

TOWN OF CASTINE, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2020*

TOWN OF CASTINE, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Selectmen
Town of Castine
Castine, ME 04421

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Castine, Maine (the Town) as of and for the fiscal year ended June 30, 2020, including 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Castine Water Department, which represents 62%, 70%, and 55%, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Castine Water Department, is based solely on the report of the other auditors. The financial statements of the Town of Castine Water Department are presented as of December 31, 2019 and for the year then ended. 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 misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Castine, Maine, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefits disclosure schedules on pages 3 through 7 and 37 through 44 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 Castine, Maine's financial statements as a whole. The supplementary information and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine Department of Education.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
December 15, 2020

TOWN OF CASTINE, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Management of the Town of Castine, Maine (the Town) provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow. The financial statements herein include all of the activities of the Town using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34 and related subsequent statements.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2020 by \$15,513,913 (presented as “net position”). Of this amount, \$5,236,280 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$721,665 (a 4.8% increase) for the fiscal year ended June 30, 2020. Net position of governmental activities increased by \$523,375 (a 4.8% increase), while net assets of business-type activities showed an increase of \$198,289 (a 5.0% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$4,940,838, an increase of \$215,836 in comparison with the prior year. Of this total fund balance, \$3,174,997 represents general unassigned fund balance. This unassigned fund balance represents approximately 92% of the total general fund expenditures for the year.

Long-term Debt:

Long-term debt obligations showed a net decrease of \$778,635 (8.8 %) during the current fiscal year. No new long-term debt obligations were issued. Existing long-term debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison, pension and other post-employment benefit disclosures) and supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. Reconciliation

of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements can be found on pages 10-11 of this report. The basic proprietary fund financial statements can be found on pages 12-14 of this report. The Fiduciary fund financial statements can be found on pages 15-16 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 17-36 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). This section also includes the pension and other post-employment benefits disclosure schedules. Required supplementary information can be found on pages 37-44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

63% of the Town’s net position reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, sidewalks and other immovable assets), less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

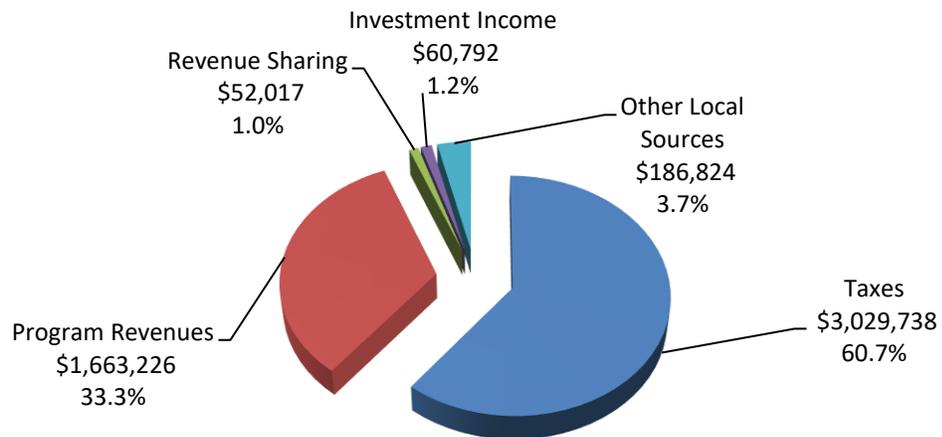
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2020</i>	<i>Total 2019</i>
Current Assets and Other	5,997,849	1,165,106	7,162,955	6,764,216
Capital Assets	10,112,653	7,770,021	17,882,674	18,192,947
Total Assets	16,110,502	8,935,127	25,045,629	24,957,163
Current Liabilities and Other	1,304,583	620,977	1,925,560	1,862,482
Long Term Liabilities	3,484,596	4,121,559	7,606,155	8,302,433
<i>Total Liabilities</i>	<i>4,789,179</i>	<i>4,742,536</i>	<i>9,531,715</i>	<i>10,164,915</i>
Net Position:				
Invested in Capital Assets	6,489,114	3,236,008	9,725,122	9,257,012
Restricted	552,511	-	552,511	624,454
Unrestricted	4,279,698	956,583	5,236,281	4,910,782
<i>Total Net Position</i>	<i>11,321,323</i>	<i>4,192,591</i>	<i>15,513,914</i>	<i>14,792,248</i>
Total Liabilities & Net Position	16,110,502	8,935,127	25,045,629	24,957,163

Changes in Net Position

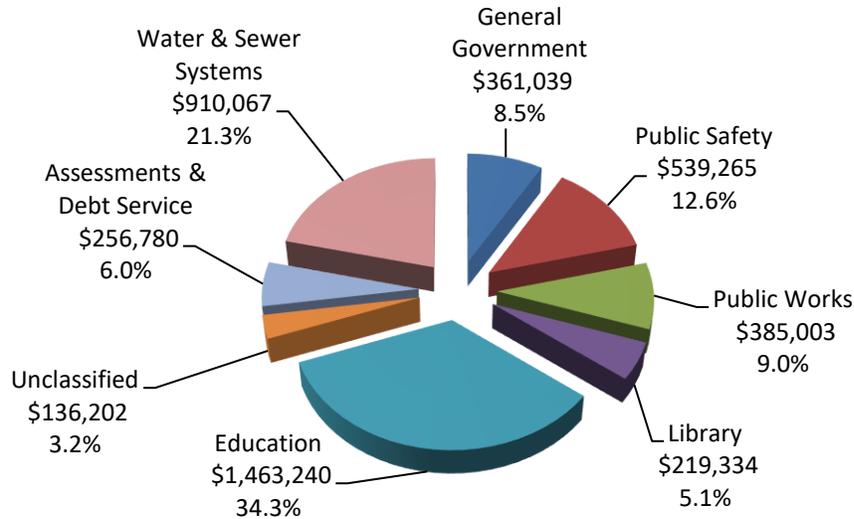
Approximately 61 percent of the Town’s total revenue came from property and excise taxes, approximately 7 percent came from State subsidies and grants, and approximately 38 percent came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$533,352 of the total expenses for the fiscal year.

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2020</i>	<i>Total 2019</i>
Revenues:				
Taxes	3,029,738		3,029,738	3,115,624
Program Revenues	555,441	1,107,785	1,663,226	1,637,823
Revenue Sharing	52,017		52,017	30,588
Investment Income	60,220	572	60,792	60,718
Other Local Sources	186,823		186,823	134,350
Total	3,884,239	1,108,357	4,992,596	4,979,103
Expenses:				
General Government	361,039		361,039	428,554
Public Safety	539,265		539,265	550,485
Public Works	385,003		385,003	431,319
Library	219,334		219,334	224,737
Education	1,463,240		1,463,240	1,471,639
Unclassified	136,202		136,202	84,021
Assessments & Debt Service	256,780		256,780	234,399
Water & Sewer Systems		910,067	910,067	929,414
Total	3,360,863	910,067	4,270,931	4,354,569
Changes in Net Position	523,376	198,289	721,665	624,534

Revenues by Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$4,940,838, an increase of \$215,836 in comparison with the prior year. Approximately 64 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual General Fund operations and the final amended budget included the following:

- \$10,356 positive variance in revenues. Investment earnings exceeded budget by \$10,220.
- \$165,500 positive variance in expenditures. Overlay on taxes was \$129,778. Administrative accounts operated \$59,791 below budget. Public Safety operated \$45,440 below budget. The School Department utilized \$77,367 of carryforward balance.

CAPITAL ASSET ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities amounts to \$24,424,035, net of accumulated depreciation of \$6,541,361 leaving a net book value of \$17,882,674. Current year additions include \$56,886 in building improvements, \$166,192 in road improvements. There were no retirements, impairments or trade-ins during the current fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Castine, 67 Court Street, P.O. Box 204, Castine, ME 04421.

TOWN OF CASTINE, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2020

(Exhibit I)

<u>Assets & Deferred Outflows</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$5,823,336	\$99,017	\$5,922,353
Accounts Receivable, net of Allowance for Uncollectible Accounts	\$23,349	\$237,191	\$260,540
Prepaid Expenses	\$3,214	\$38,634	\$41,848
Taxes and Tax Liens Receivable	\$49,234		\$49,234
Due from Other Funds		\$790,264	\$790,264
<u>Capital Assets:</u>			
Land	\$514,637	\$85,354	\$599,991
Other Capital Assets, net of Accumulated Depreciation	\$9,598,016	\$7,684,667	\$17,282,683
<u>Total Assets</u>	<u>\$16,011,786</u>	<u>\$8,935,127</u>	<u>\$24,946,913</u>
<u>Deferred Outflows of Resources</u>			
Related to Pensions	\$25,091		\$25,091
Related to Other Post-Employment Benefits	\$73,625		\$73,625
<u>Total Deferred Outflows of Resources</u>	<u>\$98,716</u>	<u>\$0</u>	<u>\$98,716</u>
<u>Total Assets & Deferred Outflows</u>	<u>\$16,110,502</u>	<u>\$8,935,127</u>	<u>\$25,045,629</u>
<u>Liabilities, Deferred Inflows and Net Position</u>			
<u>Liabilities:</u>			
<u>Current Liabilities:</u>			
Accrued Expenses	\$98,395	\$28,093	\$126,488
Accounts Payable	\$132,500	\$9,255	\$141,755
Due to Other Funds	\$675,882	\$171,176	\$847,057
<u>Long-Term Liabilities:</u>			
Net Pension Liability	\$9,074		\$9,074
Net Other Post-Employment Benefits Liability	\$227,686		\$227,686
<u>General Obligation Bonds Payable:</u>			
Due within one year	\$375,703	\$412,453	\$788,156
Due in more than one year	\$3,247,837	\$4,121,559	\$7,369,396
<u>Total Liabilities</u>	<u>\$4,767,076</u>	<u>\$4,742,536</u>	<u>\$9,509,612</u>
<u>Deferred Inflows of Resources:</u>			
Related to Pensions	\$9,000		\$9,000
Related to Other Post-Employment Benefits	\$7,383		\$7,383
Property Taxes Collected in Advance	\$5,721		\$5,721
<u>Total Deferred Inflows of Resources</u>	<u>\$22,104</u>	<u>\$0</u>	<u>\$22,104</u>
<u>Net Position</u>			
Net Investment in Capital Assets	\$6,489,114	\$3,236,008	\$9,725,122
Restricted	\$552,511	\$0	\$552,511
Unrestricted	\$4,279,698	\$956,583	\$5,236,280
<u>Total Net Position</u>	<u>\$11,321,323</u>	<u>\$4,192,591</u>	<u>\$15,513,913</u>
<u>Total Liabilities, Deferred Inflows & Net Position</u>	<u>\$16,110,502</u>	<u>\$8,935,127</u>	<u>\$25,045,629</u>

