

**TOWN OF HOLDEN, MAINE**

**INDEPENDENT AUDITORS' REPORT AND**  
**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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# Maine Municipal Audit Services, PA

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Mindy J. Cyr, CPA

## Independent Auditors' Report

To the Town Council  
Town of Holden  
Holden, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Holden, Maine, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

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

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

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

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Holden, Maine, as of June 30, 2021, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's pension contribution and share of net pension liability, schedule of changes in net OPEB liability and related ratios, and budgetary comparison schedule, on pages 5-6, 31-32, 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Holden, Maine's basic financial statements. The combining and individual non-major fund financial statements, schedule of property valuation, and schedule of taxes receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Maine Municipal Audit Services, PA*

Levant, Maine  
September 8, 2021

Town of Holden  
Management's Discussion and Analysis  
Fiscal Year ending June 30, 2021

Management of the Town of Holden offers this management's discussion and analysis report that will provide information that should be used in conjunction with the outside audit report for the fiscal year ending June 30<sup>th</sup>, 2021.

Overview of Financial Statements:

The report is intended to serve as an introductory to the full audit report. The audit report consists of three components: government-wide financial statements; fund financial statements, and the notes to the financial statements. This report is intended to explain some of these financial statements in concise non-financial terminology.

Government-wide Financial Statements:

The government-wide finance statements present the Town's financial position as of a certain date using some common financial reporting tools and using the modified accrual basis of accounting. The governmental activities that are reported include: general government, public safety, public works, health, social services, education, cemetery, parks and recreation activities.

Fund Financial Statements:

A fund is a group of related accounts that have been grouped together to maintain control over activities that are segregated for specific purposes and objectives. These funds include general fund, special revenue fund, and permanent fund accounts.

Budget year Increases:

The proposed Municipal Budget includes an increase of \$157,427 over last year's budget in four specific areas. The first and largest area where changes are proposed is to the Road Improvements with an increase of \$125,000 to cover the cost of paving Clark Hill Road, Charles Drive, Railroad Lane, and the contracting of cross culvert work on Church Road and Rider Bluff. The second area is the Police staffing lines with the loss of 6 part-time officers in the past year and the need to fill positions with two new full-time officers. The third area is in Debt Service, with a proposed increase of \$12,650 for the leasing of one new Police Cruiser starting July 1st, 2021. The fourth and last area is across all departments, Workers Compensation lines increased to due to our experience rating (claims).

Year Capital Expenditures:

The Town of Holden made three considerable purchases during the fiscal year. The expenses were to replace the Wheel Loader on August 17, 2020 for \$127,000 at the Highway Department, for a water filtration system to be installed at the complex on August 17, 2020 for up to \$25,000, and for a phone system upgrade approved on April 20, 2021 for up to \$14,000. On January 19, 2021 the Town Council authorized up to \$187,000 to replace Truck #1 in the upcoming fiscal year, due to availability it had to be approved 9 months before it could be delivered.

Notes to the Financial Statements:

The notes provide the reader with additional information about the Town that will help understand the financial data provided by our outside audit firm and our financial statements.

Government Wide Financial Analysis:

The audit report shows that the Town increase our net position by \$457,347 for the year ending in June 30<sup>th</sup>, 2021. Ending net position is \$7,347,917. The Town has long-term debt outstanding of \$748,716.

Differences between the original and final budget of the general fund are typically caused by the usage of assigned and unassigned fund balances along with the applied revenues.

All the Town departments finished the year under budget, with the exceptions of Health and Welfare due to costs of General Assistance. The general fund actual revenues totaled \$6,966,130 with actual expenditures totaling \$6,828,814.

Contacting the Town's Management:

If you have any questions about this report or need additional financial information, contact the Town Office at 570 Main Road, Holden, Maine, 04429

