

Audited Financial Statements and
Other Financial Information

Town of Madison, Maine

June 30, 2020



Proven Expertise & Integrity

TOWN OF MADISON, MAINE

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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Madison
Madison, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Madison, Maine as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Madison, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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,

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Madison, Maine as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and OPEB information on pages 4 through 12 and 53 through 57 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Madison, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset

schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Town of Madison, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Madison, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
January 28, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(UNAUDITED)

The following management's discussion and analysis of the Town of Madison, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Madison, Maine's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have one column for the Town's activities. The type of activity presented for the Town of Madison:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, parks and recreation, cemeteries, community and social agencies, education and unclassified.

The government-wide financial statements include not only the Town itself (known as the primary government), but also legally separate entities for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. This component unit includes the Madison Electric Works. Madison Electric Works, although also legally separate, functions for all practical purposes as a department of the Town and therefore has been included as an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Madison, Maine, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Madison, Maine can be classified as governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the

long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Madison, Maine presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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 Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities decreased by \$107,591 from \$8,586,087 to \$8,478,496.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a balance of \$1,879,278.

Table 1
Town of Madison, Maine
Net Position
June 30,

	Governmental Activities	
	2020	2019 (Restated)
Assets		
Current Assets	\$ 2,853,031	\$ 3,276,750
Noncurrent Assets - Capital Assets	5,981,478	5,855,495
Total Assets	<u>8,834,509</u>	<u>9,132,245</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to OPEB	114,928	90,408
Total Deferred Outflows of Resources	<u>114,928</u>	<u>90,408</u>
Liabilities		
Current Liabilities	89,117	291,877
Noncurrent Liabilities	228,871	270,007
Total Liabilities	<u>317,988</u>	<u>561,884</u>
Deferred Inflows of Resources		
Prepaid Taxes	48,692	50,136
Deferred Inflows Related to OPEB	104,261	24,546
Total Deferred Inflows of Resources	<u>152,953</u>	<u>74,682</u>
Net Position		
Net Investment in Capital Assets	5,981,478	5,855,495
Restricted: Special Revenue Funds	454,955	485,116
Permanent Funds	162,785	179,868
Unrestricted	1,879,278	2,065,608
Total Net Position	<u>\$ 8,478,496</u>	<u>\$ 8,586,087</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.68%, while total expenses increased by 5.84%. Miscellaneous experienced the largest increase for revenues while unclassified had the largest increase for expenses.

Table 2
Town of Madison, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities	
	2020	2019 (Restated)
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 102,577	\$ 104,966
Operating grants and contributions	62,592	61,252
<i>General revenues:</i>		
Taxes	8,125,176	8,364,495
Grants and contributions not restricted to specific programs	1,580,274	1,075,907
Miscellaneous	444,152	75,978
Total Revenues	10,314,771	9,682,598
Expenses		
General government	606,328	612,600
Public safety	674,582	961,850
Public works	1,330,037	1,060,253
Parks and recreation	72,591	72,308
Cemeteries	25,530	21,841
Community and social agencies	174,818	173,219
Education	4,912,001	5,050,135
County tax	798,596	833,719
Town property	27,713	
Unclassified	1,765,784	1,016,804
Capital outlay	34,382	58,931
Total Expenses	10,422,362	9,861,660
Change in Net Position	(107,591)	(179,062)
Net Position - July 1, Restated	8,586,087	8,765,149
Net Position - June 30	\$ 8,478,496	\$ 8,586,087

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Madison, Maine
Fund Balances - Governmental Funds
June 30,

	2020	2019 (Restated)	Increase/ (Decrease)
General Fund:			
Nonspendable	\$ -	\$ 4,909	\$ (4,909)
Assigned	255,200	227,983	27,217
Unassigned	1,615,247	1,427,171	188,076
Total General Fund	\$ 1,870,447	\$ 1,660,063	\$ 210,384
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 27,395	\$ 32,499	\$ (5,104)
Restricted	427,560	452,617	(25,057)
Assigned	97,852	280,847	(182,995)
Permanent Funds:			
Nonspendable	28,046	28,046	-
Restricted	134,739	151,822	(17,083)
Total Nonmajor Funds	\$ 715,592	\$ 945,831	\$ (230,239)

The changes to total fund balances for the general fund and permanent funds occurred due to the regular activity of operations. The nonmajor fund balances decreased by \$230,239 from the prior fiscal year due to transfers and program expenditures exceeding revenues.

Budgetary Highlights

The significant difference between the original and final budget for the general fund was due to the use of assigned fund balance.

The general fund actual revenues were over budget by \$456,431. This was the result of all revenue categories being within or exceeding budget.

The general fund actual expenditures were under budget by \$422,336. All expenditure categories were within or below budget with the exception of unclassified.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town increased by \$125,983 from the prior year. This overall increase is the result of additions of \$406,142 less net disposals of \$5,841 and current year depreciation expense of \$274,318.

Table 4
Town of Madison, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2020</u>	<u>2019</u>
Land and non-depreciable assets	\$ 976,169	\$ 951,169
Buildings, building improvements and land improvements	696,110	726,053
Machinery, equipment and vehicles	743,890	671,391
Infrastructure	<u>3,565,309</u>	<u>3,506,882</u>
Total	<u>\$ 5,981,478</u>	<u>\$ 5,855,495</u>

Debt

The Town had no long-term debt as of June 30, 2020.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town of Madison, Maine. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Economic Factors and Next Year's Budgets and Rates

The impact of COVID19 has slowed the progress of development at the former Madison Paper Industries site. GO-Lab of Belfast, Maine has owned the site since the summer of 2019 and has found the economic climate more difficult than expected to raise the necessary capital. Demolition of obsolete buildings on the site has begun with funding secured from federal and state grants through a partnership with the Town.

The Town secured \$400,000 in funding from the Maine Rural Development Authority, and \$250,000 from CDBG Economic Development to assist with demolition at the former MPI site and acquisition of a new steam boiler for the site. It is likely that this funding, when added to the \$300,000 CDBG Special Projects money the Town received in 2019 will prompt a special audit for FY21.

Despite the further reduction in valuation for hydro-electric facilities owned by Eagle Creek Renewable Energy in 2020, the company did file for a significant abatement claiming that the state's support of the Northeast Energy Connect Project (otherwise known as the CMP corridor) may have a significant impact on energy prices. The Madison Board of assessors took no action on the abatement since the corridor project is still years from completion and faces some public opposition. The State Board of Property Tax Review will hear the abatement appeal sometime in 2021.

In May 2020 a State Superior Court denied the appeal to the 2019 decision by the State Board of Property Tax Review which denied the former Madison Paper Industries an abatement of property taxes paid in 2016. Attorneys for MPI and parent company UPM have filed an appeal with the State Law Court to be heard in summer of 2021. If MPI prevails at the Law Court, the Town would be required to pay back upwards of \$1M in tax abatements, fees and interest.

