

Financial Statements

Town of Fayette, Maine

June 30, 2023

Contents

Town of Fayette, Maine

June 30, 2023

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Independent Auditors' Report

To the Selectboard
Town of Fayette
Fayette, Maine

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fayette, Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fayette, Maine, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Fayette, Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Fayette, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fayette, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Fayette, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of Town Contributions, the Schedule of the Town's Proportionate Share of the MEPERS Plan Net OPEB Liability, and the Notes to the Schedules, as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fayette, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Purdy Powers + Co.
Professional Association

Portland, Maine
May 1, 2024

Management's Discussion and Analysis

Town of Fayette, Maine

As management of the Town of Fayette, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The Town's assets exceed liabilities by \$5,485,283 as of June 30, 2023, compared to \$4,958,728 as of June 30, 2022..

The Town's governmental funds General Fund Balance was \$2,664,516 as of June 30, 2023, compared to \$2,231,202 as of June 30, 2022, an increase of \$433,314 from the previous year.

Please reference page 11 for an overview of the budget versus actual expenditures for 2023. This page shows the noteworthy positive and negative variances all leading to an increase of the Town and Schools undesignated funds at the end of the year June 30, 2023. The most significant positive variances were higher than anticipated municipal revenue collections, intergovernmental, and miscellaneous revenue. The most significant negative variances were in the Maine PERS on-behalf payments line. When all combined the net variance was a positive contribution to the fund balance at the end of the year.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report supplemental information to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Town as a whole and present both a long-term and short-term view of the Town's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. Evaluation of the overall economic health requires other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, as well as many others.

Management's Discussion and Analysis - Continued

Town of Fayette, Maine

The Statement of Activities reports the current year change in net position. This statement includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the Town's basic services are reported here, including general administration, public safety, health and welfare, education and public works. Property and sales taxes, fines, and state and federal grants finance most of these activities.
- **Business-type activities:** if the Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. Currently the Town has no business type activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the city as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non major funds is provided in the form of combining statements in a later section of this report.

The Town has the following types of funds:

- **Governmental funds** are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Management's Discussion and Analysis - Continued

Town of Fayette, Maine

Financial Analysis of the Town as a Whole - Government-wide Financial Statements

The following schedule is a summary of net position for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Governmental Activities			
Current and other assets	\$ 3,090,513	\$ 2,585,657	\$ 504,856
Capital assets	<u>3,027,655</u>	<u>2,958,183</u>	<u>69,472</u>
Total Assets	6,118,168	5,543,840	574,328
Deferred outflows related to pension	<u>29,273</u>	<u>35,430</u>	<u>(6,157)</u>
Total Deferred Outflows of Resources	29,273	35,430	(6,157)
Long term-liabilities	521,591	491,909	29,682
Other liabilities	<u>134,207</u>	<u>107,895</u>	<u>26,312</u>
Total Liabilities	655,798	599,804	55,994
Deferred inflows related to pension	<u>6,360</u>	<u>20,738</u>	<u>(14,378)</u>
Total Deferred Inflows of Resources	6,360	20,738	(14,378)
Net position:			
Net investment in capital assets	2,528,709	2,480,069	48,640
Restricted	225,257	105,263	119,994
Unrestricted	<u>2,731,317</u>	<u>2,373,396</u>	<u>357,921</u>
	<u>\$ 5,485,283</u>	<u>\$ 4,958,728</u>	<u>\$ 526,555</u>

Contributing factors regarding this year's capital asset reporting is a change resulting in an increase in long-term liabilities related to vehicle purchases for the Town and School. Correspondingly this resulted in an increase in assets of \$574,328 over the prior year.

Management’s Discussion and Analysis - Continued

Town of Fayette, Maine

The following schedule is a summary of the statement of activities for the years ended June 30, 2023 and 2022:

	<u>2023</u>		<u>2022</u>		<u>Change</u>
Governmental Activities					
Revenues:					
Program revenues:					
Charges for services	\$ 12,346	\$	16,962	\$	(4,616)
Operating grants and contributions	493,917		342,543		151,374
General revenues					
Property taxes	3,097,111		3,093,418		3,693
Excise taxes	304,377		292,284		12,093
Intergovernmental	574,898		773,182		(198,284)
Other	115,822		869		114,953
Total Revenues	<u>4,598,471</u>		<u>4,519,258</u>		<u>79,213</u>
Expenses:					
General					
General government	\$ 404,296	\$	434,323	\$	(30,027)
Public safety	130,023		115,338		14,685
Health and welfare	84,715		70,709		14,006
Recreation and culture	30,862		12,510		18,352
Education	2,604,220		2,600,322		3,898
Public works	501,123		623,027		(121,904)
Unclassified	313,133		234,769		78,364
Interest on long-term debt	3,544		4,987		(1,443)
Total Expenses	<u>4,071,916</u>		<u>4,095,985</u>		<u>(24,069)</u>
Change in Net Position	<u>\$ 526,555</u>	\$	<u>423,273</u>	\$	<u>103,282</u>

Observations from the summary above depict the impact of cost decreases in General Government, Public Works.

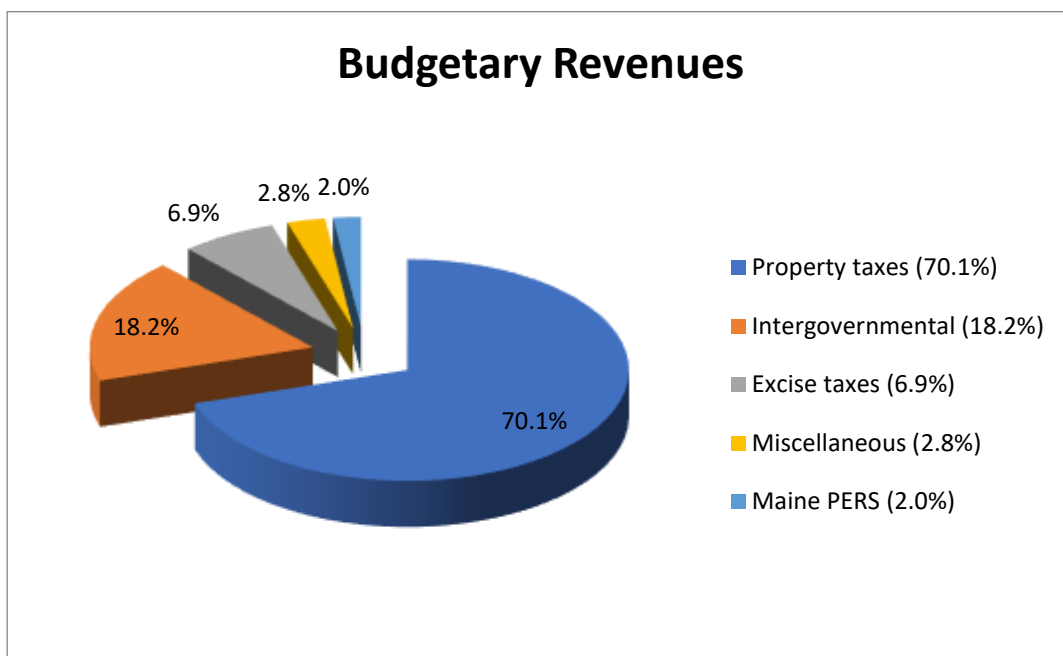
Management’s Discussion and Analysis - Continued