**Town of Holden, Maine**  
**Statement of Net Position**  
**June 30, 2021**

		<u>Total Governmental Activities</u>
<b>ASSETS:</b>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 3,532,534	
Inventory	25,725	
Tax acquired property	1,658	
Taxes receivable	112	
Tax liens receivable	<u>89,692</u>	
<i>Total current assets</i>		\$ 3,649,722
<i>Non-current assets:</i>		
Capital assets, net of accumulated depreciation	<u>5,079,965</u>	
<i>Total non-current assets</i>		<u>5,079,965</u>
<b>TOTAL ASSETS</b>		<b>8,729,686</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Defined benefit pension plan	72,089	
OPEB related outflows	<u>27,783</u>	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		<u>99,872</u>
		<b>\$ 8,829,558</b>
<b>LIABILITIES:</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ 63,888	
Accrued liabilities	5,614	
Due to other governments	5,086	
Current portion of long-term debt	<u>175,783</u>	
<i>Total current liabilities</i>		\$ 250,371
<i>Non-current liabilities:</i>		
Non-current portion of long-term debt:		
Bonds payable	572,933	
Accrued compensated absences	88,683	
OPEB liabilities	93,665	
Net pension liability	<u>302,252</u>	
<i>Total non-current liabilities</i>		<u>1,057,533</u>
<b>TOTAL LIABILITIES</b>		<b>1,307,904</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Prepaid property taxes	34,678	
Defined benefit pension plan	87,420	
OPEB related inflows	<u>51,640</u>	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>173,738</b>
<b>NET POSITION:</b>		
Net investment in capital assets	4,331,249	
Restricted:		
<i>Permanent funds - cemetery trust</i>	50,462	
<i>Grant funds</i>	5,493	
<i>Inventory</i>	25,725	
Unrestricted	<u>2,934,988</u>	
<b>TOTAL NET POSITION</b>		<u>7,347,917</u>
		<b>\$ 8,829,558</b>

Town of Holden, Maine  
Statement of Activities  
For the Year Ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<i>Governmental activities:</i>						
General government	\$ 282,890	\$ 24,030	\$ 11,234	\$ -	\$ (247,626)	\$ (247,626)
Administration	453,263	-	-	-	(453,263)	(453,263)
Police protection	517,685	-	-	-	(517,685)	(517,685)
Animal control	7,518	-	-	-	(7,518)	(7,518)
Fire protection	663,484	-	-	-	(663,484)	(663,484)
Sanitation	126,647	129,540	-	-	2,893	2,893
Public works	468,803	-	33,156	-	(435,647)	(435,647)
Education	3,171,441	-	-	-	(3,171,441)	(3,171,441)
County tax	441,262	-	-	-	(441,262)	(441,262)
Other	13,847	-	-	14,242	395	395
Interest on long-term debt	5,770	-	-	-	(5,770)	(5,770)
Depreciation	344,320	-	-	-	(344,320)	(344,320)
<i>Total governmental activities</i>	<i>\$ 6,496,930</i>	<i>\$ 153,570</i>	<i>\$ 44,390</i>	<i>\$ 14,242</i>	<i>(6,284,728)</i>	<i>(6,284,728)</i>
<i>General revenues:</i>						
Property taxes, levied for general purposes					5,137,659	5,137,659
Excise taxes					863,465	863,465
Interest and lien fees					19,566	19,566
Licenses and permits					39,654	39,654
<i>Grants and contributions not restricted to specific programs:</i>						
State revenue sharing					340,350	340,350
Other					247,319	247,319
Unrestricted investment earnings					26,610	26,610
Miscellaneous revenues					67,450	67,450
<i>Total general revenues and transfers</i>					<i>6,742,074</i>	<i>6,742,074</i>
<i>Changes in net position</i>					<i>457,347</i>	<i>457,347</i>
<b>NET POSITION - BEGINNING</b>					<b>6,890,570</b>	<b>6,890,570</b>
<b>NET POSITION - ENDING</b>				<b>\$</b>	<b>7,347,917</b>	<b>\$ 7,347,917</b>

The accompanying notes are an integral part of these statements.



Town of Holden, Maine  
Balance Sheets  
Governmental Funds  
June 30, 2021 and 2020

	General Fund	Other Governmental Funds	2021 Total Governmental Funds	2020 Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,532,534	\$ -	\$ 3,532,534	\$ 3,243,838
Accounts receivable	-	-	-	5,947
Due from other funds	-	55,955	55,955	55,547
Inventory	25,725	-	25,725	10,740
Prepaid expense	-	-	-	5,163
Tax acquired property	1,658	-	1,658	1,658
Taxes receivable	112	-	112	1,914
Tax liens receivable	89,692	-	89,692	104,367
<b>TOTAL ASSETS</b>	<b>\$ 3,649,722</b>	<b>\$ 55,955</b>	<b>\$ 3,705,676</b>	<b>\$ 3,429,173</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts payable	\$ 63,888	\$ -	\$ 63,888	\$ 15,010
Due to other governments	5,086	-	5,086	1,047
Accrued liabilities	5,614	-	5,614	135
Due to other funds	55,955	-	55,955	55,547
<i>Total liabilities</i>	130,542	-	130,542	71,738
<i>Deferred inflows of resources:</i>				
Prepaid property taxes	34,678	-	34,678	13,734
Deferred property tax revenue	73,170	-	73,170	85,024
<i>Total deferred inflows of resources</i>	107,848	-	107,848	98,758
<i>Fund balances:</i>				
Non-spendable - inventory	25,725	-	25,725	10,740
Restricted -				
Permanent funds	-	50,462	50,462	50,067
Grant funds	-	5,493	5,493	5,480
Assigned - see footnotes	1,286,472	-	1,286,472	1,061,353
Unassigned	2,099,134	-	2,099,134	2,131,037
<i>Total fund balances</i>	3,411,331	55,955	3,467,286	3,258,677
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 3,649,722</b>	<b>\$ 55,955</b>	<b>\$ 3,705,676</b>	<b>\$ 3,429,173</b>