Woodlands Senior Living opened a 42-bed memory care facility in East Madison in the spring of 2020. Valued at \$4.6M, the facility will employ 30 people and the Town has created a 15 year Tax Increment Financing (TIF) District that includes a Credit Enhancement Agreement (CEA) whereby the Town retains 15% of the property taxes paid, and returns 85% to Woodlands.

Concerns regarding state aid to education and revenue sharing resulted in recommendations from the Budget Advisory Committee to not bring forward any money from undesignated fund balance to offset taxes. Town Meeting and state elections were moved back 30 days to the second Monday/Tuesday in July. At Town Meeting residents approved the Town Budget, which included a significant reduction in capital spending. In August, the Assessors held the tax rate even at \$21.25.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, the Treasurer for the Town of Madison can be reached at P.O. Box 190, Madison, Maine 04950.

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

	Primary Governmental Activities	Component Unit
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,773,339	\$ 1,113,467
Investments	471,525	-
Accounts receivable (net of allowance for uncollectibles):		
Taxes	387,872	-
Liens	118,092	-
Other	74,808	1,223,312
Current portion of notes receivable	27,395	160,354
Inventory	-	395,170
Prepaid items	-	85,943
Total current assets	2,853,031	2,978,246
Noncurrent assets:		
Note receivable, less current portion	-	1,152,220
Capital assets:		
Land and other assets not being depreciated	976,169	-
Buildings and vehicles, net of accumulated depreciation	5,005,309	4,807,074
Total noncurrent assets	5,981,478	5,959,294
TOTAL ASSETS	8,834,509	8,937,540
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	114,928	53,341
TOTAL DEFERRED OUTFLOWS OF RESOURCES	114,928	53,341
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,949,437	\$ 8,990,881
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 65,159	\$ 346,508
Other accrued payables	21,618	25,833
Customer deposits	-	20,291
Current portion of long-term obligations	2,340	155,000
Total current liabilities	89,117	547,632
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Notes payable		
Bond payable, less current portion	-	1,015,000
Accrued compensated absences	16,377	77,912
Net OPEB liability	212,494	148,627
Total noncurrent liabilities	228,871	1,241,539
TOTAL LIABILITIES	317,988	1,789,171
DEFERRED INFLOWS OF RESOURCES		
Prepaid taxes	48,692	-
Deferred inflows related to OPEB	104,261	14,482
TOTAL DEFERRED INFLOWS OF RESOURCES	152,953	14,482
NET POSITION		
Net investment in capital assets	5,981,478	3,637,074
Restricted for:		
Special revenue funds	454,955	-
Permanent funds	162,785	-
Unrestricted	1,879,278	3,550,154
TOTAL NET POSITION	8,478,496	7,187,228
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 8,949,437	\$ 8,990,881

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Primary government:						
Governmental activities:						
General government	\$ 606,328	\$ 34,809	\$ -	\$ -	\$ (571,519)	\$ -
Public safety	674,582	614	-	-	(673,968)	-
Public works	1,330,037	46,319	62,592	-	(1,221,126)	-
Parks and recreation	72,591	13,035	-	-	(59,556)	-
Cemeteries	25,530	-	-	-	(25,530)	-
Community and social agencies	174,818	7,800	-	-	(167,018)	-
Education	4,912,001	-	-	-	(4,912,001)	-
County tax	798,596	-	-	-	(798,596)	-
Town property	27,713	-	-	-	(27,713)	-
Unclassified	1,765,784	-	-	-	(1,765,784)	-
Capital outlay	34,382	-	-	-	(34,382)	-
Total governmental activities	<u>\$ 10,422,362</u>	<u>\$ 102,577</u>	<u>\$ 62,592</u>	<u>\$ -</u>	<u>(10,257,193)</u>	<u>-</u>
Component unit:						
Madison electric works	\$ 5,730,041	\$ 5,660,333	\$ -	\$ -	\$ -	\$ (69,708)
Total component unit	<u>\$ 5,730,041</u>	<u>\$ 5,660,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(69,708)</u>

TOWN OF MADISON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Primary Government <u>Governmental</u> Activities	Component Unit
Changes in net position:		
Net (expense) revenue	<u>(10,257,193)</u>	<u>(69,708)</u>
General revenues:		
Taxes:		
Property taxes, levied for general purposes	7,356,291	-
Excise taxes	768,885	-
Grants and contributions not restricted to specific programs	1,580,274	-
Miscellaneous	<u>444,152</u>	<u>78,956</u>
Total general revenues	<u>10,149,602</u>	<u>78,956</u>
Change in net position	(107,591)	9,248
NET POSITION - JULY 1, RESTATED	<u>8,586,087</u>	<u>7,177,980</u>
NET POSITION - JUNE 30	<u>\$ 8,478,496</u>	<u>\$ 7,187,228</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,654,519	\$ 118,820	\$ 1,773,339
Investments	-	471,525	471,525
Accounts receivable (net of allowance for uncollectibles):			
Taxes	387,872	-	387,872
Liens	118,092	-	118,092
Notes	-	27,395	27,395
Other	74,808	-	74,808
Due from other funds	109,158	97,852	207,010
TOTAL ASSETS	<u>\$ 2,344,449</u>	<u>\$ 715,592</u>	<u>\$ 3,060,041</u>
LIABILITIES			
Accounts payable	65,159	\$ -	\$ 65,159
Accrued expenses	21,618	-	21,618
Due to other funds	97,852	109,158	207,010
TOTAL LIABILITIES	<u>184,629</u>	<u>109,158</u>	<u>293,787</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	48,692	-	48,692
Deferred tax revenues	240,681	-	240,681
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>289,373</u>	<u>-</u>	<u>289,373</u>
FUND BALANCES			
Nonspendable	-	55,441	55,441
Restricted	-	562,299	562,299
Committed	-	-	-
Assigned	255,200	97,852	353,052
Unassigned	1,615,247	(109,158)	1,506,089
TOTAL FUND BALANCES	<u>1,870,447</u>	<u>606,434</u>	<u>2,476,881</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,344,449</u>	<u>\$ 715,592</u>	<u>\$ 3,060,041</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,476,881
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	5,981,478
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	240,681
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	114,928
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(18,717)
Net OPEB liability	(212,494)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(104,261)</u>
Net position of governmental activities	<u>\$ 8,478,496</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 7,447,038	\$ -	\$ 7,447,038
Excise taxes	768,885	-	768,885
Intergovernmental	1,275,932	366,934	1,642,866
Charges for services	102,577	-	102,577
Miscellaneous revenues	82,287	361,865	444,152
TOTAL REVENUES	9,676,719	728,799	10,405,518
EXPENDITURES			
Current:			
General government	566,250	-	566,250
Public safety	644,139	-	644,139
Public works	1,113,086	-	1,113,086
Parks and recreation	71,931	-	71,931
Cemeteries	25,530	-	25,530
Community and social agencies	174,818	-	174,818
Education	4,912,001	-	4,912,001
County tax	798,596	-	798,596
Town property	27,713	-	27,713
Unclassified	20,994	1,744,790	1,765,784
Capital outlay	434,683	-	434,683
TOTAL EXPENDITURES	8,789,741	1,744,790	10,534,531
EXCESS REVENUES OVER (UNDER) EXPENDITURES	886,978	(1,015,991)	(129,013)
OTHER FINANCING SOURCES			
Transfers in	281,390	957,985	1,239,375
Transfers (out)	(957,984)	(281,391)	(1,239,375)
TOTAL OTHER FINANCING SOURCES (USES)	(676,594)	676,594	-
NET CHANGE IN FUND BALANCES	210,384	(339,397)	(129,013)
FUND BALANCES - JULY 1, RESTATED	1,660,063	945,831	2,605,894
FUND BALANCES - JUNE 30	\$ 1,870,447	\$ 606,434	\$ 2,476,881