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

TOWN OF CASTINE, MAINE
STATEMENT OF ACTIVITIES

(Exhibit II)

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	\$361,039	\$34,376		(\$326,663)		(\$326,663)
Public Safety	\$539,265	\$217,320		(\$321,945)		(\$321,945)
Public Works	\$385,003		\$12,916	(\$372,087)		(\$372,087)
Library	\$219,334		\$112,156	(\$107,178)		(\$107,178)
Education	\$1,463,240	\$15,620	\$163,052	(\$1,284,568)		(\$1,284,568)
Unclassified	\$136,202			(\$136,202)		(\$136,202)
Assessments & Debt Service	\$256,780			(\$256,780)		(\$256,780)
<u>Total Governmental Activities</u>	<u>\$3,360,863</u>	<u>\$267,316</u>	<u>\$288,125</u>	<u>(\$2,805,423)</u>	<u>\$0</u>	<u>(\$2,805,423)</u>
<u>Business-type Activities</u>						
Water Department	\$463,764	\$611,888			\$148,124	\$148,124
Sewer Department	\$446,303	\$495,897			\$49,593	\$49,593
<u>Total Business-type Activities</u>	<u>\$910,067</u>	<u>\$1,107,785</u>	<u>\$0</u>	<u>\$0</u>	<u>\$197,717</u>	<u>\$197,717</u>
<u>Total Primary Government</u>	<u>\$4,270,931</u>	<u>\$1,375,101</u>	<u>\$288,125</u>	<u>(\$2,805,423)</u>	<u>\$197,717</u>	<u>(\$2,607,705)</u>
<u>General Revenues:</u>						
Property Tax Revenues				\$2,870,917		\$2,870,917
Excise Taxes				\$158,821		\$158,821
State Revenue Sharing				\$52,017		\$52,017
Investment Earnings				\$60,220	\$572	\$60,792
Other State Reimbursements & On-Behalf Contributions				\$32,453		\$32,453
Operating Transfers				\$1,700		\$1,700
Other Revenues				\$152,671		\$152,671
<u>Total Revenues, Special Items and Transfers</u>				<u>\$3,328,798</u>	<u>\$572</u>	<u>\$3,329,370</u>
<u>Changes in Net Position</u>				<u>\$523,375</u>	<u>\$198,289</u>	<u>\$721,665</u>
<u>Net Position - Beginning</u>				<u>\$10,797,948</u>	<u>\$3,994,301</u>	<u>\$14,792,249</u>
<u>Net Position - Ending</u>				<u>\$11,321,323</u>	<u>\$4,192,591</u>	<u>\$15,513,913</u>

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

TOWN OF CASTINE, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

(Exhibit III)

<u>Assets</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$5,823,336		\$5,823,336
Accounts Receivable, net	\$23,349		\$23,349
Prepaid Expenses	\$3,214		\$3,214
Taxes and Tax Liens Receivable	\$49,234		\$49,234
Due from Fiduciary Funds	\$2,501		\$2,501
Due from Other Funds		\$1,202,502	\$1,202,502
<u>Total Assets</u>	\$5,901,634	\$1,202,502	\$7,104,136
<u>Liabilities, Deferred Inflows & Fund Balances</u>			
<u>Liabilities:</u>			
Accrued Expenses	\$98,395		\$98,395
Accounts Payable	\$132,500		\$132,500
Due to Other Funds	\$1,202,502		\$1,202,502
Due to Proprietary Funds	\$678,383		\$678,383
<u>Total Liabilities</u>	\$2,111,780	\$0	\$2,111,780
<u>Deferred Inflows of Resources:</u>			
Property Taxes Collected in Advance	\$5,721		\$5,721
Unavailable Tax Revenue	\$45,798		\$45,798
<u>Total Deferred Inflows of Resources</u>	\$51,519	\$0	\$51,519
<u>Fund Balances:</u>			
Restricted	\$552,511		\$552,511
Committed	\$0	\$1,202,502	\$1,202,502
Assigned	\$10,827		\$10,827
Unassigned	\$3,174,997		\$3,174,997
<u>Total Fund Balances</u>	\$3,738,336	\$1,202,502	\$4,940,838
<u>Total Liabilities, Deferred Inflows & Fund Balances</u>	\$5,901,634	\$1,202,502	\$7,104,136
<u>Total Fund Balance - Governmental Funds</u>			\$4,940,838
<i>Net position reported for governmental activities in the statement of net position is different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			\$10,112,653
Deferred Inflows and Outflows related to Pension Plans and Other Post-Employment Benefits			\$82,333
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. This amount represents long term debt outstanding			(\$3,623,540)
This amount represents net pension liability			(\$9,074)
This amount represents net other post-employment benefits liability			(\$227,686)
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as unavailable revenue (a deferred inflow) in governmental funds			\$45,798
<u>Net Position of Governmental Activities</u>			\$11,321,323

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

TOWN OF CASTINE, MAINE

(Exhibit IV)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>			
Property Tax Revenues	\$2,856,649		\$2,856,649
State Road Assistance	\$12,916		\$12,916
Excise Taxes	\$158,821		\$158,821
State Revenue Sharing	\$52,017		\$52,017
Maine Maritime Academy Support	\$149,699		\$149,699
Investment Earnings	\$60,220		\$60,220
Other State Reimbursements & On-Behalf Contributions	\$32,453		\$32,453
Municipal Fees, Licenses and Permits	\$101,996		\$101,996
Interest on Taxes	\$7,671		\$7,671
Rental Income	\$21,950		\$21,950
Other Revenues	\$6,765	\$116,285	\$123,050
<u>Total Revenues</u>	<u>\$3,461,157</u>	<u>\$116,285</u>	<u>\$3,577,442</u>
<u>Expenditures (Net of Departmental Revenues):</u>			
<u>Current:</u>			
General Government	\$365,269	\$6,064	\$371,333
Public Safety	\$495,411	\$20,115	\$515,526
Public Works	\$230,477	\$147,142	\$377,620
Library	\$191,530	\$7,106	\$198,636
Education	\$1,259,164		\$1,259,164
Unclassified	\$69,296	\$66,906	\$136,202
Assessments & Debt Service	\$616,983		\$616,983
<u>Total Expenditures</u>	<u>\$3,228,130</u>	<u>\$247,333</u>	<u>\$3,475,463</u>
<u>Excess of Revenues over Expenditures</u>	<u>\$233,027</u>	<u>(\$131,048)</u>	<u>\$101,979</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	\$113,856	\$195,850	\$309,706
Operating Transfers Out	(\$195,850)		(\$195,850)
<u>Net Change in Fund Balances</u>	<u>\$151,033</u>	<u>\$64,802</u>	<u>\$215,836</u>
<u>Beginning Fund Balances</u>	<u>\$3,587,302</u>	<u>\$1,137,700</u>	<u>\$4,725,002</u>
<u>Ending Fund Balances</u>	<u>\$3,738,336</u>	<u>\$1,202,502</u>	<u>\$4,940,838</u>
<u>Reconciliation to Statement of Activities, change in Net Position:</u>			
Net Change in Fund Balances - Above			\$215,836
Pension and Other Post-Employment Benefits Plans (Deferred Outflows, Net Liability, Deferred Inflows)			(\$29,433)
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are recorded as unavailable revenue (a deferred inflow) in governmental funds			\$14,268
Bond Proceeds are not treated as Revenue in the Government-Wide financial statements, bond repayments are not treated as Expenditures in the Government-Wide financial statements			\$369,173
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.			(\$46,468)
<u>Changes in Net Position of Governmental Activities</u>			<u>\$523,375</u>

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

TOWN OF CASTINE, MAINE
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

(Exhibit V)

	<u>Water</u> <u>Department</u>	<u>Sewer</u> <u>Department</u>	<u>Totals</u>
<u>Assets</u>			
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$99,017		\$99,017
Accounts Receivable - net	\$155,566	\$81,625	\$237,191
Prepaid Expenses	\$38,634		\$38,634
Due from Other Funds	\$790,264		\$790,264
<u>Total Current Assets</u>	<u>\$1,083,481</u>	<u>\$81,625</u>	<u>\$1,165,106</u>
<u>Noncurrent Assets:</u>			
<u>Capital Assets:</u>			
Depreciable Assets	\$6,275,648	\$5,082,475	\$11,358,123
Accumulated Depreciation	(\$1,858,489)	(\$1,729,613)	(\$3,588,102)
<u>Total Noncurrent Assets</u>	<u>\$4,417,159</u>	<u>\$3,352,862</u>	<u>\$7,770,021</u>
<u>Total Assets</u>	<u>\$5,500,640</u>	<u>\$3,434,487</u>	<u>\$8,935,127</u>
<u>Liabilities</u>			
<u>Current Liabilities:</u>			
Accounts Payable	\$9,255		\$9,255
Accrued Expenses	\$14,918	\$13,175	\$28,093
Due to Other Funds		\$171,176	\$171,176
Current Portion of Long-Term Debt	\$204,228	\$208,225	\$412,453
<u>Total Current Liabilities</u>	<u>\$228,401</u>	<u>\$392,576</u>	<u>\$620,977</u>
<u>Long-Term Liabilities:</u>			
Bonds Payable	\$2,548,984	\$1,985,029	\$4,534,013
Less Current Portion	(\$204,228)	(\$208,225)	(\$412,453)
<u>Net Long-Term Liabilities</u>	<u>\$2,344,756</u>	<u>\$1,776,803</u>	<u>\$4,121,559</u>
<u>Total Liabilities</u>	<u>\$2,573,157</u>	<u>\$2,169,379</u>	<u>\$4,742,536</u>
<u>Net Position</u>			
<u>Net Position</u>			
Net Investment in Capital Assets	\$1,868,175	\$1,367,833	\$3,236,008
Restricted	\$0	\$0	\$0
Unrestricted (Deficit)	\$1,059,308	(\$102,725)	\$956,583
<u>Total Net Position</u>	<u>\$2,927,483</u>	<u>\$1,265,108</u>	<u>\$4,192,591</u>
<u>Total Liabilities and Net Position</u>	<u>\$5,500,640</u>	<u>\$3,434,487</u>	<u>\$8,935,127</u>