The accompanying notes are an integral part of these statements.

Town of Holden, Maine  
 Reconciliation of Fund Balance to Net Position  
 Governmental Funds  
 June 30, 2021

<b>TOTAL FUND BALANCES</b>	<b>\$</b>	<b>3,467,286</b>
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*Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because:*

Depreciable and non-depreciable capital assets as reported in Stmt. 1		5,079,965
Long-term liabilities, including bonds payable, as reported on Stmt. 1		(748,716)
Net pension liability, as reported on Stmt. 1		(302,252)
Deferred outflows related to pension plans		72,089
Deferred inflows related to pension plans		(87,420)
Accrued compensated absences		(88,683)
Deferred property taxes not reported on Stmt. 1		73,170
Deferred outflows of resources - OPEB related expenditures		27,783
Deferred inflows of resources - OPEB related inflows		(51,640)
OPEB liabilities		(93,665)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>7,347,917</b>
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*The accompanying notes are an integral part of these statements.*

Town of Holden, Maine  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Years Ended June 30, 2021 and June 30, 2020

	General Fund	Other Governmental Funds	2021 Total Governmental Funds	2020 Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 5,149,513	\$ -	\$ 5,149,513	\$ 4,954,297
Excise taxes	863,465	-	863,465	790,028
Intergovernmental revenue	632,059	14,242	646,301	494,036
Charges for services	153,570	-	153,570	138,454
Investment income	26,486	125	26,610	27,655
Interest and lien fees	19,566	-	19,566	22,598
Licenses and permits	39,654	-	39,654	44,433
Other revenue	67,180	270	67,450	89,290
<i>Total revenues</i>	6,951,494	14,637	6,966,130	6,560,791
<b>EXPENDITURES:</b>				
General government	156,256	-	156,256	189,393
Administration	449,660	-	449,660	418,996
Police protection	617,719	-	617,719	451,875
Animal control	7,518	-	7,518	5,875
Fire protection	670,434	-	670,434	524,403
Sanitation	126,647	-	126,647	125,832
Public works	842,340	-	842,340	811,771
Education	3,171,441	-	3,171,441	3,168,497
County tax	441,262	-	441,262	426,317
Debt service	183,174	-	183,174	168,567
Grant expenditures	-	14,229	14,229	10,946
Reserve accounts	148,134	-	148,134	5,104
<i>Total expenditures</i>	6,814,585	14,229	6,828,814	6,307,576
<i>Excess (deficiency) of revenues over expenditures</i>	136,909	408	137,316	253,215
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	-	-	-	600
Operating transfers (out)	-	-	-	(600)
Proceeds from issuance of long-term debt	71,293	-	71,293	-
<i>Total other financing sources (uses)</i>	71,293	-	71,293	-
<i>Net change in fund balances</i>	208,202	408	208,609	253,215
<b>FUND BALANCES - BEGINNING</b>	3,203,130	55,547	3,258,677	3,005,462
<b>FUND BALANCES - ENDING</b>	\$ 3,411,331	\$ 55,955	\$ 3,467,286	\$ 3,258,677

**Town of Holden, Maine**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2021**

<b>Net change in fund balances - total governmental funds (Stmt. 4)</b>	\$	208,609
Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:		
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on governmental funds		(344,320)
Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)		629,037
Revenues in the Statement of Activities (Stmt. 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.		(11,854)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal reduction in debt service made during the fiscal year.		177,404
Change in accrued compensated absences		(29,144)
Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Specifically, this represents the change in deferred pension liability and changes in deferred inflows/outflows related to pensions		(97,490)
OPEB expenses under GASB #75 are not reported in the governmental fund statements		(3,603)
Issuance of long-term debt treated as revenue in the governmental funds, but an increase to long-term liabilities on the Statement of Net Position		(71,293)
<b>Changes in net position of governmental activities (see Stmt. 2)</b>	<b>\$</b>	<b>457,347</b>

The accompanying notes are an integral part of these statements.