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (129,013)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	406,142
Capital asset disposals	(5,841)
Depreciation expense	<u>(274,318)</u>
	<u>125,983</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>24,520</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(90,747)</u>
Deferred inflows of resources are an aquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(79,715)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	1,964
Net OPEB liability	<u>39,417</u>
	<u>41,381</u>
Change in net position of governmental activities (Statement B)	<u>\$ (107,591)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Madison was incorporated under the laws of the State of Maine. The Town operates under the selectboard-manager form of government and provides the following services: general government, public safety, public works, parks and recreation, cemeteries, community and social agencies, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has one component unit, Madison Electric Works (MEW), a department of the Town of Madison, Maine, as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61. December 31st is the year-end of MEW and the last separate financial statements were as of and for the year ended December 31, 2019. The amounts included in the Town's 2020 financial statements for MEW are as of and for the year ended December 31, 2019. Refer to Note 17 of Notes to Financial Statements for additional information.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to December 23, 2020 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town needed to postpone Town Meeting. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 18, 2020 to May 19, 2020.

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable Federal and /or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

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

Major Fund:

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

Nonmajor Funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activities' category. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

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

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

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 three months or less from the date of acquisition.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Madison has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Allowances for uncollectible accounts netted with accounts receivable were \$102,203 for the year ended June 30, 2020.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). In the component unit, inventory consists of parts.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of accrued compensated absences and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of item, deferred outflows related to OPEB. This item is reported in the statements of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to OPEB qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on August 20, 2019 at 21.5 mils on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due in two installments on September 20, 2019 and March 15, 2020. Interest on unpaid taxes commenced on September 21, 2019 and March 16, 2020, at 8% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$165,722 for the year ended June 30, 2020.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2020, the Town's cash balances amounting to \$1,773,339 were comprised of bank deposits of \$2,314,013. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$2,259,155 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk and \$2,899 were covered by the Securities Investor Protection Corporation (SIPC). The remaining deposits of \$51,959 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 314,293
Repurchase agreements	1,996,553
Cash and cash equivalents	2,899
	<u>\$ 2,314,013</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2020, the Town's investment balances amounting to \$471,525 were comprised of mutual funds, real estate investment trusts and equities and options. All of the Town's investments were fully covered by the Securities Investor Protection Corporation (SIPC).

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>		
		<u><1 Year</u>	<u>1 - 5 Years</u>	<u>N/A</u>
Equity Securities:				
Mutual funds	\$ 395,856	\$ -	\$ -	\$ 395,856
Equities and options	75,669	-	-	75,669
	<u>\$ 471,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,525</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2020:

	June 30, 2020 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - domestic and foreign	\$ 395,856	\$ 395,856	\$ -	\$ -
Equities and options	75,669	75,669	-	-
Total equity securities	<u>471,525</u>	<u>471,525</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>471,525</u>	<u>\$ 471,525</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	2,899			
Total cash equivalents measured at the NAV	<u>2,899</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 474,424</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level II or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2020 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 97,852	\$ 117,558
Nonmajor Special Revenue Funds	109,158	97,852
Nonmajor Permanent Funds	8,400	
	<u>\$ 215,410</u>	<u>\$ 215,410</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 957,984	\$ 281,390
Nonmajor Special Revenue Funds	272,991	957,985
Nonmajor Permanent Funds	8,400	-
	<u>\$ 1,239,375</u>	<u>\$ 1,239,375</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations. Significant transfers that occurred were between the General Fund and the Capture and Retain TIF and Capture and Return TIF.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 951,169	\$ 25,000	\$ -	\$ 976,169
	<u>951,169</u>	<u>25,000</u>	<u>-</u>	<u>976,169</u>
Depreciated assets:				
Buildings and improvements	935,317	-	-	935,317
Land improvements	284,601	-	-	284,601
Vehicles and equipment	2,699,915	174,368	(204,000)	2,670,283
Infrastructure	7,203,909	206,774	(5,515)	7,405,168
	<u>11,123,742</u>	<u>381,142</u>	<u>(209,515)</u>	<u>11,295,369</u>
Less: accumulated depreciation	(6,219,416)	(274,318)	203,674	(6,290,060)
	<u>4,904,326</u>	<u>106,824</u>	<u>(5,841)</u>	<u>5,005,309</u>
Net governmental capital assets	<u>\$ 5,855,495</u>	<u>\$ 131,824</u>	<u>\$ (5,841)</u>	<u>\$ 5,981,478</u>
<u>Current year depreciation:</u>				
General government				\$ 26,264
Public safety				30,443
Public works				216,951
Recreation				660
Total depreciation expense				<u>\$ 274,318</u>

NOTE 6 - NOTES RECEIVABLE

Amounts recorded as loans receivable represent notes made under an economic development program to local businesses. Management has determined that no allowance for loan losses is necessary at June 30, 2020. Bad debt expense for the year ended June 30, 2020 was \$0. The portion of the notes receivable balance expected to be collected beyond a period of one year is reported in the fund financial statements as nonspendable because those resources are unavailable for use in the near term.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term obligations for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<i><u>Governmental activities:</u></i>					
Accrued compensated absences	\$ 20,681	\$ -	\$ (1,964)	\$ 18,717	\$ 2,340
Net OPEB liability	251,911	-	(39,417)	212,494	-
	<u>\$ 272,592</u>	<u>\$ -</u>	<u>\$ (41,381)</u>	<u>\$ 231,211</u>	<u>\$ 2,340</u>

Please see Notes 8 and 18 for more detailed information on each of these long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences are recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$18,717.