Town of Fayette, Maine

Financial Analysis of the Town's Funds - Fund Financial Statements

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

Current year revenues on a budgetary basis in the general fund were made up of the following:

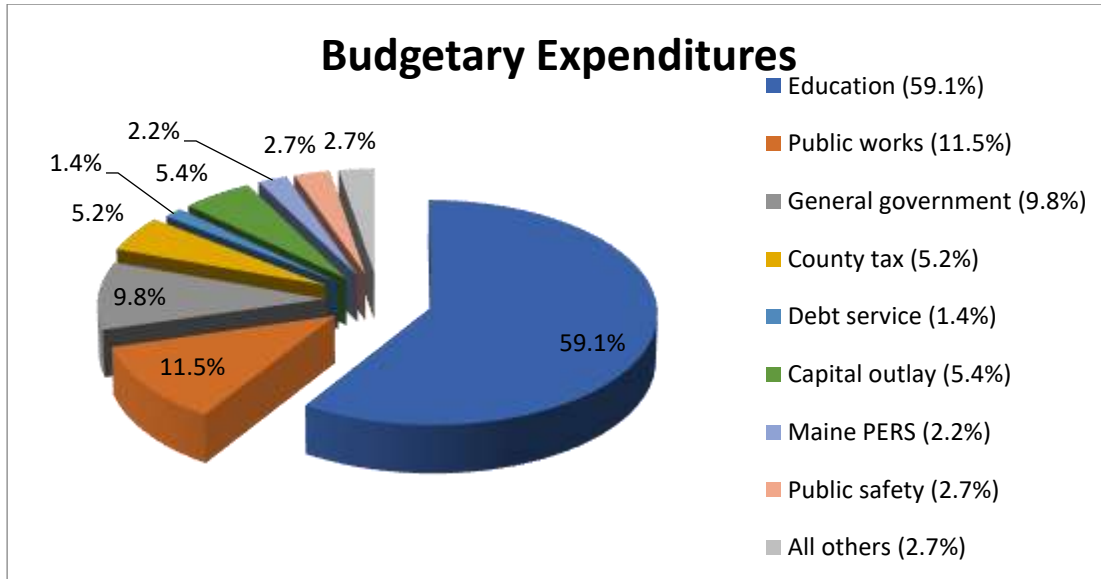


The chart above displays a consecutive year of decline in the use of property taxation 70.1 % versus 71.4% to pay for the entirety of the budget and use of other intergovernmental funding to make up the difference in another budget year that saw an overall increase in expenditures.

Management's Discussion and Analysis - Continued

Town of Fayette, Maine

Current year expenditures on a budgetary basis in the general fund were made up of the following:



The expenditure highlights a notable decrease from the prior year General Government 11.6%, Public Works 15.8%, Public Safety from the prior year 3.4% and Debt Service 4.8%. The County cost shows a minor increase from 5%.

Noteworthy Reserve Funds Include:

This year the most significantly noteworthy addition is the creation and contribution to the Public Work Capital account for road reconstruction and paving. As has been reported in past audit discussion and analyses, the other most significant reserve account is the continued use of the municipal educational facility reserve. These funds may be used for any purpose that benefits the Fayette Central School as approved by the voters of Fayette.

Capital Assets

At year-end, the Town had \$3,027,655 in net capital assets compared to \$2,958,183, last year.

The net increase of \$69,472 in capital assets is the result of net depreciation of existing capital offset by new rolling stock acquisitions for Public Works and the School.

Management's Discussion and Analysis - Continued

Town of Fayette, Maine

Long Term Liabilities

At year-end, the Town had \$370,000 in general obligation debt and \$128,946 in capital lease obligations compared to \$422,500 and \$55,614, respectively, last year. At year-end, the Town had a net pension liability of \$22,645 compared to \$13,795 last year.

The Town did not incur new debt however it did incur new lease obligations that overshadowed the continued payments made on both and led to the increase in long-term liabilities when compared to the prior year.

Economic Factors and Next Year's Budgets and Rates

For this year's audit management discussion and analysis, the most noteworthy item to report is the resulting fund balance that has been sustained and increased to \$1,906,747 whilst keeping the tax rate around 13.35. Remarkably, this was done in a year when the Town incurred significant over expenditure in General Government and Public Works. As we prepare the audit for the year ending June 30, 2024, we already know the costs of maintaining our roads and public works equipment will be revealed in subsequent audit.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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, contact the Town Office at 685-4373 and ask for the Town Manager. Citizens are welcome to visit with the appropriate staff on any financial matters.

Statement of Net Position
Town of Fayette, Maine
As of June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash	\$ 2,674,377
Accounts receivable	167,973
Taxes receivable	200,675
Tax liens	17,906
Tax acquired property	29,582
Capital assets, net of accumulated depreciation	<u>3,027,655</u>
Total Assets	6,118,168
Deferred Outflows of Resources	
Deferred outflows related to pension	<u>29,273</u>
Total Deferred Outflows of Resources	29,273
Liabilities	
Accrued expenses	122,522
Prepaid taxes	6,685
Accrued interest payable	5,000
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	52,500
Leases payable	42,445
Portion due or payable after one year:	
Bonds payable	317,500
Leases payable	86,501
Net pension liability	<u>22,645</u>
Total Liabilities	655,798
Deferred Inflows of Resources	
Deferred inflows related to pension	<u>6,360</u>
Total Deferred Inflows of Resources	6,360
Net Position	
Net investment in capital assets	2,528,709
Restricted	210,257
Unrestricted	<u>2,746,317</u>
Net Position	\$ <u>5,485,283</u>

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

Statement of Activities

Town of Fayette, Maine

For the Year Ended June 30, 2023

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 404,296	\$ 12,346	\$ -	\$ (391,950)
Public safety	130,023	-	-	(130,023)
Health and welfare	84,715	-	-	(84,715)
Recreation and culture	30,862	-	-	(30,862)
Education	2,604,220	-	394,644	(2,209,576)
Public works	501,123	-	-	(501,123)
County tax	206,800	-	-	(206,800)
Unclassified	7,060	-	-	(7,060)
Maine PERS on-behalf payments	99,273	-	99,273	-
Interest on long-term debt	3,544	-	-	(3,544)
Total Governmental Activities	\$ 4,071,916	\$ 12,346	\$ 493,917	(3,565,653)
General revenues:				
Taxes:				
Property				3,097,111
Excise				304,377
Intergovernmental				574,898
Interest				11,857
Miscellaneous				103,965
			Total General Revenues	4,092,208
			Change in Net Position	526,555
Net position at beginning of year				4,958,728
			Net Position at End of Year	\$ 5,485,283