**Town of Holden, Maine**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	Agency Funds	Fiduciary Fund Total
<b>Assets:</b>		
Cash in bank	\$ 5,558	\$ 5,558
<i>Total assets</i>	5,558	5,558
<b>Liabilities:</b>		
Due to Police department donation fund	5,558	5,558
<i>Total liabilities</i>	\$ 5,558	\$ 5,558
<b>Net position:</b>		
Held in trust	\$ -	\$ -

The accompanying notes are an integral part of this statement.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Holden, Maine (the Town) was incorporated on April 13, 1852. The Town operates under a town council – town manager form of government and is incorporated under the laws of the State of Maine.

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

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

In evaluating how to define the Town for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* as amended by GASB Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. Based on the criteria, it was determined that no other entities should be included in the Town’s financial statements.

**B. Basis of Presentation**

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

Government-Wide Financial Statements

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

The Statement of Net Position reports all financial and capital resources of the Town and reports the difference between assets and liabilities, as “net position” not fund balance or equity. The Statement of Activities shows the degree to which the direct expenses of a given function or segment are offset by program revenue and reflects the “net (expense) revenue” of the Town’s individual functions before applying general revenues. The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Financial Statements

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

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

**C. Measurement Focus and Basis of Accounting**

Governmental Fund Types

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

*Special Revenue Fund* – Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for a specified purpose.

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB #34. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

**D. Budgets and Budgetary Accounting**

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

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses**

Cash and Cash Equivalents

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

Interfund Receivables and Payables

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

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.



**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Infrastructure	30-50
Machinery and Equipment	3-15

**Net Position and Fund Balances**

In the Government-wide financial statements, the difference between the Town's total assets and total liabilities represents net position. Net position displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net assets available for future operations.

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

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

*Restricted* – Funds that are restricted for use by an external group, the federal government, or other governing documents.

*Assigned* – Funds intended to be used for specific purposes set by the Town Council.

*Unassigned* – Funds available for any purpose.

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

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Revenue

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

Property Taxes

Property taxes for the current year were committed on July 23, 2020, on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Payment of taxes was due on September 15, 2020, with interest at 7% on all tax bills unpaid as of the due date.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$18,331 for the year ended June 30, 2021.

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.

Risk Management

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

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the Fund for its workers compensation coverage. The Town’s agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member Towns’ claims in excess of \$400,000, with an excess limit of \$2,000,000.

The Town is a member of the Maine Municipal Association – Property Casualty Pool (“Pool”). The Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided, after the deductible is met, to \$200,000,000. Under the liability portion of the Pool, coverage is provided, after the deductible is met, to \$1,000,000.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

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

**2. DEPOSITS AND INVESTMENTS**

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

Custodial Credit Risk – Deposits - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2021, cash deposits had a carrying value of \$3,532,534, all of which was covered by FDIC or collateralized.

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

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

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

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**3. CAPITAL ASSETS**

<b>Governmental activities:</b>	<b>Balance 7/1/20</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/21</b>
Capital assets not being depreciated:				
Land	\$ 622,150	\$ -	\$ -	\$ 622,150
Capital assets being depreciated:				
Buildings & improvements	1,674,914	27,142	-	1,702,056
Equipment	636,950	289,950	(84,000)	842,900
Vehicles	1,919,863	102,408	(37,641)	1,984,630
Infrastructure	2,877,567	239,537	-	3,117,104
<b>Total capital assets</b>	<b>7,731,444</b>	<b>659,037</b>	<b>(121,641)</b>	<b>8,268,840</b>
Less accumulated depreciation				
Buildings/impr.	(759,764)	(46,126)	-	(805,890)
Equipment	(487,816)	(58,901)	84,000	(462,717)
Vehicles	(868,034)	(114,608)	37,641	(945,001)
Infrastructure	(850,583)	(124,684)	-	(975,267)
<b>Total accumulated depreciation</b>	<b>(2,966,167)</b>	<b>(344,319)</b>	<b>121,641</b>	<b>(3,188,875)</b>
<b>Total capital assets, net</b>	<b>4,765,247</b>	<b>314,718</b>	<b>-</b>	<b>5,079,965</b>
<b>Governmental activities Capital assets, net</b>	<b>\$ 4,765,247</b>	<b>\$ 314,718</b>	<b>\$ -</b>	<b>\$ 5,079,965</b>

Depreciation expense can be allocated to departments as follows:

Public safety	\$ 111,020
Public works	224,063
Town wide	<u>9,236</u>
	<b>\$ <u>344,319</u></b>