NOTE 9 - RESTRICTED NET POSITION

At June 30, 2020, the Town had the following restricted net positions:

Nonmajor Special Revenue Funds (Schedule E)	
Public Library Expendable Trust Fund	\$ 78,588
Dorothy Brown Expendable Trust Fund	69,095
Backyard Farms Capture and Retain TIF	103,319
Backyard Farms Capture and Return TIF	268
Cemetery Lot Sales Fund	66,138
Revaluation Reserve	110,152
Nonmajor Permanent Funds (Schedule G)	
Perpetual Care	132,547
Jacobs Scholarship	2,192
	<u>\$ 562,299</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2020, the Town had the following nonspendable fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 27,395
Nonmajor Permanent Funds (Schedule G)	28,046
	<u>\$ 55,441</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 427,560
Nonmajor Permanent Funds (Schedule G)	134,739
	<u>\$ 562,299</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

General Fund	
General Government	\$ 25,000
Public Safety	3,000
Public Works	64,000
Parks and Recreation	4,000
Library	3,000
Capital Equipment	124,132
Capital Paving	4,598
Capital Fire Department	27,470
Nonmajor Special Revenue Funds (Schedule E)	
Legal Expense	8,321
Anson Days	8,333
Families in need	975
Age Friendly Community	10,194
Beach Access	3,375
Christmas Parade Committee	2,329
Police Contract Reimbursement	9,490
Playground/Parking Main Street	1,638
Fire Equipment EMA	276
Fortin Playground	7,682
Equipment	20,433
Recreation Participation	6,524
Recreation	585
Foreclosure Sales	16,865
Building Maintenance	832
	<u>\$ 353,052</u>

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2020 the Town had the following deficit fund balances:

Nonmajor Special Revenue Funds (Schedule E)	
FH Interest Maintenance	\$ 9,117
Franchise	41
Revolving Loan Fund	\$ 72,605
	<u>\$ 81,763</u>

NOTE 14 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2020, the Town's share of school, Madison Electric Works and county debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Somerset	\$ 12,745,052	5.66%	\$ 720,896
Madison Electric Works	1,235,552	100.00%	1,235,552
MSAD No. 59	2,963,333	100.00%	2,963,333
			<u>\$ 4,919,781</u>

NOTE 15 - ECONOMIC DEPENDENCY

A single taxpayer, Eagle Creek Renewable Energy, is assessed approximately \$907,375 or approximately 12.35% of the Town of Madison's current year tax commitment.

NOTE 16 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS

Tax Increment Financing District

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Madison, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the district's so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program and to finance future expansion.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

Municipal Development and Tax Increment Financing District

On March 30, 2006, the Madison Selectboard, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The original District, known as the "Backyard Farms Tract," is comprised of 160 acres with an original assessed value of \$349,840. This agreement was amended in February of 2008 to adjust the District boundaries and to add 85 acres of town-owned public roads. This area is known as "Town Tract 1." In November of 2013 a second amendment request was approved to further adjust the District boundaries and add an additional 94.46 acres with an original assessed value of \$6,817,100. This area is known as "Town Tract 2." The potential projects that will be implemented under this Development Program include: the development of up to 8 multi-acre greenhouses, a cogeneration facility and other ancillary improvements, along with the related machinery and equipment, reconstruction and maintenance of roads, sidewalks and infrastructure, construction of a centrally located public safety building, creation of a local transfer station, economic development planning and administrative expenses associated with the development effort. The Town anticipates over the life of the district that new development, rehabilitation and redevelopment will result in approximately \$31,641,914 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$14,849,791. The Development Program provides for 100% of the increase in assessed value of the Backyard Farms Tract to be captured and designated as captured assessed value for 30 years, starting with the Town's 2007-2008 fiscal year. The Town will not capture any of the increased assessed value of Town Tract 1 or Town Tract 2. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A).

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period of 15 or 20 years or the remainder of the term of the District designation, whichever is less. The actual term will depend on a combination of Company investment in the Backyard Farms Tract of the District and the number of full-time employees (Less than \$60 million invested and less than 170 full-time employees - lesser of 15 years or the remainder of the District term. \$60 million or more invested and 170 or more full-time employees - lesser of 20 years or the remainder of the District term). The percentage of TIF revenues to be paid to the Company varies from 70% to 75%, depending on the number of full-time employees hired and retained by the Company (Less than 350 full-time employees - 70% returned to the Company and 30% retained by the Town. 350 or more full-time

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

employees - 75% returned to the Company and 25% retained by the Town). If the value of the taxable property within the original District drops below \$8 million, the Company will not receive any TIF revenues. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Selectboard shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the Madison voters.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently only has one tax abatement agreement, the Backyard Farms Municipal Development and Tax Increment Financing District, which is summarized below:

Backyard Farms Municipal Development and Tax Increment Financing District

In March of 2006, the Town of Madison entered into a credit enhancement agreement with Backyard Farms, LLC for the development of the Backyard Farms greenhouse facility. The agreement is effective for 20 years. 70% of the property taxes to be generated on the improvements within the District will be returned to the developer and 30% will be retained by the Town and used to fund the development plan of the District. If certain hiring thresholds are achieved by Backyard Farms at any point during the 20 year period, the percentage of tax increment revenues captured and returned to Backyard Farms, LLC would increase from 70% to 75%. As such, the percentage of tax increment revenues captured and retained by the Town would decrease from 30% to 25%.

For the fiscal year ended June 30, 2020, the Town abated property taxes for the following program:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Backyard Farms Municipal Development and Tax Increment Financing District	70%	\$ 463,932

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

The total amount of captured tax increment revenues for this TIF District was \$957,984. The amount of captured tax increment revenues returned to Backyard Farms LLC was \$463,932; representing 70% of the total captured tax increment revenues. The remaining 30% (\$198,828) was retained by the Town for economic development and infrastructure initiatives. In addition, the BETE reimbursement from the State (\$295,225) related to the property added in this TIF district is also captured and retained for the noted designated purpose for a total of \$494,052.

NOTE 17 - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMA-RC).

The plan, available to all full-time and permanent part-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

The Town's deferred compensation plan contribution for the employees for the year ended June 30, 2020, was approximately \$41,404 which was expensed to the general fund. The amount withheld from the Town's employees' as deferred compensation which was contributed to the plan was approximately \$27,498 which was charged to the general fund as wages. In addition, Madison Electric Works is allowed to participate in the plan. The amount contributed to the plan from Madison Electric Works (both employee and employer portions) was approximately \$94,000 for the year ended June 30, 2020, which was reimbursed in full by the Electric Works.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	17
Retirees and spouses	<u>2</u>
Total	<u><u>19</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,118.55	\$2,509.07
PPO 1500	\$920.63	\$2,065.10
 <u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the Town reported a liability of \$212,494 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which 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 (ACA) related legislation and regulations.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$15,778. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 57,046	\$ 83,806
Changes of assumptions	57,882	20,455
Net difference between projected and actual earnings on OPEB plan investments	-	-
 Total	 <u>\$ 114,928</u>	 <u>\$ 104,261</u>

\$0 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

	<u>MMEHT</u>	
Plan year ended June 30:		
2021	\$	7,122
2022		7,122
2023		7,122
2024		7,125
2025		(10,959)
Thereafter		(6,865)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 254,404	\$ 212,494	\$ 178,867
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 254,404</u>	<u>\$ 212,494</u>	<u>\$ 178,867</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	<u>1% Decrease</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 178,288	\$ 212,494	\$ 255,263
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 178,288</u>	<u>\$ 212,494</u>	<u>\$ 255,263</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. 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 this Plan. 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 were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

Variable Rate

Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both 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 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$97,774.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at P.O. Box 190, Madison, Maine 04950.

