)	1,037
Benefit payments, including refunds of member contributions	0	0	0	0	0
Net change in total OPEB liability	\$ 1,589	\$ 1,942	\$ 4,443	\$ 331	\$ 1,994
Total OPEB liability – beginning	\$ 10,925	\$ 8,983	\$ 4,540	\$ 4,209	\$ 2,215
Total OPEB liability – ending	\$ 12,514	10,925	\$ 8,983	\$ 4,540	\$ 4,209
Plan fiduciary net position					
Contributions – employer	0	0	0	0	0
Contributions – member	0	0	0	0	0
Net investment income	0	0	0	0	0
Benefit payments, including refunds of member contributions	0	0	0	0	0
Administrative expenses	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0
Plan fiduciary net position – beginning	0	0	0	0	0
Plan fiduciary net position – ending	0	0	0	0	0
Net OPEB liability – endings	\$ 12,514	\$ 10,925	\$ 8,983	\$ 4,540	\$ 4,209
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 36,895	\$ 35,462	\$ 35,462	\$ 34,085	\$ 34,085
Net OPEB liability as a percentage of covered employee payroll	33.9%	30.8%	25.3%	13.3%	12.3%

Town of Weston, Maine
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 902,590	\$ 902,590	\$ 895,802	\$ (6,787)
Excise taxes	50,525	50,525	75,759	25,234
Intergovernmental revenue	85,183	126,548	164,851	38,303
Charges for services	2,050	2,050	4,479	2,429
Licenses and permits	-	-	424	424
Investment income	750	1,770	2,255	486
Other revenues	-	-	3,660	3,660
Total revenues	1,041,097	1,083,482	1,147,231	63,749
EXPENDITURES:				
Administration	175,081	238,689	157,517	81,172
Protection	22,200	22,200	22,182	18
Public works	314,124	409,275	313,912	95,364
Sanitation	55,451	55,451	52,603	2,848
Education	569,946	569,946	569,946	-
County tax	74,829	74,829	74,829	0
Health and welfare	6,979	7,066	4,021	3,046
Other	4,000	61,222	23,085	38,136
Total expenditures	1,222,610	1,438,679	1,218,096	220,583

Excess (deficiency) of revenues over (under) expenditures

(70,864)

OTHER FINANCING SOURCES (USES)

Proceeds from direct borrowings	-	69,000	69,000	-
Total other financing sources	-	69,000	69,000	-

Net changes in fund balances

(1,864)

FUND BALANCES - BEGINNING

541,890

FUND BALANCES - ENDING

\$ 540,026

Town of Weston, Maine
 Schedule of Expenditures - Departmental Operations
 For the Year Ended June 30, 2022

	Balance 7/1/2022	Appropriations	Adjustments	Total Available	Expenditures	Balances	
						Lapsed	Carried
ADMINISTRATION:							
General government	\$ -	\$ 76,451	-	\$ 76,451	\$ 66,593	\$ 9,858	\$ -
Town officials	-	15,675	-	15,675	13,928	1,747	-
Contingency	-	25,000	-	25,000	-	25,000	-
Insurance	-	43,050	-	43,050	37,261	5,789	-
Assessors	-	4,000	-	4,000	4,000	-	-
Dues/memberships	-	5,905	-	5,905	5,088	837	-
Boat landing purchase	367	500	-	874	21,787	(21,787)	494
Capital office reserve	12,796	500	132	13,429	380	-	13,429
Building maintenance reserve	50,148	4,000	158	54,306	8,500	-	45,806
Revaluation reserve							
Total	63,311	175,081	297	238,689	157,517	21,444	59,728
PROTECTION:							
Ambulance	-	16,200	-	16,200	16,182	18	-
Fire protection	-	6,000	-	6,000	6,000	-	-
Total	-	22,200	-	22,200	22,182	18	-
PUBLIC WORKS:							
Town roads/bridges	36,819	40,950	-	77,769	15,758	62,011	-
Snow removal/winter roads	-	65,000	-	65,000	65,000	-	-
Harris Hill project	-	227,244	-	227,244	227,244	-	-
Cemetery care	-	6,700	-	6,700	5,910	790	-
Capital road projects	24,259	13,000	-	13,000	-	13,000	-
Capital road reserve	19,327	(38,770)	14,718	207	-	-	207
Cemetery reserve			29	19,356	-	-	19,356
Total	80,405	314,124	14,747	409,275	313,912	75,801	19,563
SANITATION:							
Solid waste	-	55,264	-	55,264	52,416	2,848	-
Sludge disposal	-	187	-	187	187	-	-
Total	-	55,451	-	55,451	52,603	2,848	-
SPECIAL ASSESSMENTS:							
County Tax	-	74,829	-	74,829	74,829	0	-
Education	-	569,946	-	569,946	569,946	-	-
Total	-	644,775	-	644,775	644,775	0	-
HEALTH AND WELFARE:							
General assistance	-	3,500	88	3,588	125	3,463	-
Social agencies	-	3,479	-	3,479	3,896	(417)	-
Total	-	6,979	88	7,066	4,021	3,046	-
OTHER:							
Broadband study	-	4,000	-	4,000	4,000	-	-
Snowmobile pass through	-	-	19,085	19,085	19,085	-	-
Special projects	15,937	-	-	15,937	-	-	15,937
ARPA funds	-	-	22,159	22,159	-	22,159	-
Total	15,937	4,000	41,285	61,222	23,085	22,159	15,937
TOTAL EXPENDITURES	\$ 159,652	\$ 1,222,610	\$ 56,417	\$ 1,438,679	\$ 1,218,096	\$ 125,855	\$ 95,228

Town of Weston, Maine
Schedule of Changes in Assigned Fund Balances - General Fund
 For the Year Ended June 30, 2022

	Balance 7/1/2021	Appropriation	Transfers	Receipts	Disbursements	Balance 6/30/2022
ASSIGNED FUND BALANCE						
Capital office reserve	\$ 367	\$ 500	-	7	(380)	494
Building maintenance reserve	12,796	500	-	132	-	13,429
Capital road reserve	24,259	50,000	(88,770)	14,718	-	207
Revaluation reserve	50,148	4,000	-	158	(8,500)	45,806
Town road maintenance	36,819	40,950	-	-	(15,758)	62,011
Special projects	15,937	-	-	-	-	15,937
Cemetery reserve	19,327	-	-	29	-	19,356
ARPA funds	-	-	-	22,199	-	22,199
	\$ 159,652	\$ 95,950	\$ (88,770)	\$ 37,244	\$ (24,638)	\$ 179,438