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**4. LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2021, was as follows:

Description	Balance 7/1/20	Additions	(Reductions)	Balance 6/30/21
<b>Governmental activities:</b>				
Camden National Bank, 2.63% dated 10/20/14, payable annually Due 2024	\$ 202,766	\$ -	\$ (40,553)	\$ 162,213
Bond issued 5/27/99, annual payments, varied interest 4.039%-5.289%	526,823	-	(50,057)	476,766
Ford Motor Company, 10/30/2020 3 year, 5.65% due 10/30/2022	-	71,293	(25,082)	46,211
Lease purchase agreement. \$300,000 3.041%, due annually through 2022	125,239	-	(61,712)	63,527
Accrued compensated absences	59,539	29,144	-	88,683
<b>Total</b>	<b>\$ 914,367</b>	<b>\$ 100,437</b>	<b>\$ (177,404)</b>	<b>\$ 837,400</b>

The annual future principal payment requirement for bonds payable outstanding as of June 30, 2021, is as follows:

Year ending June 30,	Principal	Governmental Activities Interest	Total
2022	\$ 175,783	\$ 20,110	\$ 195,893
2023	116,181	25,825	142,006
2024	95,238	22,031	117,269
2025	98,186	18,060	116,246
2026	60,741	13,927	74,668
2027-2029	202,588	21,805	224,393
Accrued absences	88,683	-	88,683
<b>Total</b>	<b>\$ 837,400</b>	<b>\$ 121,758</b>	<b>\$ 959,158</b>

**5. PENDING LITIGATION**

According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**6. ASSIGNED BALANCES**

The Town Council has the authority to assign amounts for specific future purposes. Approved assigned balances at June 30, 2021 consist of:

<b>Account</b>	<b>Balance 7/1/20</b>	<b>Total Revenue/ Receipts</b>	<b>Total Appropriations/Uses</b>	<b>Balance 6/30/21</b>
Conservation commission	\$ 2,759	\$ 6	\$ (361)	\$ 2,404
Fire department	252,062	127,081	(5,200)	373,943
Equipment/grant match	40,465	142,476	(119,025)	63,916
Revaluation	46,239	25,124	-	71,363
Admin department	16,939	1,543	-	18,482
Police department	58,837	22,107	(19,412)	61,532
Road improvement	25,241	15,068	-	40,309
Highway department	228,477	90,326	(134,000)	184,803
General reserve	61,368	5,454	-	66,822
Municipal building	179,316	153,637	(29,083)	303,870
Cemetery interest	604	1	-	605
Economic development	133,447	49,132	(113,476)	69,103
Cemetery reserve	11,548	3,660	-	15,208
Holden veteran's memorial	4,051	60	-	4,111
Totals	<b>\$ 1,061,353</b>	<b>\$ 635,675</b>	<b>\$ (420,557)</b>	<b>\$ 1,276,471</b>

**7. EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2021, there were the following departments had expenditures that exceeded appropriations:

Police protection           \$ (3,655)

**8. SUBSEQUENT EVENTS**

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**9. DEFINED BENEFIT PENSION PLAN**

Plan Description

Full-time Town employees are eligible to participate in the Maine Public Employees Retirement System (MainePERS), a cost sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title V of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800

Benefits Provided

The MainePERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by actuarial valuation as of June 30, 2020, using the following assumptions and methods applied to all periods included in the measurement:

*Actuarial Cost Method*

The entry age normal actuarial funding method is used to figure costs. Using this method, the total employer contribution rate contains two elements – the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Using the individual entry age normal method, a normal cost rate is figured for each employee. The rate is determined by taking the value, age at entry of the plan, of the member's projected future benefits, and dividing it by the value of his/her expected future salary. The normal cost for each employee is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains (losses) – increases or decreases in liabilities and in assets when actual experience is different from the actuarial assumptions – affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Investment Rate of Return – 6.75% per annum

Salary Increases, Merit and Inflation – 2.75%

Mortality Rates – for active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.



**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2021, the Town reported a liability of \$302,252 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020, 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 each pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportion was 0.076074%, which was an increase of 0.015558% from its proportion measured as of the prior year.