NOTE 19 - RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of loss of assets are the general categories of risk for which the Town carries commercial insurance. Specific insurance related to these categories includes general, police and public officials' liability coverage, workers compensation and automobile insurance. The Town is liable for deductibles ranging up to \$1,000 for settlements exceeding the limits of coverage, which range from \$50,000 to \$3,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year and the amounts of settlements have not exceeded insurance coverage for each of the past three years.

NOTE 20 - COMPONENT UNIT

The Town of Madison, Maine has discretely presented the following component unit in the financial statements:

Madison Electric Works (MEW), a department of the Town, was created by a legislative act of the State of Maine for the purpose of performing all duties of the Town of Madison in connection with the management and operation of the service area's electric works. MEW services parts of the towns of Madison, Anson, Norridgewock and Starks. Operations of MEW are financed through usage fees charged to customers. MEW is a separate legal entity from the Town, however, debt issued for MEW is backed by the full faith and credit of the Town. Financing costs for MEW debt are provided through user charges. Separately issued financial statements of MEW can be obtained by contacting the Electric Works' superintendent at 6 Business Park Drive, Madison, ME.

NOTE 21 - CONTINGENCIES

Eagle Creek Renewable Energy LLC owns the hydro-electric facilities in Madison and Anson. There is currently an outstanding appeal to the State Board of Property Tax Review, disputing the 2019 tax valuation.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 21 - CONTINGENCIES (CONTINUED)

The Town has reassessed Eagle Creek's 2020 valuation and shifted weight to the income approach v. the sales approach (which was based on the purchase price of the hydro facilities in December 2017). As of June 30, 2020, Eagle Creek had not yet decided whether to withdraw their legal action on the 2019 valuation. Were Eagle Creek to ultimately prevail before the State Board of Property Tax Review, it could cost the Town upwards of \$225,000 in tax abatements, fees and interest.

In June 2020, a State Superior Judge heard oral arguments via phone from attorneys for Madison Paper Industries and the Town of Madison regarding an appeal of decision by the State Board of Property Tax Review to deny MPI's abatement request of 2016 property taxes. In early August 2020, the Judge issued a decision denying MPI's appeal.

On September 2, 2020 MPI filed an appeal of the Superior Court decision to the State of Maine Law Court. It is estimated that oral arguments for this appeal will be heard in late 2020 with a decision by summer of 2021. Were MPI to prevail before the Law Court, it could cost the Town upwards of \$1,000,000 in tax abatements, fees and interest.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 22 - COMMITMENTS

The Town of Madison, Maine has entered into a contract with Robert Bishop for landscaping services. The contract begins January 1, 2020 and expires December 31, 2022, payment not to exceed \$11,200 per year.

The Town of Madison, Maine has entered into a contract with York's Lawn Care November 20, 2019 for landscaping services in the Forest Hill Cemetery. The contract begins January 1, 2020 and expires December 31, 2022, at \$18,000 per year, increasing \$250 per subsequent year.

The Town of Madison, Maine has entered into a contract agreement with Boyton's Landscaping November 21, 2019 for landscaping services. The contract begins January 1, 2020 and expires December 31, 2022, payment not to exceed \$8,000 per year.

TOWN OF MADISON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 - COMMITMENTS (CONTINUED)

The Town has an agreement with Somerset County Sheriff's Office for Law Enforcement services beginning July 1, 2020 ending June 30, 2021. The total amount due is \$450,000 payable in 12 equal payments, the first due at the beginning of the contract, and remaining payments due the first day of each succeeding month.

Future annual contract costs for each of these services is as follows:

Fiscal Years Ending June 30,	Robert Bishop	York's Lawn Care	Boyton's Landscaping	Somerset County Sherriff's Office
2021	11,200	18,125	8,000	450,000
2022	11,200	18,375	8,000	-
2023	5,600	9,250	4,000	-

All future contract amounts are subject to annual appropriation by the Town of Madison.

NOTE 23 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 24 - RESTATEMENTS

In 2020, the Town determined that certain transactions were presented incorrectly and therefore, restatements to the beginning governmental activities net position and the aggregate special revenues fund balance were required.

As of July 1, 2019, the governmental activities net position and the aggregate special revenue fund balance were each increased by \$152,851 to reclassify accounts that were incorrectly presented as liabilities. These restatements increased the governmental activities net position from \$8,433,236 to \$8,586,087 and the aggregate special revenue fund balance from \$613,112 to \$765,963.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF MADISON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 1,660,063	\$ 1,660,063	\$ 1,660,063	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	7,346,709	7,346,709	7,447,038	100,329
Excise taxes	729,500	729,500	768,885	39,385
Intergovernmental revenues:				
State revenue sharing	545,319	545,319	548,248	2,930
Homestead exemption	285,623	285,623	285,623	-
Local road assistance	62,592	62,592	62,592	-
BETE reimbursement	344,028	344,028	344,108	80
Other	28,500	28,500	35,361	6,861
Charges for services	96,950	96,950	102,577	5,627
Interest income	11,338	11,338	18,285	6,947
Miscellaneous revenues	51,120	51,120	64,002	12,882
Transfers from other funds	-	-	281,390	281,390
Amounts Available for Appropriation	<u>11,161,741</u>	<u>11,161,741</u>	<u>11,618,172</u>	<u>456,430</u>
Charges to Appropriations (Outflows):				
General government	591,250	599,400	566,250	33,150
Public safety	651,740	654,140	644,139	10,001
Public works	1,163,200	1,184,700	1,113,086	71,614
Parks and recreation	75,600	77,600	71,931	5,669
Cemeteries	25,600	25,600	25,530	70
Community and social agencies	174,610	175,560	174,818	742
Education	4,912,001	4,912,001	4,912,001	-
County tax	798,596	798,596	798,596	-
Town property	27,875	27,875	27,713	-
Unclassified	165,722	165,722	20,994	144,728
Capital outlay	587,500	590,883	434,683	156,200
Transfers to other funds	957,985	957,985	957,984	-
Total Charges to Appropriations	<u>10,131,679</u>	<u>10,170,062</u>	<u>9,747,725</u>	<u>422,337</u>
Budgetary Fund Balance, June 30	<u>\$ 1,030,062</u>	<u>\$ 991,679</u>	<u>\$ 1,870,447</u>	<u>\$ 34,093</u>
Utilization of assigned fund balance	\$ 230,000	\$ 268,383	\$ -	\$ (268,383)
Utilization of unassigned fund balance	400,000	400,000	-	(400,000)
	<u>\$ 630,000</u>	<u>\$ 668,383</u>	<u>\$ -</u>	<u>\$ (668,383)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 251,911	\$ -	\$ 251,911
Changes for the year:			
Service cost	4,997	-	4,997
Interest	10,477	-	10,477
Changes of benefits	(4,070)	-	(4,070)
Differences between expected and actual experience	(97,774)	-	(97,774)
Changes of assumptions	49,701	-	49,701
Contributions - employer	-	2,748	(2,748)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,748)	(2,748)	-
Administrative expense	-	-	-
Net changes	(39,417)	-	(39,417)
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 212,494</u>	<u>\$ -</u>	<u>\$ 212,494</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>			
Service cost (BOY)	4,997	5,737	4,873
Interest (includes interest on service cost)	10,477	9,374	5,173
Changes of benefit terms	(4,070)	-	-
Differences between expected and actual experience	(97,774)	-	99,829
Changes of assumptions	49,701	(28,637)	26,741
Benefit payments, including refunds of member contributions	(2,748)	(2,642)	(1,032)
Net change in total OPEB liability	<u>\$ (39,417)</u>	<u>\$ (16,168)</u>	<u>\$ 135,584</u>
Total OPEB liability - beginning	\$ 251,911	\$ 268,079	\$ 132,495
Total OPEB liability - ending	\$ 212,494	\$ 251,911	\$ 268,079
<u>Plan fiduciary net position</u>			
Contributions - employer	2,748	2,642	1,032
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(2,748)	(2,642)	(1,032)
Administrative expense	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 212,494</u>	<u>\$ 251,911</u>	<u>\$ 268,079</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-
Covered payroll	\$ 905,589	\$ 1,018,396	\$ 1,018,396
Net OPEB liability as a percentage of covered payroll	23.5%	24.7%	26.3%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST TEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>			
Employer contributions	\$ 2,748	\$ 2,642	\$ 1,032
Benefit payments	<u>(2,748)</u>	<u>(2,642)</u>	<u>(1,032)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 905,589	\$ 1,018,396	\$ 1,018,396
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Changes in Assumptions