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

TOWN OF CASTINE, MAINE
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Exhibit VI)

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Totals</u>
<i>Operating Revenues:</i>			
Charges for Services	\$611,888	\$495,897	\$1,107,785
<i>Total Operating Revenues</i>	<u>\$611,888</u>	<u>\$495,897</u>	<u>\$1,107,785</u>
<i>Operating Expenses:</i>			
Operation and Maintenance	\$243,767	\$260,671	\$504,438
Depreciation	\$134,239	\$129,567	\$263,806
Assessments	\$3,529		\$3,529
<i>Total Operating Expenses</i>	<u>\$381,535</u>	<u>\$390,237</u>	<u>\$771,772</u>
<i>Operating Profit (Loss)</i>	\$230,353	\$105,659	\$336,012
<i>Other Revenues</i>			
Interest Earned	\$572		\$572
Interest Expense	(\$82,229)	(\$56,066)	(\$138,295)
<i>Change in Net Position</i>	\$148,696	\$49,593	\$198,289
<i>Net Position - Beginning</i>	<u>\$2,778,787</u>	<u>\$1,215,514</u>	<u>\$3,994,301</u>
<i>Net Position - Ending</i>	<u><u>\$2,927,483</u></u>	<u><u>\$1,265,108</u></u>	<u><u>\$4,192,591</u></u>

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

TOWN OF CASTINE, MAINE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Exhibit VII)

	<i>Water</i> <u>Department</u>	<i>Sewer</i> <u>Department</u>	<u>Totals</u>
<u>Cash Flows from Operating Activities:</u>			
Received from Customers	\$610,363	\$530,324	\$1,140,687
Payments to Suppliers	(\$218,517)	(\$125,447)	(\$343,964)
Payments to Employees	(\$19,135)	(\$135,224)	(\$154,359)
(Increase)/Decrease in Due From Other Funds	(\$87,332)	(\$4,161)	(\$91,493)
<u>Cash Flows from Operations</u>	<u>\$285,379</u>	<u>\$265,492</u>	<u>\$550,871</u>
<u>Cash Flows from Investing Activities:</u>			
Capital Expenditures			\$0
Interest Earned	\$572	\$0	\$572
<u>Cash Flows from Investing</u>	<u>\$572</u>	<u>\$0</u>	<u>\$572</u>
<u>Cash Flows from Financing Activities:</u>			
Other Income	\$0	\$0	\$0
Interest on Bonds Payable	(\$83,425)	(\$57,653)	(\$141,078)
Principal on Bonds Payable	(\$201,371)	(\$207,840)	(\$409,211)
<u>Cash Flows from Financing</u>	<u>(\$284,796)</u>	<u>(\$265,492)</u>	<u>(\$550,288)</u>
<u>Net Cash Flows</u>	<u>\$1,155</u>	<u>\$0</u>	<u>\$1,155</u>
<u>Beginning Cash Balance</u>	<u>\$97,862</u>	<u>\$0</u>	<u>\$97,862</u>
<u>Ending Cash Balance</u>	<u>\$99,017</u>	<u>\$0</u>	<u>\$99,017</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</u>			
Operating Income (Loss)	\$230,353	\$105,659	\$336,012
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities;			
Depreciation	\$134,239	\$129,567	\$263,806
Changes in Assets and Liabilities;			
Receivables, net	(\$1,525)	\$34,428	\$32,903
Prepaid Expenses	\$2,128		\$2,128
Accounts Payable	\$7,516		\$7,516
Due From Other Funds	(\$87,332)	(\$4,161)	(\$91,493)
<u>Cash Flows from Operations</u>	<u>\$285,379</u>	<u>\$265,492</u>	<u>\$550,871</u>

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

TOWN OF CASTINE, MAINE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

(Exhibit VIII)

	<i>Witherle Memorial Library</i>	<i>Trust Funds</i>	<i>Total</i>
<i>Assets</i>			
Cash & Cash Equivalents		\$180,094	\$180,094
Investments	\$6,467,098		\$6,467,098
Due from General Fund		\$3,397	\$3,397
<i>Total Assets</i>	<u>\$6,467,098</u>	<u>\$183,491</u>	<u>\$6,650,589</u>
<i>Liabilities</i>			
Due to Other Funds	\$5,898		\$5,898
<i>Total Liabilities</i>	<u>\$5,898</u>	<u>\$0</u>	<u>\$5,898</u>
<i>Net Position</i>			
Restricted - Witherle Library	\$6,461,200		\$6,461,200
Restricted - Trust Principal		\$30,125	\$30,125
Restricted - Trust Expendable		\$153,366	\$153,366
<i>Total Net Position</i>	<u>\$6,461,200</u>	<u>\$183,491</u>	<u>\$6,644,691</u>
<i>Total Liabilities & Net Position</i>	<u>\$6,467,098</u>	<u>\$183,491</u>	<u>\$6,650,589</u>

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

TOWN OF CASTINE, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Exhibit IX)

	<i>Witherle Memorial Library</i>	<i>Trust Funds</i>	<i>Total</i>
<u>Additions</u>			
Investment Earnings	\$183,762	\$494	\$184,257
Rental Income		\$10,919	\$10,919
Other Additions			\$0
<u>Total Additions</u>	<u>\$183,762</u>	<u>\$11,413</u>	<u>\$195,175</u>
<u>Reductions</u>			
Fiduciary Fees / Bank Fees	\$39,571		\$39,571
<u>Total Reductions</u>	<u>\$39,571</u>	<u>\$0</u>	<u>\$39,571</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In		\$839	\$839
Operating Transfers Out	(\$116,179)	(\$1,700)	(\$117,879)
Unrealized Gains (Losses) from Investments	(\$178,477)		(\$178,477)
<u>Total Other Financing Sources (Uses)</u>	<u>(\$294,656)</u>	<u>(\$861)</u>	<u>(\$295,517)</u>
<u>Excess of Additions and other Financing Sources over Reductions and other Financing Uses</u>	<u>(\$150,465)</u>	<u>\$10,552</u>	<u>(\$139,913)</u>
<u>Beginning Net Position</u>	<u>\$6,611,665</u>	<u>\$172,939</u>	<u>\$6,784,604</u>
<u>Ending Net Position</u>	<u>\$6,461,200</u>	<u>\$183,491</u>	<u>\$6,644,691</u>

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

TOWN OF CASTINE, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Castine, Maine (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Castine, Maine, which is identified based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14 (as amended), *The Financial Reporting Entity*. The Town is governed under a Selectmen form of government. The Town engages in a comprehensive range of municipal services including administrative services, public safety and fire protection, health and sanitation, transportation and education. In addition, the Town exercises sufficient control over other governmental units that are included as part of the Town's reporting entity. The Town of Castine Water and Sewer Departments are separate departments of the Town of Castine, Maine. The Departments are included in the basic financial statements in the enterprise fund. The financial statements include all operations of the Town. The financial statements of the Water Department are presented as of December 31, 2019. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on all of the activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the respective fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recognized when transactions occur and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports unearned revenue on its governmental fund financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for the resources obtained and expended for the acquisition or construction of major capital facilities and projects (other than those financed by the proprietary fund).

The Town reports the following major enterprise funds:

The Sewer fund accounts for the activities of the Sewer Department. The Town operates the Sewer Department facility and related administrative costs. Similarly, the Water fund accounts for the activities of the Water Department, reported on a calendar year.

In the Statement of Activities, amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. Assets, Liabilities and Net Position or Fund Balance

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. These investments are not specifically identified with any one fund.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.

Investments are carried at fair value. Income from investments held by the individual funds are recorded in the respective funds as it is earned.

Accounts Receivable and Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. 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 cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Infrastructure	15-50
Sewer Lines	100
Equipment	5-20

Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System (MPERS) and additions to / deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Education Association Benefits Trust (MEABT) and the Maine Municipal Employees Health Trust (MMEHT) and additions to / deductions from fiduciary net position have been determined on the same basis as they are reported by MEABT and MMEHT. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

Compensated Absences

Employees are granted vacation leave in varying amounts based on length of service. All vacation time is required to be taken in a timely fashion or it is forfeited. Accordingly, no liability is recorded on the financial statements.

Accumulated Unpaid Vacation and Sick Leave

Employees are granted vacation and sick leave in varying amounts based on length of service. The value of accumulated vacation and sick leave at June 30 is recorded as a liability on the financial statements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type financial statements. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Net Position

Net position is required to be classified into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$552,511 of restricted net position of which enabling legislation restricts \$0.

Unrestricted - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Balances

The Town has identified June 30, 2020 fund balances on the balance sheet as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Trust Funds</u>	<u>Total</u>
<u>Nonspendable</u>				
Cemetery Fund			\$13,152	\$13,152
Robert Gray Fund			\$3,000	\$3,000
Arthur Hawes Fund			\$2,050	\$2,050
Ministerial School Fund			\$1,035	\$1,035
Lighthouse Fund			\$492	\$492
Witherle Clock Fund			\$1,000	\$1,000
Samuel Adams Fuel			\$9,396	\$9,396
<u>Restricted</u>				
Witherle Library Trust			\$6,461,200	\$6,461,200
Revenue Sharing	\$20,912			\$20,912
Education	\$531,599			\$531,599
<u>Committed</u>				
Capital Projects Fund		\$1,202,502		\$1,202,502
<u>Assigned</u>				
Revaluation	\$7,827			\$7,827
Tax Anticipation Note Interest	\$3,000			\$3,000
<u>Unassigned</u>				
	\$3,174,997		\$153,366	\$3,328,363
<u>Total Fund Balances</u>	<u>\$3,738,336</u>	<u>\$1,202,502</u>	<u>\$6,644,691</u>	<u>\$11,585,529</u>

In accordance with GASB Statement 54, the Town classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action at the highest level of decision making authority and does not lapse at the end of the year.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered Restricted nor Committed.