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between expected and actual experience	\$ 18,137	\$ 3,323
Net difference between projected and actual earnings on pension plan investments	19,668	-
Changes of assumptions	34,284	-
Contributions made after measurement date	-	83,924
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	173
	\$ 72,089	\$ 87,420

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

Year Ending June 30,	Amount
2022	\$ 6,970
2023	28,176
2024	16,706
2025	16,743

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**9. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a building-block method where best-estimate ranges of expected future real rates of return are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized below:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Public equities	30%	6.0 %
US government	7.5	2.3
Private equity	15	7.6
Real assets:		
Real estate	10	5.2
Infrastructure	10	5.3
Natural resources	5	5.0
Traditional credit	7.5	3.0
Alternative credit	5	4.2
Diversifiers	10	5.9

**Discount Rate**

The discount rate used to measure the collective pension liability was 6.75% for 2020, 2019 and 2018, 6.875% for 2017 and 2016, 7.125% for 2015, and 7.25% for 2014 and 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

1% Decrease 5.75%	Current Discount Rate 6.75%	% Increase 7.75%
\$ 635,211	\$ 302,252	\$ 29,700

**Pension Plan Financial and Actuarial Information**

Additional financial information and actuarial information can be found in the Maine PERS 2020 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**10. DEFERRED COMPENSATION PLAN**

The Town offers full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401 through ICMA Retirement Corporation. The plan permits salary deferral to future years. Participation in the plan is optional. As of June 30, 2021, eight employees were enrolled in the plan. The deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

The Town has amended its plan in accordance with Internal Revenue Section 457(g); therefore, the Town no longer owns the deferred amounts and they have been removed from the Town's financial statements.

Investments are managed by the plan's trustee under one of two investment options or a combination thereof. The choice of investment options is made by the participants.

**11. OPEB OBILIGATIONS**

*Plan Description*

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

*Accounting Policies*

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining service life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 9 years.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**11. OPEB OBLIGATIONS (CONTINUED)**

The table below shows changes in the change in Net OPEB Liability during the 2021 measurement year:

	Net OPEB Liability (a)	<i>Increase (Decrease)</i> Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
<b>Balances 1/1/2020 (Reporting 12/31/2020)</b>	\$ 79,577	\$ -	\$ 79,577
<b>Changes for the year:</b>			
Service cost	5,910	-	5,910
Interest	2,339	-	2,339
Changes of assumptions	6,121	-	6,121
Contributions – employer	-	282	(75)
Benefit payments	(282)	(282)	-
<b>Net changes</b>	<b>14,088</b>	<b>-</b>	<b>14,088</b>
<b>Balances 1/1/2021 (Reporting 12/31/2021)</b>	<b>\$ 93,665</b>	<b>\$ -</b>	<b>\$ 93,665</b>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 44,656
Changes in assumptions	27,783	5,918
Contributions after measurement date	-	1,066
Net difference between projected & actual earnings on OPEB plan investments	-	-
<b>Total</b>	<b>\$ 27,783</b>	<b>\$ 51,640</b>

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

<b>Year ended June 30:</b>	
2022	(4,646)
2023	(4,646)
2024	(4,646)
2025	(4,646)
2026	(4,646)
Thereafter	439

As of January 1, 2021, the plan membership data is comprised of 13 active members with only an implicit benefit.

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**11. OPEB OBILIGATIONS (CONTINUED)**

**Key Economic Assumptions:**

*Measurement date:* January 1, 2021

*Discount rates:* 2.12% per annum for year end 2021 reporting  
2.74% per annum for year end 2020 reporting

*Trend assumptions:* *Pre-Medicare Medical* – Initial trend of 8.50% applied in FYE 2020 grading over 20 years to 3.28% per annum.

*Pre-Medicare Drug* – Initial trend of 8.75% applied in FYE 2020 grading over 20 years to 3.28% per annum.

*Medicare Medical* – Initial trend of 5.00% applied in FYE 2020 grading over 20 years to 3.28% per annum.

*Medicare Drug* – Initial trend of 8.75% applied in FYE 2020 grading over 20 years to 3.28% per annum.

*Administrative and claims expense* – 3% per annum.

**Future Plan Changes**

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

**Demographic Assumptions:**

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

*Rate of mortality:* Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC\_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

*Marriage assumptions:* A husband is assumed to be 3-years older than his wife.

*Assumed rate of retirement:* For employees hired prior to July 1, 2014  
Age 55-58 – 5%  
Age 59-64 – 20%  
Age 65-69 - 25%  
Age 70+ - 100%  
For employees hired after July 1, 2014  
Age 55-63 – 5%  
Age 64-69 – 20%  
Age 70+ - 100%

*Salary increases:* 2.75% per year

**TOWN OF HOLDEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**11. OPEB OBILIGATIONS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the TOL was 2.12% based on a measurement date of January 1, 2021. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 2.12%.