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

Balance Sheet - Governmental Funds

Town of Fayette, Maine

As of June 30, 2023

	General	Local Entitlement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 2,607,107	\$ -	\$ 67,270	\$ 2,674,377
Accounts receivable	-	51,064	116,909	167,973
Taxes receivable	200,675	-	-	200,675
Tax liens	17,906	-	-	17,906
Tax acquired property	29,582	-	-	29,582
Due from other funds	114,339	-	3,886	118,225
Total Assets	<u>\$ 2,969,609</u>	<u>\$ 51,064</u>	<u>\$ 188,065</u>	<u>\$ 3,208,738</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accrued expenses	\$ 122,522	\$ -	\$ -	\$ 122,522
Prepaid taxes	6,685	-	-	6,685
Due to other funds	3,886	51,064	63,275	118,225
Total Liabilities	133,093	51,064	63,275	247,432
Deferred Inflows of Resources				
Unavailable revenue - property taxes	172,000	-	-	172,000
Total Deferred Inflows of Resources	172,000	-	-	172,000
Fund Balances				
Restricted				
Special revenue funds	-	-	67,473	67,473
Permanent funds	-	-	57,317	57,317
General fund - Town	85,467	-	-	85,467
General fund - School	15,000	-	-	15,000
Assigned				
General fund - Town	669,532	-	-	669,532
General fund - School	872,773	-	-	872,773
Unassigned				
General fund	1,021,744	-	-	1,021,744
Total Fund Balances	<u>2,664,516</u>	<u>-</u>	<u>124,790</u>	<u>2,789,306</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,969,609</u>	<u>\$ 51,064</u>	<u>\$ 188,065</u>	<u>\$ 3,208,738</u>

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

**Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position**

Town of Fayette, Maine

As of June 30, 2023

Total Fund Balances - Governmental Funds \$ 2,789,306

Amounts reported for governmental activities in the Statement of
Net Position is different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported as assets in governmental
funds. The cost of capital assets, net of accumulated depreciation is: 3,027,655

Property tax revenues are presented on the modified accrual basis
of accounting in the governmental funds but in the Statement of
Activities, property tax revenue is reported under the accrual method.
The balance in unavailable revenue - property taxes in the
governmental funds as a liability is: 172,000

The following deferred outflows below are not current assets or financial
resources and the following deferred inflows are not current liabilities due
and payable in the current period and therefore are not reported in the
Balance Sheet:

Deferred outflows related to pension	\$	29,273	
Deferred inflows related to pension		(6,360)	
		22,913	22,913

Long-term liabilities are not due and payable in the current period
and therefore are not reported as liabilities in the funds. Long-term
and related liabilities at year-end consist of:

Bonds payable		(370,000)	
Leases payable		(128,946)	
Accrued interest payable		(5,000)	
Net pension liability		(22,645)	
			(526,591)

Net Position - Governmental Activities \$ 5,485,283

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

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

Town of Fayette, Maine

For the Year Ended June 30, 2023

	General	Local Entitlement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 3,077,111	\$ -	\$ -	\$ 3,077,111
Excise taxes	304,377	-	-	304,377
Intergovernmental	796,758	44,943	127,841	969,542
Maine PERS on-behalf payments	88,437	-	-	88,437
Miscellaneous	123,863	-	4,305	128,168
Total Revenues	<u>4,390,546</u>	<u>44,943</u>	<u>132,146</u>	<u>4,567,635</u>
Expenditures				
Current				
General government	403,094	-	-	403,094
Public safety	108,717	-	-	108,717
Health and welfare	84,715	-	-	84,715
Recreation and culture	14,856	-	-	14,856
Education	2,352,062	56,157	161,356	2,569,575
Public works	456,850	-	-	456,850
County tax	206,800	-	-	206,800
Unclassified	7,060	-	-	7,060
Maine PERS on-behalf payments	88,437	-	-	88,437
Debt service - principal	52,500	-	-	52,500
- interest	4,544	-	-	4,544
Capital outlay	212,942	-	-	212,942
Total Expenditures	<u>3,992,577</u>	<u>56,157</u>	<u>161,356</u>	<u>4,210,090</u>
Revenues Over (Under) Expenditures	397,969	(11,214)	(29,210)	357,545
Other Financing Sources (Uses)				
Proceeds from borrowing	99,999	-	-	99,999
Operating transfers in	-	11,214	53,440	64,654
Operating transfers out	(64,654)	-	-	(64,654)
Total Other Financing Sources	<u>35,345</u>	<u>11,214</u>	<u>53,440</u>	<u>99,999</u>
Revenues and Other Sources Over Expenditures and Other Uses	433,314	-	24,230	457,544
Fund balances at beginning of year	<u>2,231,202</u>	<u>-</u>	<u>100,560</u>	<u>2,331,762</u>
Fund Balances at End of Year	<u>\$ 2,664,516</u>	<u>\$ -</u>	<u>\$ 124,790</u>	<u>\$ 2,789,306</u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Town of Fayette, Maine

As of June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 457,544

Amounts reported for governmental activities in the Statement of Activities are different because:

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in unavailable revenue - property tax revenue reported in the governmental funds and not in the Statement of Activities is: 20,000

Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differed from capital asset additions and reductions in the current period:

Capital asset additions	\$ 285,901	
Depreciation and amortization expense	<u>(216,429)</u>	
		69,472

Issuance of long-term debt and entering into lease obligations provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of repayments of debt obligations in the current period:

Proceeds from borrowing	(99,999)	
Principal portion of debt service payments	52,500	
Principal portion of leases payable	<u>26,667</u>	
		(20,832)

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 the governmental funds.

Change in accrued interest payable	1,000	
Adjustment to pension expense	<u>(629)</u>	
		<u>371</u>

Change in Net Position of Governmental Activities \$ 526,555

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

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund**

Town of Fayette, Maine

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property taxes	\$ 3,112,813	\$ 3,112,813	\$ 3,077,111	\$ (35,702)
Excise taxes	274,000	274,000	304,377	30,377
Intergovernmental revenues				
State revenue sharing	220,782	220,782	242,340	21,558
Maine PERS on-behalf payments	-	-	88,437	88,437
Other	564,095	564,095	554,418	(9,677)
Miscellaneous revenues	54,820	54,820	121,161	66,341
Total Revenues	<u>4,226,510</u>	<u>4,226,510</u>	<u>4,387,844</u>	<u>161,334</u>
Expenditures				
Current				
General government	387,179	395,179	390,374	4,805
Public safety	107,323	107,323	108,717	(1,394)
Health and welfare	76,231	76,231	84,715	(8,484)
Recreation and culture	16,628	18,850	14,856	3,994
Education	2,683,894	2,683,894	2,352,062	331,832
Public works	524,793	524,793	456,850	67,943
County tax	206,800	206,800	206,800	-
Unclassified	-	-	7,060	(7,060)
Maine PERS on-behalf payments	-	-	88,437	(88,437)
Debt service - principal	52,500	52,500	52,500	-
- interest	4,720	4,720	4,544	176
Capital outlay	212,942	212,942	212,942	-
Total Expenditures	<u>4,273,010</u>	<u>4,283,232</u>	<u>3,979,857</u>	<u>303,375</u>
Revenues Over (Under) Expenditures	(46,500)	(56,722)	407,987	464,709
Other Financing Sources (Uses)				
Proceeds from borrowing	99,999	99,999	99,999	-
Operating transfers in	-	-	55,842	55,842
Operating transfers out	(289,000)	(289,000)	(455,024)	(166,024)
Utilization of unassigned fund balance	138,492	146,492	-	(146,492)
Utilization of assigned fund balance	162,943	165,165	-	(165,165)
Total Other Financing Sources (Uses)	<u>112,434</u>	<u>122,656</u>	<u>(299,183)</u>	<u>(421,839)</u>
Revenues and Other Sources Over Expenditures and Other Uses	\$ 65,934	\$ 65,934	108,804	\$ 42,870
Budgetary fund balance at beginning of year			<u>1,797,943</u>	
Budgetary Fund Balance at End of Year			<u>\$ 1,906,747</u>	

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

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies

The Town of Fayette, Maine operates under a Selectmen - Town Manager form of government. The accounting policies of the Town of Fayette, Maine, conform to United States 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 more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

The basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in GAAP include whether:

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

Based on the aforementioned criteria, the Town of Fayette has no component units.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services for support. Currently the Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies - Continued

Government-wide Financial Statements - Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Governmental Activities

Governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines:

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

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

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

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 is related to the timing of the measurements made, regardless of the measurement focus applied.