Unassigned - includes fund balance amounts that are not considered to be Non-spendable, Restricted, Committed or Assigned.

The Town considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

E. 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 at the selectman level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

F. Endowments

In the fiduciary funds, there are established endowment funds for the cemetery perpetual care. The investment earnings of these funds are used for the specific purposes that the funds were established for and shall be paid out by order of those persons responsible for administering the funds. State law directs that, subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town requires that, at the time funds are deposited, there is collateral in place to cover the deposits in excess of the FDIC insurance limits.

State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The financial institutions holding the Town's cash accounts are participating in the Federal Deposit Insurance Corporation (FDIC) program. For interest and non-interest bearing cash accounts, the Town's cash deposits, including certificates of deposit, are insured up to \$250,000 each (interest and non-interest bearing) by the FDIC. For deposits exceeding the \$250,000 FDIC limits, the Town's financial institution provides collateral protection.

At year end, the carrying value of the Town's deposits was \$6,124,508 and the bank balance was \$6,272,325. Of the bank balance, the entire amount was insured or collateralized as of June 30, 2020.

Investments

Investments are separated into short-term and long-term categories. All short-term investments are held in a brokerage account containing money market mutual funds. Long-term investments are held in a brokerage account that is invested in equity and mutual funds. All short-term and long-term investments are recorded based on level 1 inputs and measured on a recurring basis.

Short-term investments:	
Money Market funds	\$423,428
Fixed income bonds and mutual funds	<u>\$253,303</u>
Total short-term investments	<u><u>\$676,731</u></u>
Long-term investments:	
Equities	\$4,141,159
Fixed income bonds and mutual funds	<u>\$1,649,208</u>
Total long-term investments	<u><u>\$5,790,367</u></u>

The long-term investments are managed by an investment advisor to maximize long-term gain while minimizing volatility. These investments are maintained as a stabilization reserve in the event that the regular annual donations encounter shortfalls.

Investment returns were as follows:	
Investment income (loss)	<u><u>(\$34,286)</u></u>

Return Objectives

In support of the mission of the Town, fiduciary assets are to be invested to provide sufficient growth in the form of total return from dividends, income, earnings and price appreciation to meet the Town's requirements and to maintain principal for for future library needs.

Risk Parameters

To meet the stated objectives, the entirety of the Town's portfolio is dedicated to an equity position in order to produce long-term appreciation of principal. The allocation of holdings should reasonably attempt to reduce overall portfolio volatility.

Fair Value

Certain assets are recorded at fair value to provide additional insight into the Town's financial position. These certain assets are measured on a recurring basis. Assets are grouped in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine value. A brief description of each follows:

- Level 1 - Valuation is based on quoted prices for identical instruments in active markets.
- Level 2 - Valuation is based on quoted prices for similar instruments or on prices determined from inactive markets or on model-based techniques.
- Level 3 - Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market.

Fair values of assets at June 30, 2020 measured on a recurring basis are as follows:

	<u>2020</u>
	<u>Fair Value</u>
Quoted Prices in Active Markets (Level 1)	
Money Market funds, equities,	
Fixed income bonds and mutual funds	<u>\$6,467,098</u>
Total Level 1	<u><u>\$6,467,098</u></u>

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2019 and committed on July 15, 2019. Interest of 9% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Accordingly, \$45,798 of the property taxes receivable have been classified as unavailable tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
<u>Capital assets not being depreciated</u>				
Land	\$514,637			\$514,637
<u>Capital assets being depreciated</u>				
Buildings	\$3,357,671	\$56,886		\$3,414,557
Equipment and Vehicles	\$1,116,952			\$1,116,952
Infrastructure	\$7,853,575	\$166,192		\$8,019,767
Total capital assets being depreciated	\$12,328,197	\$223,078	\$0	\$12,551,275
<u>Less accumulated depreciation for</u>				
Buildings	\$797,038	\$71,575		\$868,613
Equipment and Vehicles	\$846,940	\$35,869		\$882,809
Infrastructure	\$1,039,735	\$162,102		\$1,201,837
Total accumulated depreciation	\$2,683,713	\$269,546	\$0	\$2,953,259
Net capital assets being depreciated	\$9,644,484	(\$46,468)	\$0	\$9,598,016
<u>Governmental Activities Capital Assets, net</u>	\$10,159,121	(\$46,468)	\$0	\$10,112,653
<u>Business-type Activities:</u>				
<u>Wastewater Department:</u>				
<u>Capital assets not being depreciated</u>				
Land	\$59,608			\$59,608
<u>Capital assets being depreciated</u>				
Buildings	\$277,152			\$277,152
Equipment and Vehicles	\$299,098			\$299,098
Infrastructure	\$4,446,617			\$4,446,617
Total capital assets being depreciated	\$5,022,867	\$0	\$0	\$5,022,867
<u>Less accumulated depreciation for</u>				
Buildings	\$237,801	\$994		\$238,795
Equipment and Vehicles	\$230,574	\$13,172		\$243,746
Infrastructure	\$1,131,672	\$115,400		\$1,247,072
Total accumulated depreciation	\$1,600,047	\$129,567	\$0	\$1,729,613
Net capital assets being depreciated	\$3,422,820	(\$129,567)	\$0	\$3,293,254
<u>Business-type Activities Capital Assets, net</u>	\$3,482,428	(\$129,567)	\$0	\$3,352,862

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u>Water Department:</u>				
<i>Capital assets not being depreciated</i>				
Land	\$25,746			\$25,746
<i>Capital assets being depreciated</i>				
Buildings, Equipment and Infrastructure	\$6,249,902			\$6,249,902
<i>Total capital assets being depreciated</i>	\$6,249,902	\$0	\$0	\$6,249,902
<i>Less accumulated depreciation for</i>				
Buildings, Equipment and Infrastructure	\$1,724,250	\$134,239		\$1,858,489
<i>Total accumulated depreciation</i>	\$1,724,250	\$134,239	\$0	\$1,858,489
<i>Net capital assets being depreciated</i>	\$4,525,652	(\$134,239)	\$0	\$4,391,413
<u>Business-type Activities</u>				
<i>Capital Assets, net</i>	\$4,551,398	(\$134,239)	\$0	\$4,417,159

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities:

General Government	\$41,293
Public Safety	\$23,739
Public Works, including depreciation of general infrastructure assets	\$173,576
Library	\$20,698
Education	\$10,241
Total Depreciation Expense - Governmental Activities	\$269,546

Note 5 - Long-Term Debt

The following is a summary of Long-Term Debt transactions for the Town of Castine for the fiscal year ended June 30, 2020:

	<i>Beginning Balance</i>	<i>Additions (Retirements)</i>	<i>Ending Balance</i>	<i>Amounts Due Within One Year</i>
<u>Governmental Activities:</u>				
Emerson Hall	\$297,500	(\$21,250)	\$276,250	\$21,250
Infrastructure	\$3,667,237	(\$338,953)	\$3,328,284	\$345,132
School Bus Capital Lease	\$27,976	(\$8,970)	\$19,006	\$9,321
<i>Total Governmental Activities</i>	\$3,992,712	(\$369,173)	\$3,623,540	\$375,703
<u>Business-Type Activities:</u>				
Wastewater	\$1,575,000	(\$175,000)	\$1,400,000	\$175,000
Wastewater	\$97,632	(\$8,136)	\$89,496	\$8,136
Wastewater	\$520,237	(\$24,704)	\$495,533	\$25,089
	\$2,192,868	(\$207,840)	\$1,985,028	\$208,225
<u>Business-Type Activities:</u>				
Water	\$308,018	(\$27,934)	\$280,084	\$29,331
Water	\$420,000	(\$60,000)	\$360,000	\$60,000
Water	\$51,453	(\$12,473)	\$38,981	\$12,730
Water	\$286,368	(\$23,864)	\$262,504	\$23,864
Water	\$417,869	(\$21,121)	\$396,748	\$21,493
Water	\$873,460	(\$41,477)	\$831,982	\$42,124
Water	\$320,963	(\$14,754)	\$306,210	\$14,943
	\$2,678,132	(\$201,622)	\$2,476,509	\$204,485
<i>Total Business-Type Activities</i>	\$4,871,000	(\$409,462)	\$4,461,538	\$412,710
Total Debt	\$8,863,712	(\$778,635)	\$8,085,077	\$788,412

Governmental Activities:

In 2012 the Town issued bonds for the Emerson Hall municipal building with the Maine Municipal Bond Bank. The bonds were issued for \$425,000 with annual principal payments payable of \$21,250. Interest is payable semi-annually at a rate of 1.48% - 3.706%. The balance at June 30, 2020 was \$276,250.

In 2015 the Town issued bonds for infrastructure improvements with the Maine Municipal Bond Bank. The bonds were issued for \$4,654,182 with annual principal and interest payments payable of \$546,259 through 2027. Payments are reduced to \$158,445 beginning in 2028. Interest is payable semi-annually at a rate of .35% - 3.89%. The balance at June 30, 2020 was \$3,328,284.

In 2012 the Town entered into a capital lease for the purchase of a school bus with Mercedes Benz Financial. The lease was issued for \$46,672 with annual principal and interest payments payable of \$10,064. Interest is payable annually at a rate of 3.9128%. The balance at June 30, 2020 was \$19,006.

Business-Type Activities:

In 2007 the Town issued bonds for Wastewater Department improvements with the Maine Municipal Bond Bank. The bonds were issued for \$3,500,000 with annual principal payments payable of \$175,000. Interest is payable semi-annually at a rate of 1.858% - 1.860%. The balance at June 30, 2020 was \$1,400,000.

In 2010 the Town issued bonds for infrastructure improvements with the Maine Municipal Bond Bank. The bonds were issued for \$2,000,000 with annual principal payments payable of \$51,478 through 2016. Payments are reduced to \$32,000 in 2017. Interest is payable semi-annually at a rate of 2.124% - 5.124%. The business-type activities balance at June 30, 2020 was \$352,000.