1% Decrease	Current Rate	1% Increase
1.12%	2.12%	3.12%
\$ 111,224	\$ 93,665	\$ 79,678

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

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 78,024	\$ 93,665	\$ 114,440

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 16.7%. A 1% increase in the healthcare trend rate increases the NOL by approximately 22.2%.

**TOWN OF HOLDEN, MAINE  
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

Date	Contractually Required Contribution	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 15,843	\$ 211,245	7.5%
2016	20,159	251,992	8.0%
2017	25,076	313,454	8.0%
2018	26,538	331,727	8.0%
2019	31,821	392,846	8.1%
2020	35,037	432,554	8.1%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**TOWN OF HOLDEN, MAINE  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2021**

	2020	2019	2018	2017	2016	2015
Employer's proportion of the Net Pension Liability (asset)	0.076074%	0.060516%	0.060631%	0.053460%	0.056437%	0.041296%
Employer's proportionate share of the Net Pension Liability (asset)	\$ 302,252	\$ 184,975	\$ 165,936	\$218,881	\$299,867	\$131,750
Employer's Covered Payroll	\$ 432,554	\$392,846	\$331,727	\$313,454	\$251,992	\$211,245
Employer's proportionate share of the Net Pension Liability (asset) as a percentage of its covered employee payroll	69.8%	47.1%	50.0%	69.8%	118%	62.3%
Plan fiduciary net position as a percentage of the total pension liability	88.3%	90.6%	91.1%	86.4%	81.6%	88.3%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**TOWN OF HOLDEN, MAINE  
NOTES TO GASB #68 REQUIRED SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2021**

*Valuation Date:*

Only fiscal years 2014-2020 are reported. The Town will continue to present information until a full ten-year trend is compiled.

*Changes of Benefit Terms include:*

There were no benefit changes for the Town employees in the employees' retirement plan.

*Changes of Assumptions include:*

The discount rate was unchanged at 6.75% and the cost-of-living was unchanged at 1.91%. The rate of inflation was 2.75%, 2.75% was also used by MainePers in its year ended June 30, 2020.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age normal.
Amortization method	A level percentage of payroll using a method where a separate twenty-year closed period is established.
Asset valuation method	One-third of the investment return that is different from the actuarial assumption for investment return.
Retirement age	60 or 65, depending on years of creditable service at certain dates.
Mortality	RP2014 Total Dataset Health Annuitant Mortality Table for males and females is used.



**TOWN OF HOLDEN, MAINE**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

	FYE 2021	FYE 2020	FYE 2019	FYE 2018
<b>Total OPEB Liability</b>				
Service cost (BOY)	\$ 5,910	\$ 5,000	\$ 5,633	\$ 3,777
Interest (includes interest on service cost)	2,339	3,302	2,810	4,103
Changes of benefit terms	0	(1,470)	0	0
Differences between expected and actual experience	0	(23,540)	0	(47,424)
Changes of assumptions	6,121	20,777	(8,876)	11,127
Benefit payments, including refunds of member contributions	(282)	(78)	(75)	(502)
<b>Net change in total OPEB liability</b>	<b>\$14,088</b>	<b>\$ 3,991</b>	<b>\$ (508)</b>	<b>\$ (28,919)</b>
<b>Total OPEB liability – beginning</b>	<b>\$ 79,577</b>	<b>\$ 75,586</b>	<b>\$ 76,094</b>	<b>\$ 105,013</b>
<b>Total OPEB liability – ending</b>	<b>\$ 93,665</b>	<b>\$ 79,577</b>	<b>\$ 75,586</b>	<b>\$ 76,094</b>
<b>Plan fiduciary net position</b>				
Contributions – employer	282	78	75	502
Contributions – member	0	0	0	0
Net investment income	0	0	0	0
Benefit payments, including refunds of member contributions	(282)	(78)	(75)	(502)
Administrative expenses	0	0	0	0
<b>Net change in plan fiduciary net position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plan fiduciary net position – beginning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plan fiduciary net position – ending</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net OPEB liability – endings</b>	<b>\$ 93,665</b>	<b>\$ 79,577</b>	<b>\$ 75,586</b>	<b>\$ 76,094</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 610,772	\$ 610,772	\$ 611,413	\$ 611,413
Net OPEB liability as a percentage of covered employee payroll	15.3%	13.0%	12.4%	12.4%