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies - Continued

Accrual

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

Modified Accrual

Governmental funds 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 within 60 days after year end. 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 is recognized when due.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase.

Accounts Receivable

Accounts receivable are stated at the amount the Town expects to collect from outstanding balances. Town management closely monitors outstanding balances and records an allowance for doubtful accounts as necessary based upon historical trends of bad debts and a detailed review of current year receivables and their aging. Management has deemed an allowance for doubtful accounts is not necessary.

Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method.

Estimated useful lives are as follows: buildings and improvements, 20 to 50 years; infrastructure, 5 to 60 years; and vehicles and equipment, 3 to 15 years.

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies - Continued

Capital Assets - Continued

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Right-to-Use Assets

The Town is the lessee for noncancellable leases of equipment. The Town has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the Town is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Vacation and Sick Leave

Under the terms of personnel policies, vacation leave is granted in varying amounts according to length of service. Sick leave is granted in equal amounts to all employees. In some cases, employees are entitled to payment for unused vacation upon termination or retirement. No liability is recorded for accrued compensated absences at June 30, 2023, the inclusion of which would not be material to the financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies - Continued

Long-Term Obligations - Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes 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 and so will not be recognized as an expense or expenditure until that time. The Fayette School Department has one item that meets this criterion, deferred pensions, which is reported in the statement of net position.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes 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 and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has one type of item, unavailable revenue, which results from property taxes, which arises under the modified accrual basis of accounting that qualifies for reporting in this category and is reported in the governmental funds balance sheet. The Town has another item, also unavailable revenue, which results from an interest reimbursement, which arises under the modified and full accrual basis of accounting that qualifies for reporting in this category and is reported in the governmental funds balance sheet as well as the statement of net position. The School Department also has one type of item, deferred pensions, which is reported in the statement of net position.

Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note H and the required supplementary information beginning on page 45), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Maine Public Employees Retirement System (MainePERS). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change.

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies - Continued

Pensions - Continued

The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension Plan (TPP) and additions to/deductions from the TPP's fiduciary net position have been determined on the same basis as they are reported by the TPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Fayette School Department's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MainePERS State Employee and Teacher (SET) Plan, a multiple-employer defined benefit postretirement life insurance plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Government-wide Fund Net Position

Government-wide net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position - consist of net assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - All other net asset positions are reported in this category.

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies - Continued

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has designated the authority to assign amounts for specific purposes.

Unassigned - resources which cannot be properly classified in one of the other four categories.

Use of Restricted Resources

The Town has no formal fund balance policy. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budget

The Town of Fayette'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.

Notes to Financial Statements

Town of Fayette, Maine

Note A - Summary of Significant Accounting Policies - Continued

Budget - Continued

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

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

The Town does not adopt budgets for special revenue funds.

Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied September 20, 2022, on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due November 30, 2022 and April 30, 2023 with interest on unpaid taxes commencing on December 1, 2022 and May 1, 2023, at 4% 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 inflow of resources.

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 \$65,934 for the year ended June 30, 2023.

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

Notes to Financial Statements

Town of Fayette, Maine

Note B - Cash

The Town conducts all its deposit transactions with depository banks. Cash resources of several individual funds are combined to form a pool of cash.

Custodial Credit Risk - Deposits

At June 30, 2023, the carrying amount of the Town's deposits was \$2,674,377, and the bank balance was \$2,980,989. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy on custodial credit risk. As of June 30, 2023, none of the Town's bank balance of \$2,980,989 was exposed to credit risk.

Note C - Capital Assets

A summary of capital assets transactions for the year ended June 30, 2023, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 167,657	\$ -	\$ -	\$ 167,657
Construction in progress	302,932	-	302,932	-
Depreciable Assets:				
Buildings	3,186,437	317,832	-	3,504,269
Land Improvements	95,147	-	-	95,147
Equipment	1,204,099	5,500	-	1,209,599
Vehicles	957,679	34,107	76,300	915,486
Road network	<u>2,839,016</u>	<u>18,452</u>	<u>-</u>	<u>2,857,468</u>
Totals at historical cost	8,752,967	375,891	379,232	8,749,626
Less accumulated depreciation:				
Buildings	1,833,064	84,536	-	1,917,600
Land Improvements	91,951	61	-	92,012
Equipment	784,794	60,495	-	845,289
Vehicles	777,286	22,441	76,300	723,427
Road network	<u>2,363,402</u>	<u>7,910</u>	<u>-</u>	<u>2,371,312</u>
Total accumulated depreciation	<u>5,850,497</u>	<u>175,443</u>	<u>76,300</u>	<u>5,949,640</u>
Land and depreciable capital assets, net	2,902,470	200,448	302,932	2,799,986

Notes to Financial Statements

Town of Fayette, Maine

Note C - Capital Assets - Continued

Intangible Right-to-Use Assets:

Leased equipment	<u>111,450</u>	<u>212,942</u>	<u>-</u>	<u>324,392</u>
Less Accumulated Amortization:	<u>55,737</u>	<u>40,986</u>	<u>-</u>	<u>96,723</u>
Intangible right-to-use assets, net	<u>55,713</u>	<u>171,956</u>	<u>-</u>	<u>227,669</u>
Capital assets, net	<u>\$ 2,958,183</u>	<u>\$ 372,404</u>	<u>\$ 302,932</u>	<u>\$ 3,027,655</u>

Depreciation expense was charged to the following functions:

Governmental activities:

General Government	\$ 2,390
Public Safety	21,306
Recreation and Culture	16,007
Education	102,394
Public Works	<u>74,332</u>
Total governmental activities depreciation expense	<u>\$ 216,429</u>

Notes to Financial Statements

Town of Fayette, Maine

Note D - Interfund Balances

Interfund balances at June 30, 2023 consisted of the following amounts:

Governmental Activities	<u>Receivables</u> <u>Due from</u>	<u>Payables</u> <u>Due to</u>	<u>Net Internal</u> <u>Balances</u>
General Fund:			
Special Revenue Fund:			
School Categorical Programs - <i>non-major</i>	\$ 63,275	\$ -	
School Categorical Programs - <i>Local Entitlement</i>	51,064	-	
Keep Me Warm Fund	<u>-</u>	<u>(2,386)</u>	
	114,339	(2,386)	
Permanent Funds - Trust Funds:			
Cemetery	<u>-</u>	<u>(1,500)</u>	
	114,339	(3,886)	\$ 110,453
Special Revenue Fund:			
General Fund:			
School Categorical Programs - <i>non-major</i>	-	(63,275)	
School Categorical Programs - <i>Local Entitlement</i>	-	(51,064)	
Keep Me Warm Fund	<u>2,386</u>	<u>-</u>	
	2,386	(114,339)	(111,953)
Permanent Funds - Trust Funds:			
General Fund:			
Cemetery	<u>1,500</u>	<u>-</u>	
	1,500	-	1,500
	<u>\$ 118,225</u>	<u>\$ (118,225)</u>	<u>\$ -</u>