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF MADISON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 7,346,709	\$ 7,346,709	\$ 7,447,038	\$ 100,329
Excise taxes	725,000	725,000	764,244	39,244
Boat excise	4,500	4,500	4,641	141
Intergovernmental revenues:				
State revenue sharing	545,319	545,319	548,248	2,930
Homestead exemption	285,623	285,623	285,623	0
Tree growth reimbursement	18,500	18,500	24,640	6,140
Veterans' exemption	4,000	4,000	4,384	384
Local road assistance	62,592	62,592	62,592	-
BETE reimbursement	344,028	344,028	344,108	80
Other state/federal funds	6,000	6,000	6,337	337
Charges for services:				
Town clerk fees/licenses	24,200	24,200	26,665	2,465
Code enforcement/permit fees	9,000	9,000	8,144	(856)
Public safety	1,500	1,500	614	(886)
Public works income	45,800	45,800	46,319	519
Community service	9,000	9,000	13,035	4,035
Library	7,450	7,450	7,800	350
Investment income:				
Regular investment income	11,338	11,338	18,285	6,947
Other revenues:				
Fees/interest on taxes	40,500	40,500	53,840	13,340
Misc. other	10,620	10,620	10,162	(458)
Transfers from other funds	-	-	281,390	281,390
Amounts Available for Appropriation	<u>\$ 9,501,678</u>	<u>\$ 9,501,678</u>	<u>\$ 9,958,109</u>	<u>\$ 456,431</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 495,275	\$ 8,150	\$ 503,425	\$ 480,079	\$ 23,346
Planning board	5,825	-	5,825	4,222	1,603
Code enforcement	26,800	-	26,800	19,399	7,401
Boards and commissions	19,350	-	19,350	19,284	66
Elections	4,000	-	4,000	3,145	855
Assessing	40,000	-	40,000	40,121	(121)
	<u>591,250</u>	<u>8,150</u>	<u>599,400</u>	<u>566,250</u>	<u>33,150</u>
Public safety:					
Ambulance	92,250	-	92,250	92,245	5
Police department	440,000	-	440,000	440,000	-
Fire department	108,080	2,400	110,480	106,525	3,955
Animal control officer	11,410	-	11,410	5,369	6,041
	<u>651,740</u>	<u>2,400</u>	<u>654,140</u>	<u>644,139</u>	<u>10,001</u>
Public works:					
Public areas	549,000	-	549,000	548,945	55
General operations	585,750	5,000	590,750	546,285	44,465
Winter roads	1,200	-	1,200	-	1,200
Summer roads	27,250	16,500	43,750	17,856	25,894
	<u>1,163,200</u>	<u>21,500</u>	<u>1,184,700</u>	<u>1,113,086</u>	<u>71,614</u>

TOWN OF MADISON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Parks and recreation:					
Preble Avenue	10,500	-	10,500	13,345	(2,845)
Recreation	65,100	2,000	67,100	58,586	8,514
	<u>75,600</u>	<u>2,000</u>	<u>77,600</u>	<u>71,931</u>	<u>5,669</u>
Cemeteries	<u>25,600</u>	<u>-</u>	<u>25,600</u>	<u>25,530</u>	<u>70</u>
Community and social agencies:					
Community programs	24,300	-	24,300	23,904	396
Library	116,210	950	117,160	113,981	3,179
Service organizations	34,100	-	34,100	36,933	(2,833)
	<u>174,610</u>	<u>950</u>	<u>175,560</u>	<u>174,818</u>	<u>742</u>
Education	<u>4,912,001</u>	<u>-</u>	<u>4,912,001</u>	<u>4,912,001</u>	<u>-</u>
County tax	<u>798,596</u>	<u>-</u>	<u>798,596</u>	<u>798,596</u>	<u>-</u>
Capital outlay:					
Roads	253,500	3,383	256,883	252,285	4,598
Public works equipment	269,000	-	269,000	144,868	124,132
Fire department	65,000	-	65,000	37,530	27,470
	<u>587,500</u>	<u>3,383</u>	<u>590,883</u>	<u>434,683</u>	<u>156,200</u>