Town of Holden, Maine  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June, 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (negative)
<b>REVENUES:</b>				
Property taxes	\$ 5,140,188	\$ 5,140,188	\$ 5,149,513	\$ 9,325
Excise taxes	764,000	764,000	863,465	99,465
Intergovernmental revenue	485,616	485,616	632,059	146,443
Charges for services	121,100	121,100	153,570	32,470
Investment income	10,000	10,000	26,486	16,486
Interest and lien fees	20,000	20,000	19,566	(434)
Licenses and permits	28,800	28,800	39,654	10,854
Other revenues	55,350	55,350	67,180	11,830
<i>Total revenues</i>	6,625,054	6,625,054	6,951,494	326,439
<b>EXPENDITURES:</b>				
General government	204,006	204,006	156,256	47,750
Administration	504,865	504,865	449,660	55,205
Police protection	542,771	614,064	617,719	(3,655)
Animal control	8,000	8,000	7,518	482
Fire protection	699,848	699,848	670,434	29,414
Sanitation	126,755	126,755	126,647	108
Public works	964,563	964,563	842,340	122,223
Education	3,171,448	3,171,448	3,171,441	7
County tax	441,262	441,262	441,262	-
Debt service	186,335	186,335	183,174	3,161
Reserve accounts	321,800	1,383,153	148,134	1,235,018
<i>Total expenditures</i>	7,171,653	8,304,299	6,814,585	1,489,714
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(546,599)	(1,679,244)	136,909	1,163,274
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of long-term debt	-	71,293	71,293	-
<i>Total other financing sources</i>	-	71,293	71,293	-
<i>Net changes in fund balances</i>			208,202	
<b>FUND BALANCES - BEGINNING</b>			3,203,130	
<b>FUND BALANCES - ENDING</b>			<b>\$ 3,411,331</b>	

**Town of Holden, Maine**  
**Combining Balance Sheet - All Other Non-Major Governmental Funds**  
**June 30, 2021**

	<i>Special Revenue Fund</i>	<i>Permanent Fund</i>	<i>Total Other Governmental Funds</i>
<b>ASSETS:</b>			
Interfund Receivables	\$ 5,493	\$ 50,462	\$ 55,955
<b>TOTAL ASSETS</b>	<b>\$ 5,493</b>	<b>\$ 50,462</b>	<b>\$ 55,955</b>
<b>LIABILITIES AND FUND BALANCE:</b>			
<i>Fund Balance:</i>			
Restricted (see footnotes)	\$ 5,493	\$ 50,462	\$ 55,955
Total fund balance	5,493	50,462	55,955
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,493</b>	<b>\$ 50,462</b>	<b>\$ 55,955</b>

Town of Holden, Maine  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
All Other Non-Major Governmental Funds  
For the Year Ended June 30, 2021

	<i>Special Revenue Fund</i>	<i>Permanent Fund</i>	<i>Total Other Governmental Funds</i>
<b>REVENUES:</b>			
Intergovernmental	\$ 14,242	\$ -	\$ 14,242
Interest revenue	-	125	125
Other revenue	-	270	270
<i>Total revenues</i>	<u>14,242</u>	<u>395</u>	<u>14,637</u>
<b>EXPENDITURES:</b>			
Grant expenditures	14,229	-	14,229
<i>Total expenditures</i>	<u>14,229</u>	<u>-</u>	<u>14,229</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13</u>	<u>395</u>	<u>408</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>5,480</u>	<u>50,067</u>	<u>55,547</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 5,493</u></u>	<u><u>\$ 50,462</u></u>	<u><u>\$ 55,955</u></u>

**Town of Holden, Maine**  
**Schedule of Property Valuation, Assessment and Appropriations**  
**For the Year Ended June 30, 2021**

<i>Assessed Valuation:</i>	
Real estate valuation	\$ 285,234,980
Personal property valuation	<u>2,726,840</u>
<b>Total valuation</b>	<u>287,961,820</u>
 <i>Tax Commitment:</i>	
Tax assessment at \$17.85 per thousand	<u>5,140,188</u>
 <i>Reconciliation of Commitment with Appropriation:</i>	
Current year tax commitment, as above	5,140,188
Appropriated from fund balance	564,930
Estimated revenues	<u>1,484,866</u>
<b>Appropriations per original budget</b>	<u>7,189,984</u>
<i>Overlay</i>	<u>(18,331)</u>
 <b>TOTAL APPROPRIATIONS</b>	 <b><u><u>\$ 7,171,653</u></u></b>

**Town of Holden, Maine  
Schedule of Taxes and Tax Liens Receivable  
June 30, 2021**

<i>Taxes receivable</i>			
Personal property	\$	112	\$ 112
<i>Tax liens receivable</i>			
2020		55,287	
2019		34,136	
2018		268.89	
			89,692
<b>TOTAL TAXES AND TAX LIENS RECEIVABLE</b>			<b>\$ <u><u>89,804</u></u></b>