In 2002 the Town issued bonds for Water Department improvements with the Maine Municipal Bond Bank. The bonds were issued for \$220,000 with annual principal payments payable of \$9,001 through \$13,259 ending in the year 2023. Interest is payable semi-annually at a rate of 1.42% . The balance at June 30, 2020 was \$38,981.

In 2006 the Town issued bonds for Water Department improvements with the Maine Municipal Bond Bank. The bonds were issued for \$1,200,000 with annual principal payments payable of \$60,000. Interest is payable semi-annually at a rate of 1.78%. The balance at June 30, 2020 was \$360,000.

In 2007 the Town issued bonds for Water Department improvements with the Maine Municipal Bond Bank. The bonds were issued for \$550,000 with annual principal payments payable of \$17,567 through \$41,272 ending in the year 2028. Interest is payable semi-annually at a rate of 2.0% - 6.0%. The balance at June 30, 2020 was \$280,084.

In 2014 the Town issued bonds for Water Department improvements with the Maine Municipal Bond Bank. The bonds were issued for \$500,000 with annual principal payments payable of \$20,306 through \$33,278 ending in the year 2034. Interest is payable semi-annually at a rate of .430% - 3.786%. The balance at June 30, 2020 was \$396,748.

In 2015 the Town issued bonds for infrastructure improvements with the Maine Municipal Bond Bank. The bonds were issued for \$1,590,818 with annual principal and interest payments payable of \$546,259 through 2027. Payments are reduced to \$158,445 beginning in 2028. Interest is payable semi-annually at a rate of .35% - 3.89%. The balance at June 30, 2020 was \$1,327,515.

In 2016 the Town issued bonds for Water Department improvements with the Maine Municipal Bond Bank. The bonds were issued for \$350,000 with annual principal payments payable of \$14,448 through \$22,627 ending in the year 2037. Interest is payable semi-annually at a rate of .91% - 3.5%. The balance at June 30, 2020 was \$306,210.

The following is a summary of debt service requirements along with estimated interest:

<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$788,412	\$216,187	\$1,004,599
2022	\$799,287	\$198,947	\$998,234
2023	\$801,374	\$181,093	\$982,467
2024	\$800,627	\$162,286	\$962,913
2025	\$814,183	\$141,681	\$955,864
2026	\$828,858	\$121,680	\$950,538
2027	\$784,507	\$98,137	\$882,644
2028	\$802,228	\$74,392	\$876,620
2029	\$215,671	\$58,317	\$273,987
2030	\$221,259	\$50,305	\$271,564
2031	\$227,094	\$41,909	\$269,003
2032	\$201,410	\$33,912	\$235,322
2033	\$208,086	\$26,341	\$234,427
2034	\$193,864	\$18,796	\$212,660
2035	\$201,223	\$11,308	\$212,531
2036	\$174,368	\$4,134	\$178,502
2037	\$22,627	\$396	\$23,023
<i>Totals</i>	<u>\$8,085,077</u>	<u>\$1,439,822</u>	<u>\$9,524,899</u>

Note 6 - Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. They are classified as Due From Other Funds and are eliminated on the Statement of Net Position. At June, 30, 2020, Due from Other Funds consist of a payable in the Sewer Department and offsetting receivable in the General Fund of \$171,176. In addition, the Trust funds owe the General fund \$2,501, the Capital projects fund is owed \$1,202,502 and the Water Department \$849,559. Monies are held in the general fund for ease of investing and disbursements. These funds have sufficient liquid assets to retire the interfund balances at any given time.

Note 7 - Defined Benefit Employee Pension Plan

A. Plan Description

Qualifying personnel of the Town's School Department participate in the Maine Public Employees Retirement System (System) State Employee and Teacher (SET) Plan. The plan is a multiple-employer, cost-sharing pension plan with a special funding situation. The State of Maine is the non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school systems contribute the normal cost, calculated actuarially, for their teacher members.

B. Pension Benefits

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

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

C. Member and Employer Contributions

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2020, the member contribution rate was 7.65% and the employer contribution rate was 4.16% of applicable member compensation. The employer is also responsible for contributing 14.95% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 14.33% of the applicable member compensation into the System.

The required contributions paid into the System for the year ended June 30, 2020 and the previous year are as follows:

<i>For the year ended June 30,</i>	<i>Employee Contributions</i>	<i>Employer Contributions</i>	<i>State of Maine Contributions</i>	<i>Applicable Member Compensation</i>
2020	\$44,001	\$24,124	\$82,423	\$575,175
2019	\$42,872	\$23,153	\$62,095	\$560,425
2018	\$39,998	\$20,757	\$57,931	\$522,845

D. Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred. For the teacher group, total employer and non-employer contributions were the basis for the allocation, adjusted to remove the normal cost contributions paid by local school systems on behalf of their employees. This leaves contributions toward the net pension liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those School Systems contributing towards the net pension liability of the plan using grant funding.

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the School Department reported a net pension liability of \$9,074. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2019, the School Department's proportion was .000619%, which was an decrease of 0.000753% from its proportion measured at June 30, 2018.

For the fiscal year ended June 30, 2019, the School Department recognized pension expense of \$25,9375. At June 30, 2019, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$705	\$0
Changes in Assumptions	\$262	\$0
Net Difference between projected and actual earnings on pension plan investments	\$0	\$1,281
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$0	\$7,719
Employer Contributions made subsequent to measurement date	\$24,124	\$0
	<u>\$25,091</u>	<u>\$9,000</u>

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

<u>Year ended June 30,</u>	
2020	\$20,333
2021	(\$3,957)
2022	(\$288)
2023	\$4

F. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% - 14.50% at selected years of service
Investment Rate of Return	6.75%, net of administrative and pension plan investment expense
Cost of Living increases	2.20%

For the School Department employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Tables for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the Entry Age Normal actuarial funding method. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
	<u>100%</u>	

G. Discount Rate

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

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate Share of the Net Pension Liability	\$16,405	\$9,074	\$2,964

I. Pension Plan Financial and Actuarial Information

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

Note 8 - Other Retirement Benefits

Full time employees of the Town can contribute up to 6% of their salary to a defined contribution retirement plan with the International City Management Association Retirement Corporation. The Town matches the employees contributions. These plans are individually owned with the exception of the Town's contribution, which is fully vested after three years of employment. Retirement expenses for the years ended June 30, 2018, 2019 and 2020 were \$20,138, \$17,032 and \$17,188 respectively.

Note 9 - Other Post-Employment Benefits

A. Plan Description - School Department Employees Group Life Insurance Plan

Qualifying personnel of the School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the Maine Public Employees Retirement System (SET Plan) The plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2019 there were 239 employers, including the State of Maine participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan.

B. Benefits

The Group Life Insurance Plans (the Plans) provide basis group life insurance benefits, during retirement to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10 year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at a rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

C. Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution.

D. Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in the liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Significant Actuarial Assumptions

Inflation	2.75%
Salary Increases	2.75% - 14.50% at selected years of service
Investment Rate of Return	6.75%, net of administrative and pension plan investment expense
Participation Rates for Future Retirees	100% of those currently enrolled
Conversion Charges	Apply to the cost of active group life insurance, not retiree group life insurance
Form of Benefit Payment	Lump Sum

For the School Department employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Tables for males and females.

E. On-Behalf Payments

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

	<i>Allocation of:</i>		
	<i>On-Behalf Payments</i>	<i>Benefits Expense</i>	<i>Net OPEB Liability</i>
2019	\$1,597	\$1,638	\$17,351

A. Plan Description - Town Employees Group Health Insurance Plan

Qualifying personnel of the Town can participate in the Maine Municipal Employees Health Trust postretirement benefit plan. The plan is a single employer OPEB plan.

B. Benefits Provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental: Current retirees do not have access to dental benefits. Future new retirees who retire on and after January 1, 2017 will have access to purchase dental coverage at the Plan COBRA rates. Since retirees pay for the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

C. Employees covered by benefit terms:

At June 30, 2019, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	5
Average age	61.20
Average service	18.42

D. Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions 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, unless otherwise specified:

<i>Discount Rate</i>	2.74% per annum for 2020 reporting. 4.10% per annum for 2019 reporting.
<i>Salary Increase Rate</i>	2.75% per year.
<i>Administration and claims expense</i>	3.00% per annum.

Healthcare cost trend rates:

Pre -Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre -Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied in FYE 2017 grading over 14 years to 4.00% per annum.

E. Actuarial Assumptions

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

The Entry Age Normal Actuarial Cost Method was used to value the Plan’s actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2017 were used by the Actuary. Medical and prescription experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron’s (Actuary) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

The Actuary report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

F. Discount Rate

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of December 31, 2019 is based upon an earlier measurement date, as of December 27, 2018 and is 4.10% per annum. The discount rate as of December 31, 2020 is based upon an earlier measurement date, as of December 26, 2019 and is 2.74% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

G. Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<u>Balances at 1/1/2019</u>	\$40,361	\$0	\$40,361
<u>Changes:</u>			
Service Cost	\$1,734		\$1,734
Interest	\$1,711		\$1,711
Changes of benefits	(\$2,435)		(\$2,435)
Differences between expected and actual experience	\$56,774		\$56,774
Changes of assumptions	\$31,912		\$31,912
Contributions - employer		\$744	(\$744)
Benefit payments	(\$744)	(\$744)	\$0
<u>Net changes</u>	<u>\$88,952</u>	<u>\$0</u>	<u>\$88,952</u>
<u>Balances at 1/1/2020</u>	<u>\$129,313</u>	<u>\$0</u>	<u>\$129,313</u>

H. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB 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 discount rate:

	<u>1.0% Decrease (1.74%)</u>	<u>Discount Rate (2.74%)</u>	<u>1.0% Increase (3.74%)</u>
<i>Net OPEB Liability (Asset)</i>	\$147,784	\$129,313	\$114,072

I. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1.0% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1.0% Increase</u>
Net OPEB Liability (Asset)	\$114,519	\$129,313	\$147,060

J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the Total OPEB Liability are recognized in the OPEB expense over the average expected remaining services life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 3 years.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$42,580	\$1,302
Changes in Assumptions	\$25,328	\$2,625
Net Difference between projected between projected and actual earnings on OPEB plan investments	\$0	\$0
	<u>\$67,908</u>	<u>\$3,927</u>

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

<u>Year ended</u>	
2021	\$21,546
2022	\$21,546
2023	\$21,543
2024	(\$654)
2025	\$0
Thereafter	\$0

A. Plan Description - School Department Employees Health Insurance Plan

Qualifying personnel of the School Department can participate in the Maine Education Association Benefits Trust (MEABT) postretirement benefit plan. The plan is a multi-employer, cost sharing OPEB plan.