TOWN OF MADISON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Town property:					
Old Point	18,650	-	18,650	19,480	(830)
Town sign mowing	225	-	225	225	-
Boat landing	1,200	-	1,200	1,020	180
55 Western Ave	2,700	-	2,700	2,866	(166)
Playground	5,100	-	5,100	4,122	978
	<u>27,875</u>	<u>-</u>	<u>27,875</u>	<u>27,713</u>	<u>162</u>
Unclassified:					
Overlay	165,722	-	165,722	20,994	144,728
	<u>165,722</u>	<u>-</u>	<u>165,722</u>	<u>20,994</u>	<u>144,728</u>
Transfers to other funds:					
Special revenue funds	957,985	-	957,985	957,984	-
	<u>957,985</u>	<u>-</u>	<u>957,985</u>	<u>957,984</u>	<u>-</u>
Total Departmental Operations	<u>\$ 10,131,679</u>	<u>\$ 38,383</u>	<u>\$ 10,170,062</u>	<u>\$ 9,747,725</u>	<u>\$ 422,336</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 115,921	\$ -	\$ 115,921
Investments	311,639	162,785	474,424
Notes receivable	27,395	-	27,395
Due from other funds	97,852	-	97,852
TOTAL ASSETS	<u>\$ 552,807</u>	<u>\$ 162,785</u>	<u>\$ 715,592</u>
LIABILITIES			
Due to other funds	<u>\$ 109,158</u>	<u>\$ -</u>	<u>\$ 109,158</u>
TOTAL LIABILITIES	<u>109,158</u>	<u>-</u>	<u>109,158</u>
FUND BALANCES			
Nonspendable	27,395	28,046	55,441
Restricted	427,560	134,739	562,299
Committed	-	-	-
Assigned	97,852	-	97,852
Unassigned	(109,158)	-	(109,158)
TOTAL FUND BALANCES	<u>443,649</u>	<u>162,785</u>	<u>606,434</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 552,807</u>	<u>\$ 162,785</u>	<u>\$ 715,592</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 366,934	\$ -	\$ 366,934
Investment income, net of unrealized gains/(losses)	709	(10,983)	(10,274)
Other	369,339	2,800	372,139
TOTAL REVENUES	<u>736,982</u>	<u>(8,183)</u>	<u>728,799</u>
EXPENDITURES			
Program expenses	<u>1,744,290</u>	500	<u>1,744,790</u>
TOTAL EXPENDITURES	<u>1,744,290</u>	<u>500</u>	<u>1,744,790</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,007,308)</u>	<u>(8,683)</u>	<u>(1,015,991)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	957,985	-	957,985
Transfers (out)	<u>(272,991)</u>	<u>(8,400)</u>	<u>(281,391)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>684,994</u>	<u>(8,400)</u>	<u>676,594</u>
NET CHANGE IN FUND BALANCES	(322,314)	(17,083)	(339,398)
FUND BALANCES - JULY 1, RESTATED	<u>765,963</u>	<u>179,868</u>	<u>945,831</u>
FUND BALANCES - JUNE 30	<u>\$ 443,649</u>	<u>\$ 162,785</u>	<u>\$ 606,434</u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Legal Expense	FH Interest Maintenance	Garden	Anson Days	Families in Need	Age Friendly Community	Beach Access
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	8,321	-	-	8,333	975	10,194	3,375
TOTAL ASSETS	<u>\$ 8,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,333</u>	<u>\$ 975</u>	<u>\$ 10,194</u>	<u>\$ 3,375</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	9,117	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>9,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	8,321	-	-	8,333	975	10,194	3,375
Unassigned	-	(9,117)	-	-	-	-	-
TOTAL FUND BALANCES	<u>8,321</u>	<u>(9,117)</u>	<u>-</u>	<u>8,333</u>	<u>975</u>	<u>10,194</u>	<u>3,375</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,333</u>	<u>\$ 975</u>	<u>\$ 10,194</u>	<u>\$ 3,375</u>

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	<u>Christmas Parade Committee</u>	<u>Police Contract Reimburse</u>	<u>Playground/ Parking Main Street</u>	<u>Fire Equipment EMA</u>	<u>Fortin Playground</u>	<u>Equipment</u>	<u>Recreation Participation</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	2,329	9,490	1,638	276	7,682	20,433	6,524
TOTAL ASSETS	<u>\$ 2,329</u>	<u>\$ 9,490</u>	<u>\$ 1,638</u>	<u>\$ 276</u>	<u>\$ 7,682</u>	<u>\$ 20,433</u>	<u>\$ 6,524</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	2,329	9,490	1,638	276	7,682	20,433	6,524
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,329</u>	<u>9,490</u>	<u>1,638</u>	<u>276</u>	<u>7,682</u>	<u>20,433</u>	<u>6,524</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,329</u>	<u>\$ 9,490</u>	<u>\$ 1,638</u>	<u>\$ 276</u>	<u>\$ 7,682</u>	<u>\$ 20,433</u>	<u>\$ 6,524</u>

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Recreation	Foreclosure Sales	Go Labs	Franchise	Building Maintenance	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,334	\$ -
Investments	-	-	-	-	-	66,254	69,095
Notes receivable	-	-	-	-	-	-	-
Due from other funds	585	16,865	-	-	832	-	-
TOTAL ASSETS	\$ 585	\$ 16,865	\$ -	\$ -	\$ 832	\$ 78,588	\$ 69,095
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	41	-	-	-
TOTAL LIABILITIES	-	-	-	41	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	78,588	69,095
Committed	-	-	-	-	-	-	-
Assigned	585	16,865	-	-	832	-	-
Unassigned	-	-	-	(41)	-	-	-
TOTAL FUND BALANCES	585	16,865	-	(41)	832	78,588	69,095
TOTAL LIABILITIES AND FUND BALANCES	\$ 585	\$ 16,865	\$ -	\$ -	\$ 832	\$ 78,588	\$ 69,095

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Cemetery Lot Sales Fund	Revaluation Reserve	Total
ASSETS						
Cash and cash equivalents	\$ 103,319	\$ 268	\$ -	\$ -	\$ -	\$ 115,921
Investments	-	-	-	66,138	110,152	311,639
Notes receivable	-	-	27,395	-	-	27,395
Due from other funds	-	-	-	-	-	97,852
TOTAL ASSETS	\$ 103,319	\$ 268	\$ 27,395	\$ 66,138	\$ 110,152	\$ 552,807
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	100,000	-	-	109,158
TOTAL LIABILITIES	-	-	100,000	-	-	109,158
FUND BALANCES						
Nonspendable	-	-	27,395	-	-	27,395
Restricted	103,319	268	-	66,138	110,152	427,560
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	97,852
Unassigned	-	-	(100,000)	-	-	(109,158)
TOTAL FUND BALANCES	103,319	268	(72,605)	66,138	110,152	443,649
TOTAL LIABILITIES AND FUND BALANCES	\$ 103,319	\$ 268	\$ 27,395	\$ 66,138	\$ 110,152	\$ 552,807

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Legal Expense	FH Interest Maintenance	Garden	Anson Days	Families in Need	Age Friendly Community	Beach Access
REVENUES							
Intergovernmental	\$ 54,240	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-	-
Other	-	9,333	-	6,131	-	-	-
TOTAL REVENUES	<u>54,240</u>	<u>9,333</u>	<u>-</u>	<u>6,131</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
EXPENDITURES							
Program expenditures	36,167	8,750	129	20,006	25	2,350	-
TOTAL EXPENDITURES	<u>36,167</u>	<u>8,750</u>	<u>129</u>	<u>20,006</u>	<u>25</u>	<u>2,350</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,073</u>	<u>583</u>	<u>(129)</u>	<u>(13,875)</u>	<u>(25)</u>	<u>7,650</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	18,073	583	(129)	(13,875)	(25)	7,650	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(9,752)</u>	<u>(9,700)</u>	<u>129</u>	<u>22,208</u>	<u>1,000</u>	<u>2,544</u>	<u>3,375</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 8,321</u>	<u>\$ (9,117)</u>	<u>\$ -</u>	<u>\$ 8,333</u>	<u>\$ 975</u>	<u>\$ 10,194</u>	<u>\$ 3,375</u>