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

Notes to Financial Statements

Town of Fayette, Maine

Note E - Interfund Transfers

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2023 consisted of the following amounts:

Governmental Activities	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Special Revenue Funds:			
General Fund:			
School Categorical Programs - <i>non-major</i>	\$ 53,440	\$ -	
School Categorical Programs - <i>Local Entitlement</i>	<u>11,214</u>	<u>-</u>	
	64,654	-	\$ 64,654
General Fund:			
Special Revenue Funds:			
School Categorical Programs - <i>non-major</i>	-	(53,440)	
School Categorical Programs - <i>Local Entitlement</i>	<u>-</u>	<u>(11,214)</u>	
	-	(64,654)	(64,654)
Net Governmental Activities	<u>\$ 64,654</u>	<u>\$ (64,654)</u>	<u>\$ -</u>

Note F - Leases Payable

The Town has acquired copiers, a school bus, and a plow truck through financing lease obligations, with interest at 13.50%, 2.13%, and 4.63%, respectively. The annual requirements to amortize lease obligations are as follows:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2024	\$ 42,445	\$ 5,570	\$ 48,015
2025	16,862	3,992	20,854
2026	16,247	3,224	19,471
2027	16,999	2,472	19,471
2028	17,786	1,685	19,471
Thereafter	<u>18,607</u>	<u>864</u>	<u>19,471</u>
	<u>\$ 128,946</u>	<u>\$ 17,807</u>	<u>\$ 146,753</u>

Notes to Financial Statements

Town of Fayette, Maine

Note G - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
General obligation debt	\$ 422,500	\$ -	\$ 52,500	\$ 370,000	\$ 52,500
Net pension liability	13,795	8,850	-	22,645	-
Leases payable	55,614	99,999	26,667	128,946	42,445
Total	<u>\$ 491,909</u>	<u>\$ 108,849</u>	<u>\$ 79,167</u>	<u>\$ 521,591</u>	<u>\$ 94,945</u>

At June 30, 2023 long term debt consisted of the following:

2012 Qualified School Construction Bond for a wood pellet boiler for the school with Kennebec Savings Bank, due in annual principal installments of \$12,500, and annual interest installments at varying amounts through July 2030. Interest is stated at 4.75%. The IRS will credit the Town approximately 93% of the interest each year.	\$ 100,000
2016 School General Obligation Bond for heating improvements with Maine Municipal Bond Bank, due in annual principal installments of \$10,000 and semi-annual interest installments at varying amounts ranging between 0.91% and 2.25% through November 2027.	40,000
2020 General Obligation Bond for reconstruction of Starling Hall, with Maine Municipal Bond Bank, due in annual principal installments of \$10,000, and semi-annual interest installments at varying amounts ranging between 1.61% and 1.93% through November 2029.	70,000
2021 General Obligation Bond for culvert replacement, with Maine Municipal Bond Bank, due in annual principal installments of \$20,000, and semi-annual interest installments at varying amounts ranging between 0.55% and 1.52% through November 2030.	<u>160,000</u>
	<u>\$ 370,000</u>

Notes to Financial Statements

Town of Fayette, Maine

Note G - Long-Term Liabilities - Continued

The annual requirements to amortize bonds payable are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,500	\$ 8,197	\$ 60,697
2025	52,500	7,131	59,631
2026	52,500	6,011	58,511
2027	52,500	4,858	57,358
2028	42,500	3,775	46,275
Thereafter	<u>117,500</u>	<u>5,246</u>	<u>122,746</u>
	<u>\$ 370,000</u>	<u>\$ 35,218</u>	<u>\$ 405,218</u>

Note H - Pension Plan

Plan Description

Teaching-certified employees of the Fayette School Department (Department) are provided with pensions through the Teacher's Pension Plan (TPP) – a cost-sharing multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System (MainePERS). Chapter 423 of the State Statutes grants the authority to establish and amend benefit terms to the MainePERS Board of Trustees (MainePERS Board). MainePERS issues a publicly available financial report that can be obtained on the MainePERS website.

Benefits Provided

MainePERS provides retirement, disability, and death benefits to plan members. Employees who retire at or after age 60, 62, or 65 (depending on their date of hire) with five to twenty-five years of credited service (depending on their date of hire and inactive or active status) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent of the average of their highest three years earnings per year of service.

Employees are eligible for service-related disability benefits regardless of length of service. Disability benefits may be available if an employee participating in the plan becomes mentally or physically disabled while in MainePERS-covered service and is permanently unable to perform the duties of his/her position. The amount of the disability benefit is either 66 2/3% or 59% of the average final compensation, depending on the date the employee was hired.

Ordinary death benefits are available if death occurs before retirement. Beneficiaries can receive either a lump-sum refund of the employee's contributions and interest or a monthly benefit. If death occurs as a result of an injury while working or while the employee is working, accidental death benefits are also available.

Notes to Financial Statements

Town of Fayette, Maine

Note H - Pension Plan - Continued

Contributions

Per Chapter 423 of the State Statutes, contribution requirements of the active employees and the participating school districts are established and may be amended by the MainePERS Board. Maine State requires the State to contribute a portion of the Town's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to contribute 7.65% of their annual pay. The school departments' contractually required contribution rate for the year ended June 30, 2023 was 18.73% of annual school district payroll of which 3.84% of payroll was required by the School Department and 14.89% was required from the State. All federally funded teachers' contributions were paid the Fayette School Department. All other teachers' contributions were paid by the State of Maine. Contributions to the pension plan from the Town were \$21,763 for the year ended June 30, 2023. Contributions to the pension plan from the State were \$87,689 for the year ended June 30, 2023.

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

At June 30, 2023, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total support of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	22,645
State's proportionate share of the net pension liability associated with the Town		<u>577,424</u>
Total	\$	<u><u>600,069</u></u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the Fayette School Department's proportion was 0.001525% which was a decrease of 0.000106% from its proportion measured as of June 30, 2021.

Notes to Financial Statements

Town of Fayette, Maine

Note H - Pension Plan - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2023, the Town recognized total pension expense of \$125,176 and revenue of \$99,273 for support provided by the State on its government-wide financial statements and recognized pension expense of \$109,452 and revenue of \$87,689 for support provided by the State on its fund financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,128	\$ -
Changes of assumptions	4,397	-
Net difference between projected and actual earnings on pension plan investments	-	4,460
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,985	1,900
Town contributions subsequent to the measurement date	<u>21,763</u>	<u>-</u>
	<u>\$ 29,273</u>	<u>\$ 6,360</u>

Deferred outflows of resources and deferred inflows of resources on the previous page represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

Of the amount reported as a deferred outflow of resources related to pensions resulting from Town contributions subsequent to the measurement date, \$21,763 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	\$ 4,310
2024	(2,178)
2025	(3,084)
2026	2,102

Notes to Financial Statements

Town of Fayette, Maine

Note H - Pension Plan - Continued

Actuarial assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service
Investment rate of return	6.50%
COLA	2.20%

Mortality rates were based on the sex distinct 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

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

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	30%	6.0%
Private equity	12.5%	7.6%
Traditional credit	5%	3.2%
Alternative credit	10%	7.2%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Natural resources	5%	5.0%
U.S. Government	10%	2.3%
Risk diversifiers	<u>7.5%</u>	5.9%
	<u>100%</u>	

Notes to Financial Statements

Town of Fayette, Maine

Note H - Pension Plan - Continued

Discount rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from Towns will be made at contractually required rates (actuarially determined), and contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability	\$ 44,344	\$ 22,645	\$ 4,578

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial statements. The plan's fiduciary net position has been determined on the same basis as that used by the plan.