B. Eligibility

The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

C. Cost Sharing Provisions

The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members.

The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. This the total premium is paid for by both the State and the retiree and/or spouse. The MEABT is not responsible for the premium, but instead the implicit rate subsidy. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums are based on the average active and per-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage, thus an implied subsidy.

D. Employees covered by benefit terms:

At June 30, 2019, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	6
Active employees	14
Average age	50.63
Average service	10.01

E. Net OPEB Liability

The School Department’s net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<i>Discount Rate</i>	3.50% per annum for 2019 reporting. 3.87% per annum for 2018 reporting.
<i>Salary Increase Rate</i>	2.75% per year.
<i>Administration and claims expense</i>	Included in per capita claims cost
<i>Healthcare cost trend rates:</i>	

Pre -Medicare Medical: Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare Medical: Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

F. Actuarial Assumptions

Rates of mortality for the different level of participants are described below:

Healthy Annuitants: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females using the RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Disabled Annuitants: based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively for males and females, projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

The actuarial assumptions are the assumptions that were adopted by the Maine Public Employees Retirement System State Employee and Teacher Program valuation at June 30, 2018 and are based on the experience study covering the period from June 30, 2012 through June 30, 2015.

The Entry Age Normal Actuarial Cost Method was used to value the Plan’s actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets. The plan has no assets to apply against the liabilities.

For claim curves, the Actuary used actual community rated premiums and census records provided by MEABT through June 30, 2018. Participation experience for Medicare eligible (ME) and non-Medicare eligible (NME) (activities and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron’s (Actuary) standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

The Actuary report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

G. Discount Rate

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2018 is 3.87% per annum. The discount rate as of June 30, 2019 is 3.50% per annum. 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.

H. Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<u>Balances at 6/30/2018</u>	\$86,006	\$0	\$86,006
<u>Changes:</u>			
Service Cost	\$2,096		\$2,096
Interest	\$3,410		\$3,410
Change of Assumptions	\$6,861		\$6,861
Contributions - Employer		\$0	\$0
Benefit Payments	\$0	\$0	\$0
<u>Net changes</u>	<u>\$12,367</u>	<u>\$0</u>	<u>\$12,367</u>
<u>Balances at 6/30/2019</u>	<u>\$98,373</u>	<u>\$0</u>	<u>\$98,373</u>

I. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School Department, as well as what the School Department’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

	<u>1.0% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1.0% Increase (4.50%)</u>
Net OPEB Liability (Asset)	\$120,302	\$98,373	\$81,122

J. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the net OPEB liability of the School Department, as well as what the School Department’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1.0% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1.0% Increase</u>
Net OPEB Liability (Asset)	\$79,496	\$98,373	\$122,613

J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$0	\$0
Changes in Assumptions	\$5,717	\$3,456
Net Difference between projected and actual earnings on OPEB plan investments	\$0	\$0
Employer contributions made subsequent to measurement date	<u>\$0</u>	<u>\$0</u>
	<u>\$5,717</u>	<u>\$3,456</u>

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

<u>Year ended</u>	
2020	\$280
2021	\$280
2022	\$280
2023	\$280
2024	\$1,141
Thereafter	\$0

Note 10 - Risk Management

The Town participates in Public Entity Risk Pools for the purposes of Workers Compensation, Property and Liability Insurance. The Public Entity Risk Pool is administered by the Maine Municipal Association. The Public Entity Risk Pools were established for the purposes of lowering costs for members and for developing specific programs to control losses. Members pay annual premiums to the Maine Municipal Association for participation in the respective programs. School Department coverage is maintained through the Maine School Management Association.

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries municipal and commercial insurance. The Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2020.

TOWN OF CASTINE, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Exhibit X)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Revenues:</i>				
Property Tax Revenues	\$2,873,855	\$2,873,855	\$2,856,649	(\$17,206)
State Road Assistance	\$12,000	\$12,000	\$12,916	\$916
Excise Taxes	\$144,000	\$144,000	\$158,821	\$14,821
State Revenue Sharing	\$46,593	\$46,593	\$52,017	\$5,424
Maine Maritime Academy Support	\$159,900	\$159,900	\$149,699	(\$10,201)
Investment Earnings	\$50,000	\$50,000	\$60,220	\$10,220
Other State Reimbursements	\$33,553	\$33,553	\$32,453	(\$1,100)
Municipal Fees, Licenses and Permits	\$99,600	\$99,600	\$101,996	\$2,396
Other Revenues	\$31,300	\$31,300	\$36,386	\$5,086
<u>Total Revenues</u>	<u>\$3,450,801</u>	<u>\$3,450,801</u>	<u>\$3,461,157</u>	<u>\$10,356</u>
<i>Expenditures (Net of Departmental Revenues):</i>				
General Government	\$425,060	\$425,060	\$365,269	\$59,791
Public Safety	\$540,851	\$540,851	\$495,411	\$45,440
Public Works	\$236,962	\$236,962	\$230,477	\$6,485
Library	\$191,299	\$191,299	\$191,530	(\$231)
Education	\$1,181,797	\$1,181,797	\$1,259,164	(\$77,367)
Unclassified	\$70,900	\$70,900	\$69,296	\$1,604
Assessments & Debt Service	\$746,761	\$746,761	\$616,983	\$129,778
<u>Total Expenditures</u>	<u>\$3,393,630</u>	<u>\$3,393,630</u>	<u>\$3,228,130</u>	<u>\$165,500</u>
<i>Excess of Revenues over Expenditures</i>	\$57,171	\$57,171	\$233,027	\$175,856
<i>Other Financing Sources (Uses):</i>				
Operating Transfers In	\$114,679	\$114,679	\$113,856	(\$823)
Operating Transfers Out	(\$196,850)	(\$196,850)	(\$195,850)	\$1,000
<u>Net Change in Fund Balances</u>	<u>(\$25,000)</u>	<u>(\$25,000)</u>	<u>\$151,033</u>	<u>\$176,033</u>
<u>Beginning Fund Balances</u>	<u>\$3,587,302</u>	<u>\$3,587,302</u>	<u>\$3,587,302</u>	<u>\$0</u>
<u>Ending Fund Balances</u>	<u>\$3,562,302</u>	<u>\$3,562,302</u>	<u>\$3,738,336</u>	<u>\$176,033</u>

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - STATE EMPLOYEE AND TEACHER PLAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<i>For the Fiscal Year Ended June 30,</i>	<i>Proportion of Net Pension Liability</i>	<i>Proportionate Share of Net Pension Liability (Asset)</i>	<i>Covered Employee Payroll</i>	<i>Proportionate Share of Net Pension Liability (Asset) as a % of Its Covered Employee Payroll</i>	<i>Plan Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Plan Net Pension Liability</i>	<i>Plan Fiduciary Net Position as a % of the Total Pension Liability</i>	<i>Plan Covered Employee Payroll</i>	<i>Plan Net Pension Liability as a % of the Covered Employee Payroll</i>
2020	0.001372%	\$9,074	\$575,175	1.578%	\$14,547,222,913	\$12,035,565,075	\$2,511,657,838	82.734%	\$1,924,006,618	130.543%
2019	0.001372%	\$18,514	\$560,425	3.304%	\$14,031,187,845	\$11,632,179,683	\$2,399,008,162	82.902%	\$1,808,274,919	132.668%
2018	0.001519%	\$22,049	\$522,845	4.217%	\$13,484,886,512	\$10,893,291,864	\$2,591,594,648	80.781%	\$1,860,230,663	139.316%
2017	0.000216%	\$3,816	\$508,568	0.750%	\$13,069,954,948	\$9,960,335,390	\$3,109,619,558	76.208%	\$1,816,435,084	171.194%
2016	0.000980%	\$13,231	\$537,469	2.462%	\$12,616,287,054	\$10,242,097,022	\$2,374,190,032	81.182%	\$1,699,160,889	139.727%
2015	0.001069%	\$11,549	\$514,715	2.244%	\$12,320,158,783	\$10,337,639,472	\$1,982,519,311	83.908%	\$1,676,857,294	118.228%

* Amounts presented for each fiscal year were determined as of June 30 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF CASTINE, MAINE

(Exhibit XII)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<i>For the Fiscal Year Ended June 30,</i>	<i>Contractually Required Contribution</i>	<i>Actual Contribution</i>	<i>Contribution Deficiency</i>	<i>Covered Employee Payroll</i>	<i>Contributions as a % of Covered Employee Payroll</i>
2020	\$24,124	\$24,124	\$0	\$575,175	4.194%
2019	\$23,153	\$23,153	\$0	\$560,425	4.131%
2018	\$20,757	\$20,757	\$0	\$499,017	4.160%
2017	\$17,088	\$17,088	\$0	\$509,693	3.353%
2016	\$18,059	\$18,059	\$0	\$468,298	3.856%
2015	\$15,211	\$15,211	\$0	\$436,317	3.486%

* Amounts presented for each fiscal year were determined as of June 30 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF CASTINE, MAINE
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note 1 - Actuarial Methods and Assumptions

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2019, is as follows:

A. Actuarial Cost Method

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

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

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

B. Asset Valuation Method

An actuarial value of assets is used for determining employer contributions. The use of an actuarial value of assets for this purpose helps mitigate volatility in contribution rates that might otherwise occur due to fluctuations in market conditions. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

C. Amortization

The net pension liability is amortized on a level percentage of payroll over the amortization period then in effect in statutory and constitutional requirements. The statutory and constitutional requirements include an amendment to the Maine Constitution approved in November 1995 that requires the State of Maine to fund the unfunded actuarial liability existing on June 30, 1996, over a period not to exceed 31 years beginning on July 1, 1997, and not later than June 30, 2028. The amendment prohibits the creation of new unfunded liabilities in the Plan except those arising from experience losses, which must be funded over a period of not more than ten years. In addition, the amendment requires the use of actuarially sound current cost accounting, reinforcing existing statutory requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

Inflation	2.75%
Salary Increases	2.75% - 14.50% at selected years of service
Investment Rate of Return	6.75%, net of administrative and pension plan investment expense
Cost of Living Benefit Increases	2.20%

For members, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no changes in assumptions for the fiscal year ended June 30, 2019.