TOWN OF MADISON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Christmas Parade Committee	Police Contract Reimburse	Playground/ Parking Main Street	Fire Equipment EMA	Fortin Playground	Equipment	Recreation Participation
REVENUES							
Intergovernmental	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-	-
Other	2,850	-	-	679	-	12,337	7,410
TOTAL REVENUES	<u>2,850</u>	<u>20,000</u>	<u>-</u>	<u>679</u>	<u>-</u>	<u>12,337</u>	<u>7,410</u>
EXPENDITURES							
Program expenditures	7,678	43,331	174	2,000	2,000	5,593	10,051
TOTAL EXPENDITURES	<u>7,678</u>	<u>43,331</u>	<u>174</u>	<u>2,000</u>	<u>2,000</u>	<u>5,593</u>	<u>10,051</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,828)</u>	<u>(23,331)</u>	<u>(174)</u>	<u>(1,321)</u>	<u>(2,000)</u>	<u>6,744</u>	<u>(2,641)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,828)	(23,331)	(174)	(1,321)	(2,000)	6,744	(2,641)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>7,157</u>	<u>32,821</u>	<u>1,812</u>	<u>1,597</u>	<u>9,682</u>	<u>13,689</u>	<u>9,165</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,329</u>	<u>\$ 9,490</u>	<u>\$ 1,638</u>	<u>\$ 276</u>	<u>\$ 7,682</u>	<u>\$ 20,433</u>	<u>\$ 6,524</u>

TOWN OF MADISON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Recreation	Foreclosure Sales	Go Labs	Franchise	Building Maintenance	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 282,694	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	2,162	(6,539)
Other	-	500	-	17,867	832	11,400	-
TOTAL REVENUES	-	500	282,694	17,867	832	13,562	(6,539)
EXPENDITURES							
Program expenditures	-	50,174	282,694	17,908	-	773	1,829
TOTAL EXPENDITURES	-	50,174	282,694	17,908	-	773	1,829
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(49,674)	-	(41)	832	12,789	(8,368)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(49,674)	-	(41)	832	12,789	(8,368)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	585	66,539	-	-	-	65,799	77,463
FUND BALANCES (DEFICITS) - JUNE 30	\$ 585	\$ 16,865	\$ -	\$ (41)	\$ 832	\$ 78,588	\$ 69,095

TOWN OF MADISON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Cemetery Lot Sales Fund	Revaluation Reserve	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,934
Investment income, net of unrealized gains/(losses)	1,330	59	896	-	2,801	709
Other	-	-	300,000	-	-	369,339
TOTAL REVENUES	<u>1,330</u>	<u>59</u>	<u>300,896</u>	<u>-</u>	<u>2,801</u>	<u>736,982</u>
EXPENDITURES						
Program expenditures	<u>317,561</u>	<u>463,932</u>	<u>442,384</u>	<u>8,136</u>	<u>20,645</u>	<u>1,744,290</u>
TOTAL EXPENDITURES	<u>317,561</u>	<u>463,932</u>	<u>442,384</u>	<u>8,136</u>	<u>20,645</u>	<u>1,744,290</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(316,231)</u>	<u>(463,873)</u>	<u>(141,488)</u>	<u>(8,136)</u>	<u>(17,844)</u>	<u>(1,007,308)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	494,053	463,932	-	-	-	957,985
Transfers (out)	<u>(230,000)</u>	<u>-</u>	<u>(42,991)</u>	<u>-</u>	<u>-</u>	<u>(272,991)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>264,053</u>	<u>463,932</u>	<u>(42,991)</u>	<u>-</u>	<u>-</u>	<u>684,994</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(52,178)	59	(184,479)	(8,136)	(17,844)	(322,314)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>155,497</u>	<u>209</u>	<u>111,874</u>	<u>74,274</u>	<u>127,996</u>	<u>765,963</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 103,319</u>	<u>\$ 268</u>	<u>\$ (72,605)</u>	<u>\$ 66,138</u>	<u>\$ 110,152</u>	<u>\$ 443,649</u>

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Madison, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries and scholarships.

TOWN OF MADISON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Perpetual Care	Jacobs Scholarship	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	155,593	7,192	162,785
TOTAL ASSETS	<u>\$ 155,593</u>	<u>\$ 7,192</u>	<u>\$ 162,785</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	23,046	5,000	28,046
Restricted	132,547	2,192	134,739
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>155,593</u>	<u>7,192</u>	<u>162,785</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 155,593</u>	<u>\$ 7,192</u>	<u>\$ 162,785</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Perpetual Care	Jacobs Scholarship	Total
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ (10,909)	\$ (74)	\$ (10,983)
Other	2,800	-	2,800
TOTAL REVENUES	(8,109)	(74)	(8,183)
EXPENDITURES			
Other	-	500	500
TOTAL EXPENDITURES	-	500	500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,109)	(574)	(8,683)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(8,400)	-	(8,400)
TOTAL OTHER FINANCING SOURCES (USES)	(8,400)	-	(8,400)
NET CHANGE IN FUND BALANCES	(16,509)	(574)	(17,083)
FUND BALANCES - JULY 1	172,102	7,766	179,868
FUND BALANCES - JUNE 30	\$ 155,593	\$ 7,192	\$ 162,785

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

TOWN OF MADISON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 292,910	\$ 918,894	\$ 22,473	\$ -	\$ 1,234,277
Public safety	20,000	158,760	1,013,580	-	1,192,340
Public works	7,500	132,664	1,631,730	7,405,168	9,177,062
Recreation	655,759	9,600	2,500	-	667,859
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Capital Assets	976,169	1,219,918	2,670,283	7,405,168	12,271,538
Less: Accumulated Depreciation	-	(523,808)	(1,926,393)	(3,839,859)	(6,290,060)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net General Capital Assets	<u>\$ 976,169</u>	<u>\$ 696,110</u>	<u>\$ 743,890</u>	<u>\$ 3,565,309</u>	<u>\$ 5,981,478</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF MADISON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
General government	\$ 1,209,277	\$ 25,000	\$ -	\$ 1,234,277
Public safety	1,162,840	29,500	-	1,192,340
Public works	9,034,935	351,642	(209,515)	9,177,062
Recreation	667,859	-	-	667,859
	<u>12,074,911</u>	<u>406,142</u>	<u>(209,515)</u>	<u>12,271,538</u>
Total General Capital Assets	12,074,911	406,142	(209,515)	12,271,538
Less: Accumulated Depreciation	<u>(6,219,416)</u>	<u>(274,318)</u>	<u>203,674</u>	<u>(6,290,060)</u>
Net General Capital Assets	<u>\$ 5,855,495</u>	<u>\$ 131,824</u>	<u>\$ (5,841)</u>	<u>\$ 5,981,478</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Selectboard
Town of Madison
Madison, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Madison, Maine as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Madison, Maine's basic financial statements and have issued our report thereon dated January 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Madison, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Madison, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Madison, Maine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Madison, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of Town of Madison, Maine in a separate letter dated December 7, 2020.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
January 28, 2021