Note I - Postemployment Benefits Other than Pensions (OPEB)

Plan Description

The Town of Fayette's School Department provides group term life insurance to retired employees. Eligible employees of the School Department participate in the Maine Public Employees Retirement System (MainePERS) Group Life Insurance Plan for Statement Employees and Teachers (SET Plan). This plan is a multiple employer, cost-sharing defined benefit OPEB plan with a special funding situation. The State of Maine is a non-employer contributing entity in that the state pays 100% of the actuarially determined contributions for retirees.

Notes to Financial Statements

Town of Fayette, Maine

Note I - Postemployment Benefits Other than Pensions (OPEB) - Continued

Benefits Provided

Under the SET Plan, MainePERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees' average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. Employers and employees are not required to remit to the SET Plan.

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

At June 30, 2023, the School Department reported no net OPEB liability, as the State of Maine's non-employer contributing entity required participation level is 100%. At June 30, 2023, the School Department's reported net OPEB liability was a portion of the total proportionate share of the collective net OPEB liability associated with the School Department's participation in the Teacher plan, as follows:

School Department's proportionate share of net OPEB liability	\$ -
State of Maine's proportionate share of net OPEB liability	<u>6,277</u>
Total	<u><u>\$ 6,277</u></u>

For the fiscal year ended June 30, 2023, the School Department recognized OPEB expense of \$667 and on-behalf payments of \$748.

No deferred inflows of resources or deferred outflows of resources arising in connection with this plan are reportable by the School Department given that the State of Maine is obligated to fund 100% of the actuarially required contributions attributable to retirees.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued MainePERS financial statements, which can be found on the MainePERS website. The Plan's fiduciary net position has been determined on the same basis as used by the plan.

Notes to Financial Statements

Town of Fayette, Maine

Note J - Budget to Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Budgetary Basis:

Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 108,804
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Sources/inflows of resources reconciling items:

Interest and investment income allocated to assigned balances not included in general fund operating budget	2,702
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Transfers from other funds are inflows of budgetary resources but are not income under generally accepted accounting principles	(55,842)
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Uses/outflows of resources reconciling items:

Expenditures allocated from assigned balances are not included in general fund operating budget	(12,720)
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Transfers to other funds are outflows of budgetary resources but are not expenditures under generally accepted accounting principles	<u>390,370</u>
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Generally Accepted Accounting Principles Basis:

Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 433,314</u>
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Notes to Financial Statements

Town of Fayette, Maine

Note K - Assigned Fund Balances

At June 30, 2023, the assigned general fund balance for the Town consisted of the following:

Public Works:	
Salt Shed	\$ 14,187
Highway Building Repair	31,366
Road Paving	229,000
Highway Capital	84,538
Fire Department:	
Fire Capital	125,800
New Fire Station	18,948
Fire Department (<i>carry-forward</i>)	1,412
General Government:	
Town Hall Building	60,983
Health Care Reserve	29,379
Broadband Reserve	50,000
Starling Hall security system (<i>carry-forward</i>)	4,513
Recreation and Culture:	
Library Reserve	19,406
School Department	
Muni Educational Capital Reserve	94,162
School (<i>carry-forward</i>)	778,611
	<u>\$ 1,542,305</u>

Note L - Restricted Fund Balances

As of June 30, 2023, restricted fund balances consisted of the following:

	<u>Other</u>
	<u>Governmental</u>
Special Revenue - Keep Me Warm	\$ 13,839
Special Revenue - School Lunch	53,634
Permanent Trust Funds	57,317
General Fund - ARPA Broadband funding	83,078
General Fund - School Books	15,000
General Fund - COVID-19 Election Relief	1,184
General Fund - Library Grant	1,205
	<u>\$ 225,257</u>

Notes to Financial Statements

Town of Fayette, Maine

Note M - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association (MMA). These pools, and the risks of loss to which the Town is exposed, are as follows:

MMA's workers' compensation fund retains \$400,000 of risk and purchases excess insurance for claims, which exceed \$400,000 up to a maximum coverage of \$200,000 per occurrence.

MMA's property and casualty risk pool retains \$100,000 of risk and purchases excess insurance for claims which exceed \$100,000 up to a maximum coverage \$1,000,000 for property and casualty coverage per occurrence, \$200,000,000 cumulative coverage for the entire pool, and \$250,000 for crime per entity per occurrence.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023.

Note N - Expenditures Over Appropriation

The following appropriation was exceeded by actual expenditures:

		<u>Excess</u>
Health and welfare	\$	8,484

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - School Department**

Town of Fayette, Maine

For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property taxes	\$ 2,084,783	\$ 2,084,783	\$ -
State subsidies	410,611	394,643	(15,968)
Maine PERS on-behalf payments	-	88,437	88,437
Miscellaneous	-	69,238	69,238
Total Revenues	<u>2,495,394</u>	<u>2,637,101</u>	<u>141,707</u>
Expenditures			
Current			
Regular instruction	1,576,325	1,280,385	295,940
Special education	306,197	319,479	(13,282)
Student and staff support	143,444	120,159	23,285
System administration	84,031	101,100	(17,069)
School administration	148,861	159,770	(10,909)
Transportation	132,950	151,916	(18,966)
Facilities maintenance	168,115	176,354	(8,239)
Maine PERS on-behalf payments	-	88,437	(88,437)
Debt service	23,971	24,037	(66)
Capital outlay	50,000	42,900	7,100
Total Expenditures	<u>2,633,894</u>	<u>2,464,537</u>	<u>169,357</u>
Revenues Over (Under) Expenditures	(138,500)	172,564	311,064
Other Financing Sources (Uses)			
Operating transfers in	188,500	42,900	(145,600)
Operating transfers out	(50,000)	(116,024)	(66,024)
Total Other Financing Sources (Uses)	<u>138,500</u>	<u>(73,124)</u>	<u>(211,624)</u>
Revenues and Other Sources Over Expenditures and Other Uses	\$ -	99,440	\$ 99,440
Fund balance at beginning of year		<u>694,171</u>	
Fund Balance at End of Year		<u><u>\$ 793,611</u></u>	

See accompanying independent auditors' report.