TOWN OF CASTINE, MAINE

(Exhibit XIII)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

For the Fiscal Years Ended	Total OPEB Liability									Plan Fiduciary Net Position						Net OPEB Liability as a % of the Covered Employee Payroll	
	Service Cost (BOY)	Interest (Includes on Service Cost)	Changes of Benefits and Assumptions	Differences between Estimated and Actual Experience	Benefit Payments, Including Refunds of Member Contributions	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Contributions- Employer	Contributions- Member	Benefit Payments, Including Refunds of Member Contributions	Net Change in Plan Fiduciary Net Position	Plan Fiduciary Net Position - Beginning	Plan Fiduciary Net Position - Ending	Net OPEB Liability - Ending		Covered Employee Payroll
<u>Maine Education Association Benefit Trust School Plan</u>																	
2020	\$2,096	\$3,410	\$6,861	\$0	\$0	\$12,367	\$86,006	\$98,373	\$0	\$0	\$0	\$0	\$0	\$0	\$98,373	\$759,387	12.954%
2019	\$2,221	\$3,152	(\$5,184)	\$0	\$0	\$189	\$85,817	\$86,006	\$0	\$0	\$0	\$0	\$0	\$0	\$86,006	\$739,063	11.637%
<u>Maine Municipal Employees Health Trust Town Plan</u>																	
2020	\$1,734	\$1,711	\$29,477	\$56,774	(\$744)	\$88,952	\$40,361	\$129,313	\$744	\$0	(\$744)	\$0	\$0	\$0	\$129,313	\$247,309	52.288%
2019	\$1,909	\$1,485	(\$3,939)	\$0	(\$715)	(\$1,260)	\$41,621	\$40,361	\$715	\$0	(\$715)	\$0	\$0	\$0	\$40,361	\$263,000	15.346%
2018	\$2,418	\$1,521	\$2,789	(\$2,604)	(\$645)	\$3,479	\$38,142	\$41,621	\$645	\$0	(\$645)	\$0	\$0	\$0	\$41,621	\$263,000	15.825%

* Amounts presented for each fiscal year were determined as of January 1 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF CASTINE, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Exhibit XIV)

	<i>For the Fiscal Year Ended June 30,</i>	<i>Contractually Required Contribution</i>	<i>Actual Contribution</i>	<i>Contribution Deficiency</i>
<u>Maine Education Association Benefit Trust School Plan</u>				
	2020	\$0	\$0	\$0
	2019	\$0	\$0	\$0
 <u>Maine Municipal Employees Health Trust Town Plan</u>				
	2020	\$744	\$744	\$0
	2019	\$715	\$715	\$0
	2018	\$645	\$645	\$0

* Amounts presented for each fiscal year were determined as of January 1 of the previous year. Retroactive information is not required to be presented. A full 10 year schedule will be displayed as it becomes available.

TOWN OF CASTINE, MAINE
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note 1 – Actuarial Methods and Assumptions - Maine Education Association Benefits Trust School Plan

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

Claims costs and retiree contributions were updated to reflect current healthcare costs.

Changes of Assumptions

Funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

Net OPEB Liability

The School Department’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	30 years
Discount Rate	3.50% per annum for 2019 reporting. 3.87% per annum for 2018 reporting.
Salary Increase Rate	2.75% per year
Administration and claims expense	Included in per-capita claims cost
Retirement Age	65

Healthcare cost trend rates;

Pre -Medicare Medical: Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare Medical: Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

Rates of mortality for the different level of participants are described below:

Healthy Annuitants: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees: based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Disabled Annuitants: based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively, for males and females, projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Note 2 – Actuarial Methods and Assumptions - Maine Municipal Employees Health Trust Town Plan

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, unless otherwise specified:

Changes of Assumptions

Discount rate was changed from 4.10% to 2.74% per GASB 75 discount rate selection.

Net OPEB Liability

The Town’s net OPEB liability was measured as of January 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	30 years
Discount Rate	2.74% per annum for 2020 reporting. 4.10% per annum for 2019 reporting.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum
Retirement Age	65
Healthcare cost trend rates	

Pre -Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre -Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Tables, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate range of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 11-120 and convergence to the ultimate rate in the year 2020. 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, 2016.

TOWN OF CASTINE, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Schedule 1 - Page 1 of 2)

<u>Department</u>	<u>Beginning Balance</u>	<u>Appropriated</u>	<u>Revenues</u>	<u>Transfers from Reserve</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Transfers to Reserve</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>General Government:</u>									
Administration		\$32,280	\$511	\$0	\$32,791	\$29,988	\$0	\$2,803	
Office Personnel		\$188,407	\$0	\$0	\$188,407	\$184,125	\$0	\$4,282	
Emerson Hall		\$22,780	\$0	\$0	\$22,780	\$15,706	\$0	\$7,074	
Insurance		\$30,000	\$0	\$0	\$30,000	\$28,850	\$0	\$1,150	
Employee Benefits		\$87,485	\$0	\$0	\$87,485	\$63,266	\$0	\$24,219	
Code Enforcement		\$12,273	\$0	\$0	\$12,273	\$12,305	\$0	(\$32)	
General		\$49,835	\$0	\$0	\$49,835	\$31,539	\$0	\$18,296	
Revaluation	\$5,827	\$2,000	\$0	\$0	\$7,827	\$0	\$0	\$0	\$7,827
	<u>\$5,827</u>	<u>\$425,060</u>	<u>\$511</u>	<u>\$0</u>	<u>\$431,398</u>	<u>\$365,780</u>	<u>\$0</u>	<u>\$57,791</u>	<u>\$7,827</u>
<u>Public Safety:</u>									
Fire Safety		\$94,545	\$0	\$0	\$94,545	\$94,770	\$0	(\$225)	
Transfer Station		\$123,798	\$67,620	\$0	\$191,418	\$171,938	\$0	\$19,480	
Septic Disposal		\$6,000	\$0	\$0	\$6,000	\$2,638	\$0	\$3,362	
Street Lights		\$12,000	\$0	\$0	\$12,000	\$3,550	\$0	\$8,450	
Law Enforcement		\$26,800	\$0	\$0	\$26,800	\$13,220	\$0	\$13,580	
Traffic Ordinance Officer		\$10,428	\$0	\$0	\$10,428	\$9,839	\$0	\$589	
911 Dispatch		\$4,411	\$0	\$0	\$4,411	\$4,364	\$0	\$47	
Ambulance		\$31,322	\$0	\$0	\$31,322	\$31,322	\$0	\$0	
Hydrant Rental		\$185,500	\$0	\$0	\$185,500	\$185,500	\$0	\$0	
Health Officer		\$500	\$0	\$0	\$500	\$500	\$0	\$0	
Harbor Master		\$25,567	\$0	\$0	\$25,567	\$24,074	\$0	\$1,493	
Dock/Wharf/Float		\$8,000	\$0	\$0	\$8,000	\$10,594	\$0	(\$2,594)	
Dock Restrooms		\$7,000	\$0	\$0	\$7,000	\$6,032	\$0	\$968	
Dock Wifi		\$800	\$0	\$0	\$800	\$727	\$0	\$73	
Social Security - Public Safety		\$950	\$0	\$0	\$950	\$950	\$0	\$0	
Boat		\$700	\$0	\$0	\$700	\$795	\$0	(\$95)	
Animal Control		\$2,530	\$0	\$0	\$2,530	\$2,218	\$0	\$312	
	<u>\$0</u>	<u>\$540,851</u>	<u>\$67,620</u>	<u>\$0</u>	<u>\$608,471</u>	<u>\$563,031</u>	<u>\$0</u>	<u>\$45,440</u>	<u>\$0</u>
<u>Public Works:</u>									
Public Works Administration		\$80,260	\$0	\$0	\$80,260	\$74,308	\$0	\$5,952	
Grounds Maintenance		\$6,500	\$0	\$0	\$6,500	\$6,522	\$0	(\$22)	
Water Supply Maintenance		\$3,500	\$0	\$0	\$3,500	\$5,045	\$0	(\$1,545)	
Road Maintenance		\$53,256	\$0	\$0	\$53,256	\$60,082	\$0	(\$6,826)	
Winter Roads Maintenance		\$66,046	\$0	\$0	\$66,046	\$66,046	\$0	\$0	
Equipment Maintenance		\$27,400	\$0	\$0	\$27,400	\$17,558	\$0	\$9,842	
	<u>\$0</u>	<u>\$236,962</u>	<u>\$0</u>	<u>\$0</u>	<u>\$236,962</u>	<u>\$229,561</u>	<u>\$0</u>	<u>\$7,401</u>	<u>\$0</u>

TOWN OF CASTINE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Department</u>	<u>Beginning Balance</u>	<u>Appropriated</u>	<u>Revenues</u>	<u>Transfers from Reserve</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Transfers to Reserve</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>Library:</u>									
Operations		\$191,299	\$0	\$0	\$191,299	\$191,530	\$0	(\$231)	
	\$0	\$191,299	\$0	\$0	\$191,299	\$191,530	\$0	(\$231)	\$0
<u>Education:</u>									
General	\$517,005	\$1,136,180	\$60,974	\$0	\$1,714,160	\$1,294,885	\$0	\$0	\$419,275
Food Service	(\$7,688)	\$25,617	\$10,311	\$0	\$28,240	\$33,734	\$0	\$0	(\$5,495)
Special Revenue	\$10,398	\$0	\$23,367	\$0	\$33,766	\$25,197	\$0	\$0	\$8,569
Capital Improvement	\$19,250	\$10,000	\$0	\$0	\$29,250	\$0	\$0	\$0	\$29,250
Bus Reserve	\$10,000	\$10,000	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000
Special Education	\$60,000	\$0	\$0	\$0	\$60,000	\$0	\$0	\$0	\$60,000
	\$608,966	\$1,181,797	\$94,652	\$0	\$1,885,416	\$1,353,816	\$0	\$0	\$531,599
<u>Unclassified:</u>									
Visitor's Center		\$12,000	\$0	\$0	\$12,000	\$12,000	\$0	\$0	
Castine Band		\$500	\$0	\$0	\$500	\$500	\$0	\$0	
Recreation		\$2,750	\$0	\$0	\$2,750	\$851	\$0	\$1,899	
Historic Preservation		\$1,500	\$0	\$0	\$1,500	\$220	\$0	\$1,280	
General Assistance		\$2,000	\$0	\$0	\$2,000	\$2,000	\$0	\$0	
Unemployment Reserve		\$1,000	\$0	\$0	\$1,000	\$0	\$1,000	\$0	
Service Agencies		\$3,900	\$0	\$0	\$3,900	\$3,900	\$0	\$0	
Elm Tree Care		\$20,000	\$0	\$0	\$20,000	\$20,000	\$0	\$0	
Cemetery Maintenance		\$17,000	\$0	\$0	\$17,000	\$17,000	\$0	\$0	
200th Celebration		\$10,000	\$0	\$0	\$10,000	\$0	\$10,000	\$0	
Clock Maintenance		\$1,250	\$0	\$0	\$1,250	\$825	\$0	\$425	
	\$0	\$71,900	\$0	\$0	\$71,900	\$57,296	\$11,000	\$3,604	\$0
<u>Assessments and Debt Service:</u>									
Municipal Debt		\$458,640	\$0	\$0	\$458,640	\$458,640	\$0	\$0	
TAN Interest	\$3,000	\$0	\$0	\$0	\$3,000	\$0	\$0	\$0	\$3,000
County Tax		\$118,384	\$0	\$0	\$118,384	\$118,384	\$0	\$0	
Contingency		\$40,000	\$0	\$0	\$40,000	\$39,959	\$0	\$41	
Overlay		\$129,737	\$0	\$0	\$129,737	\$0	\$0	\$129,737	
	\$3,000	\$746,761	\$0	\$0	\$749,761	\$616,983	\$0	\$129,778	\$3,000
Capital Reserve Funds		\$196,850	\$0	\$0	\$196,850	\$0	\$196,850	\$0	
<u>TOTALS</u>	<u>\$617,793</u>	<u>\$3,591,480</u>	<u>\$162,784</u>	<u>\$0</u>	<u>\$4,372,056</u>	<u>\$3,377,998</u>	<u>\$207,850</u>	<u>\$243,782</u>	<u>\$542,426</u>

TOWN OF CASTINE, MAINE
SCHEDULE OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Schedule 2)

<u>Unassigned Fund Balance July 1,</u>		\$2,954,021
<u>Additions:</u>		
Lapsed Accounts from Schedule of Departmental Operations	\$243,782	
Excise Taxes, net of appropriation	\$14,821	
Interest Earned, net of appropriation	\$10,220	
Rentals, net of appropriation	\$3,450	
Town Fees, net of appropriation	\$5,403	
Interest on Taxes, net of appropriation	\$2,671	
	<hr/>	
<u>Total Additions</u>		\$280,347
<u>Reductions:</u>		
Appropriations from Unassigned Fund Balance	\$25,000	
Increase in Unavailable Tax Revenue	\$14,268	
State Reimbursements, net of appropriation	\$1,100	
Mooring & Docking Fees, net of appropriation	\$3,007	
Maine Maritime Academy Fees, net of appropriation	\$10,201	
Library Income, net of appropriation	\$823	
Parking Tickets, net of appropriation	\$1,235	
Other Revenues, net of appropriation	\$800	
Abatements Granted	\$2,938	
	<hr/>	
<u>Total Reductions</u>		<hr/> \$59,371
<u>Unassigned Fund Balance June 30,</u>		<hr/> <hr/> \$3,174,997

TOWN OF CASTINE, MAINE
SCHEDULE OF VALUATION, COMMITMENT AND COLLECTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Schedule 3)

Taxable Valuation:

Land, Buildings and Equipment \$252,092,500

Total Taxable Valuation \$252,092,500

Rate per \$1 Valuation \$0.011400

Tax Commitment \$2,873,855

Collections and Adjustments:

Cash Collections \$2,836,877

Abatements Granted \$2,938

Total Collections and Adjustments \$2,839,814

Uncollected Taxes June 30 \$34,040

TOWN OF CASTINE, MAINE

(Schedule 4)

SCHEDULE OF CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers (to) and from Reserves</u>	<u>Ending Balance</u>
Fire Vehicles	\$150,000			\$10,000	\$160,000
Fire Department Capital	\$8,267	\$600	(\$5,311)	\$3,500	\$7,056
Fire Rescue Building	\$50,000		(\$1,848)	\$20,000	\$68,152
Fire Paramedic	\$500			\$4,000	\$4,500
Fire Tanker	\$0		(\$10,158)	\$15,000	\$4,842
Public Works Vehicle	\$185,889			\$10,000	\$195,889
Roadway Improvements	\$564,422	\$916	(\$105,006)	\$39,000	\$499,332
Emerson Hall	\$13,682		(\$5,974)	\$5,000	\$12,708
Building Roof	\$28,844			\$2,000	\$30,844
Recreation	\$3,398				\$3,398
Elm Tree Planting	\$2,518		(\$1,553)		\$965
Elm Tree Preservation	(\$46)	\$11,349	(\$3,019)		\$8,285
Fireworks Fund	\$2,941	\$1,733	(\$7,000)	\$5,000	\$2,674
Friends & Neighbors	\$681				\$681
Pump Out	\$491		(\$490)		\$1
Town Property Survey	\$4,865				\$4,865
Harbor Master Boat	\$16,936			\$1,000	\$17,936
Hardware Software	\$7,589		(\$90)	\$1,400	\$8,899
Harbor Improvements	\$33,568		(\$2,153)	\$14,900	\$46,315
Mooring Field Maintenance	\$4,250			\$750	\$5,000
Comprehensive Plan	\$8,867				\$8,867
Economic Development	\$2,435	\$2,900	(\$5,334)		\$1
Library Capital	\$4,353		(\$584)		\$3,768
Library Maintenance	\$12,290	\$5,000	(\$5,065)		\$12,225
Grant Lib-Lyle Book Fund	\$1,771				\$1,771
Library Minerva	\$9,660				\$9,660
Library Book Fund	\$6,243	\$6,466	(\$1,457)		\$11,253
Library Summer Food	\$570				\$570
Farmer's Market Grant	\$1,030	\$545			\$1,575
One Hancock Fuel	\$1,070	\$247	(\$247)		\$1,070
Back Shore Pond	\$0			\$6,800	\$6,800
Sewer Projects	\$1,137				\$1,137
Dock Restrooms	\$1,159				\$1,159
Life Pak	\$644		(\$644)		(\$0)
Employment Advertising	\$1,500			\$500	\$2,000
Historic Grants	\$67				\$67
Fort George	\$0	\$1,000		\$2,000	\$3,000
Street Lights - LED	\$0		(\$42,136)	\$45,000	\$2,864
Castine's 200th Celebration	\$0	\$77,687	(\$35,522)	\$10,000	\$52,165
Clock Maintenance	\$6,109	\$7,841	(\$13,741)		\$209
<u>Totals</u>	<u>\$1,137,700</u>	<u>\$116,285</u>	<u>(\$247,333)</u>	<u>\$195,850</u>	<u>\$1,202,502</u>

TOWN OF CASTINE, MAINE
SCHEDULE OF TRUST FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Schedule 5)

	<i>Income</i>					
	<i>Beginning Balance</i>	<i>Interest Earned</i>	<i>Revenues (Expended)</i>	<i>Transfers (to) and from Reserves</i>	<i>Ending Balance</i>	<i>Principal Balance</i>
Bagaduce Ambulance	\$63,118	\$242		(\$1,700)	\$61,660	\$0
Cemetery Fund	\$3,909	\$18			\$3,927	\$13,152
Robert Gray Fund	\$638	\$3			\$641	\$3,000
Arthur Hawes Fund	\$292	\$2			\$294	\$2,050
Ministerial School Fund	\$1,648	\$2			\$1,650	\$1,035
Lighthouse Fund	\$60,833	\$215	\$10,919		\$71,966	\$492
Witherle Clock Fund	\$1,553	\$2			\$1,556	\$1,000
Unemployment	\$9,591			\$839	\$10,430	\$0
Samuel Adams Fuel	\$1,233	\$11			\$1,244	\$9,396
<u>Totals</u>	<u>\$142,814</u>	<u>\$494</u>	<u>\$10,919</u>	<u>(\$861)</u>	<u>\$153,366</u>	<u>\$30,125</u>

TOWN OF CASTINE, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Schedule 6)

<u>Federal Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>CFDA #</u>	<u>Grantor Pass- Through Number</u>	<u>Program Award Amount</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>					
<u>Passed through State of Maine</u>					
<u>Department of Education</u>					
Title IA - Disadvantaged	84.010	013-05A-3057-13	\$837	\$0	\$1,712
Local Entitlement	84.027	013-05A-3046-12	\$14,929	\$0	\$15,884
Local Entitlement - Preschool	84.173	013-05A-6241-23	\$57	\$0	\$57
Rural Education Achievement Program	84.213	013-05A-6336-13	\$7,544	\$0	\$7,544
<u>Total State of Maine Department of Education</u>			<u>\$23,367</u>	<u>\$0</u>	<u>\$25,197</u>
<u>Total U.S. Department of Education</u>			<u>\$23,367</u>	<u>\$0</u>	<u>\$25,197</u>
<u>U.S. Department of Agriculture:</u>					
<u>Passed through State of Maine</u>					
<u>Department of Education</u>					
National School Lunch Program - Lunch	10.555	-	\$3,315	\$0	\$3,315
National School Lunch Program - Other	10.555	-	\$173	\$0	\$173
Food Distribution - Donated Commodities	10.550	-	\$1,420	\$0	\$1,420
<u>Total U.S. Department of Agriculture</u>			<u>\$4,907</u>	<u>\$0</u>	<u>\$4,907</u>
<u>Totals</u>			<u>\$28,274</u>	<u>\$0</u>	<u>\$30,104</u>