**Combining Balance Sheet
Nonmajor Governmental Funds - Other Governmental Funds**

Town of Fayette, Maine

As of June 30, 2023

	<u>Permanent Funds</u>	<u>Special Revenues</u>	<u>Total Other Governmental Funds</u>
Assets			
Cash	\$ 55,817	\$ 11,453	\$ 67,270
Accounts receivable	-	116,909	116,909
Due from other funds	<u>1,500</u>	<u>2,386</u>	<u>3,886</u>
Total Assets	<u>\$ 57,317</u>	<u>\$ 130,748</u>	<u>\$ 188,065</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 63,275	\$ 63,275
Accounts payable	-	-	-
Total Liabilities	-	<u>63,275</u>	<u>63,275</u>
Fund Balances			
Restricted	57,317	67,473	124,790
Unassigned	-	-	-
Total Fund Balances	<u>57,317</u>	<u>67,473</u>	<u>124,790</u>
Total Liabilities and Fund Balances	<u>\$ 57,317</u>	<u>\$ 130,748</u>	<u>\$ 188,065</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes
in Fund Balances - Special Revenue Funds**

Town of Fayette, Maine

For the Year Ended June 30, 2023

	Categorical Programs	Keep Me Warm	Total
Revenues			
Intergovernmental	\$ 127,841	\$ -	\$ 127,841
Miscellaneous	-	2,386	2,386
Interest	-	71	71
Total Revenues	<u>127,841</u>	<u>2,457</u>	<u>130,298</u>
Expenditures			
	<u>161,356</u>	<u>-</u>	<u>161,356</u>
Revenues Over (Under) Expenditures	(33,515)	2,457	(31,058)
Other Financing Sources (Uses)			
Operating transfers in	53,440	-	53,440
Operating transfers out	-	-	-
Total Other Sources	<u>53,440</u>	<u>-</u>	<u>53,440</u>
Revenues and Other Sources Over Expenditures and Other Uses	19,925	2,457	22,382
Fund balances at beginning of year	<u>33,709</u>	<u>11,382</u>	<u>45,091</u>
Fund Balances at End of Year	<u>\$ 53,634</u>	<u>\$ 13,839</u>	<u>\$ 67,473</u>

See accompanying independent auditors' report.

**Schedule of Changes in Fund Balances
Special Revenue Funds - School Categorical Programs**

Town of Fayette, Maine

For the Year Ended June 30, 2023

	Balance			Transfers	Balance 6/30/23	
	<u>7/1/22</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>In (Out)</u>	<u>Unassigned</u>	<u>Restricted</u>
Title IA - Disadvantaged	\$ -	\$ 40,002	\$ 42,731	\$ 2,729	\$ -	\$ -
REAP - Title IIA	-	4,594	4,625	31	-	-
Local Entitlement Preschool	-	1,142	1,142	-	-	-
Title V	-	1,136	1,136	-	-	-
Computer Science	-	4,648	4,648	-	-	-
School Lunch Program	33,709	71,182	101,937	50,680	-	53,634
ESSERF III	-	5,137	5,137	-	-	-
	<u>\$ 33,709</u>	<u>\$ 127,841</u>	<u>\$ 161,356</u>	<u>\$ 53,440</u>	<u>\$ -</u>	<u>\$ 53,634</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenses and Changes in Fund Balances
Permanent Funds - Trust Funds**

Town of Fayette, Maine

For the Year Ended June 30, 2023

	<u>Cemetery</u>	<u>Worthy Poor</u>	<u>Conservation</u>	<u>Library</u>	<u>Total</u>
Revenues					
Principal additions	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Interest	<u>291</u>	<u>21</u>	<u>21</u>	<u>15</u>	<u>348</u>
Total Revenues	1,791	21	21	15	1,848
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Expenses	1,791	21	21	15	1,848
Other Financing Sources (Uses)					
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Sources Over Expenses and Other Uses	1,791	21	21	15	1,848
Fund balances at beginning of year	<u>46,344</u>	<u>3,347</u>	<u>3,417</u>	<u>2,361</u>	<u>55,469</u>
Fund Balances at End of Year	<u><u>\$ 48,135</u></u>	<u><u>\$ 3,368</u></u>	<u><u>\$ 3,438</u></u>	<u><u>\$ 2,376</u></u>	<u><u>\$ 57,317</u></u>

See accompanying independent auditors' report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (1 of 2)
General Fund - Assigned Balances

Town of Fayette, Maine

For the Year Ended June 30, 2023

	<u>Salt Shed</u>	<u>Fire Capital</u>	<u>Highway Capital</u>	<u>Town Hall</u>	<u>Library Reserve</u>	<u>New Fire Station</u>
Revenues						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	88	628	594	286	121	118
Total Revenues	<u>88</u>	<u>628</u>	<u>594</u>	<u>286</u>	<u>121</u>	<u>118</u>
Expenditures						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Expenditures	88	628	594	286	121	118
Other Changes in Fund Balance						
Appropriations in from Town Meeting	-	25,000	-	15,000	-	-
Appropriations out from Town Meeting	<u>-</u>	<u>-</u>	<u>(12,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Changes	<u>-</u>	<u>25,000</u>	<u>(12,942)</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Revenues and Other Sources Over Expenditures and Other Changes	88	25,628	(12,348)	15,286	121	118
Fund balances at beginning of year	<u>14,099</u>	<u>100,172</u>	<u>96,886</u>	<u>45,697</u>	<u>19,285</u>	<u>18,830</u>
Fund Balances at End of Year	<u>\$ 14,187</u>	<u>\$ 125,800</u>	<u>\$ 84,538</u>	<u>\$ 60,983</u>	<u>\$ 19,406</u>	<u>\$ 18,948</u>

See accompanying independent auditors' report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (2 of 2)
General Fund - Assigned Balances

Town of Fayette, Maine

For the Year Ended June 30, 2023

	Highway Building Repair	Road Paving	Educational Capital Reserve	Health Care Reserve	Broadband Reserve	Total
Revenues						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	195	-	534	138	-	2,702
Total Revenues	<u>195</u>	<u>-</u>	<u>534</u>	<u>138</u>	<u>-</u>	<u>2,702</u>
Expenditures						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,720</u>	<u>-</u>	<u>12,720</u>
Revenues Over (Under) Expenditures	195	-	534	(12,582)	-	(10,018)
Other Changes in Fund Balance						
Appropriations in from Town Meeting	-	229,000	51,370	20,000	50,000	390,370
Appropriations out from Town Meeting	-	-	(42,900)	-	-	(55,842)
Total Other Changes	<u>-</u>	<u>229,000</u>	<u>8,470</u>	<u>20,000</u>	<u>50,000</u>	<u>334,528</u>
Revenues and Other Sources Over Expenditures and Other Changes	195	229,000	9,004	7,418	50,000	324,510
Fund balances at beginning of year	<u>31,171</u>	<u>-</u>	<u>85,158</u>	<u>21,961</u>	<u>-</u>	<u>433,259</u>
Fund Balances at End of Year	<u>\$ 31,366</u>	<u>\$ 229,000</u>	<u>\$ 94,162</u>	<u>\$ 29,379</u>	<u>\$ 50,000</u>	<u>\$ 757,769</u>

See accompanying independent auditors' report.

Schedule of Valuation, Assessment and Collection of Taxes

Town of Fayette, Maine

For the Year Ended June 30, 2023

Valuation

Real estate	\$ 232,505,100
Personal property	<u>212,200</u>

Total Valuation \$ 232,717,300

Assessment

Valuation x Rate - \$232,717,300 x 0.013290	\$ 3,092,813
Supplemental taxes	<u>4,297</u>
Total Assessment Charged to Collector	\$ 3,097,110

Collection and Credits

Abatements	7,060
Cash collections	<u>2,899,740</u>
Total Collection and Credits	<u>2,906,800</u>

2023 Taxes Receivable - June 30, 2023 \$ 190,310

See accompanying independent auditors' report.

**Independent Auditors' Report on Compliance with
Requirements of the Maine School Finance Act and on
Annual Financial Data Submitted to the NEO
Financial System**

**To the Selectboard and School Board
Town of Fayette
Fayette, Maine**

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Town of Fayette, Maine as of and for the year ended June 30, 2023, and we have issued our report thereon dated May 1, 2024, which contained an unmodified opinion on those financial statements.

As part of obtaining reasonable assurance about whether the Town of Fayette, Maine financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

In connection with that audit we:

1. Considered whether the Town of Fayette, Maine School Department has complied with budget content requirements of section 15693.
2. Considered whether the Town of Fayette, Maine School Department has complied with transfer limitations between budget cost centers pursuant to section 1485.
3. Considered whether the Town of Fayette, Maine School Department has exceeded its authority to expend funds.
4. Considered whether the annual financial data submitted to the department reconciled to the audited financial statement totals (see attached Reconciliation of Annual Financial Data Submitted to the NEO Financial System to Audited Financial Statements).
5. Considered whether the Town of Fayette, Maine School Department was in compliance with applicable provisions of the Essential Programs and Services Funding Act.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under auditing standards generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Town of Fayette, Maine taken as a whole. The accompanying Reconciliation of Annual Financial Data Submitted to the NEO Financial System to Audited Financial Statements is presented for purposes of additional analysis as required by regulation of the Maine Department of Education and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements of the Town of Fayette, Maine taken as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of laws, regulations, contracts and grant agreements and to provide an opinion on the Reconciliation of Annual Financial Data Submitted to the NEO Financial System to Audited Financial Statements, but not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Purdy Powers + Co.
Professional Association

Portland, Maine
May 1, 2024

**Reconciliation of Annual Financial Data Submitted to NEO
Financial System to Audited Financial Statements**

Town of Fayette School Department

As of June 30, 2023

	General Fund				Special Revenue Funds	
	Total	Total	Total	Total	Total	Total
	Budgeted Revenues	Actual Revenues	Budgeted Expenditures	Actual Expenditures	Actual Revenues	Actual Expenditures
Amounts Reported per NEO Financial System	\$ 2,683,894	\$ 523,461	\$ 2,683,894	\$ 2,368,923	\$ 205,375	\$ 217,513
Reconciling Items:						
Record Maine PERS on behalf payments	-	88,437	-	88,437	-	-
Recognize funding from Town	-	2,084,783	-	-	-	-
Record additional expenditures	-	-	-	7,177	-	-
Recognize reimbursement from/ transfer to	-	42,900	-	51,370	-	-
Reverse revenues recorded in previous fiscal year	-	(59,580)	-	-	(114,396)	-
Recognition of transfer between funds	-	-	-	64,654	64,654	-
Additional grant revenues	-	-	-	-	81,805	-
Amounts Reported per Audited Financial Statements	<u>\$ 2,683,894</u>	<u>\$ 2,680,001</u>	<u>\$ 2,683,894</u>	<u>\$ 2,580,561</u>	<u>\$ 237,438</u>	<u>\$ 217,513</u>

See accompanying independent auditors' report on reconciliation of annual report.

Schedule of the Town's Proportionate Share of the Net Pension Liability

Town of Fayette, Maine

Last ten fiscal years*

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Town's proportion of the net pension liability (asset)	0.0015%	0.0016%	0.0012%	0.0016%	0.0018%	0.0021%	0.0019%	0.0034%	0.0029%
Town's proportionate share of the net pension liability (asset)	\$ 22,645	\$ 13,795	\$ 20,338	\$ 23,073	\$ 24,465	\$ 30,140	\$ 34,061	\$ 45,688	\$ 31,438
State's proportionate share of the net pension liability (asset) associated with the Town	<u>577,424</u>	<u>315,870</u>	<u>568,147</u>	<u>425,315</u>	<u>466,941</u>	<u>482,213</u>	<u>488,594</u>	<u>369,184</u>	<u>299,176</u>
Total	<u>\$ 600,069</u>	<u>\$ 329,665</u>	<u>\$ 588,485</u>	<u>\$ 448,388</u>	<u>\$ 491,406</u>	<u>\$ 512,353</u>	<u>\$ 522,655</u>	<u>\$ 414,872</u>	<u>\$ 330,614</u>
Town's covered-employee payroll	<u>\$ 461,353</u>	<u>\$ 490,895</u>	<u>\$ 396,855</u>	<u>\$ 480,673</u>	<u>\$ 464,760</u>	<u>\$ 403,473</u>	<u>\$ 313,626</u>	<u>\$ 310,156</u>	<u>\$ 310,156</u>
Town's portortionate share of the net pension liability (asset) as a percentage of its covered employee payroll	4.908%	2.810%	5.125%	4.800%	5.264%	7.470%	10.860%	14.731%	10.136%
Plan fiduciary net position as a percentage of the total pension liability	85.790%	90.900%	81.030%	82.730%	82.900%	80.800%	76.200%	81.200%	84.040%

*The amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year. The first year of implementation was June 30, 2015. Therefore, only nine years are shown.

See accompanying independent auditors' report.

Schedule of Town Contributions

Town of Fayette, Maine

Last ten fiscal years*

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contribution	\$ 21,850	\$ 22,915	\$ 19,691	\$ 18,925	\$ 20,251	\$ 17,079	\$ 14,375	\$ 14,801	\$ 13,610
Contributions in relation to the contractually required contribution	<u>21,850</u>	<u>22,915</u>	<u>19,691</u>	<u>18,925</u>	<u>20,251</u>	<u>17,079</u>	<u>14,375</u>	<u>14,801</u>	<u>13,610</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 461,353</u>	<u>\$ 490,895</u>	<u>\$ 396,855</u>	<u>\$ 480,673</u>	<u>\$ 464,760</u>	<u>\$ 403,473</u>	<u>\$ 325,239</u>	<u>\$ 313,626</u>	<u>\$ 310,156</u>
Contributions as a percentage of covered-employee payroll	4.736%	4.668%	4.962%	3.937%	4.357%	4.233%	4.420%	4.719%	4.388%

*The amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year. The first year of implementation was June 30, 2015. Therefore, only nine years are shown.

See accompanying independent auditors' report.

Schedule of the Town's Proportionate Share of the MEPERS Plan Net OPEB Liability

Town of Fayette, Maine

Last ten fiscal years*

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Town's proportion of net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Maine's proportionate share of the net pension liability	<u>6,277</u>	<u>2,818</u>	<u>6,153</u>	<u>5,136</u>	<u>6,582</u>	<u>6,257</u>
Total	<u>\$ 6,277</u>	<u>\$ 2,818</u>	<u>\$ 6,153</u>	<u>\$ 5,136</u>	<u>\$ 6,582</u>	<u>\$ 6,257</u>
Town's covered employee payroll	<u>\$ 461,353</u>	<u>\$ 490,895</u>	<u>\$ 396,855</u>	<u>\$ 480,673</u>	<u>\$ 464,760</u>	<u>\$ 403,473</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions made in relation to contractually required amounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year. The first year of implementation was June 30, 2018. Therefore, only six years are shown.

See accompanying independent auditors' report.

Notes to the Required Supplemental Information

Town of Fayette, Maine

Notes to the Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Contributions

The information presented in the Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Contributions was determined as part of the actuarial valuation at the dates indicated.

The information presented relates solely to the Town of Fayette School Department and not to the System as a whole.

Notes to the Schedule of Changes in the Town's Proportionate Share of the MEPERS Plan Net OPEB Liability

There were no changes to benefit terms aside from changes in claims costs and contributions which will reflect market changes in healthcare costs during the year ended June 30, 2023.

See accompanying independent auditors' report.