

**TOWN OF HOLDEN, MAINE**

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

**JUNE 30, 2022**

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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

### OPINIONS

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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Holden, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Holden, Maine, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### BASIS FOR OPINIONS

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

### RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on financial statements.

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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 Town of Holden, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Holden, 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, pension schedules, OPEB schedule, and budgetary comparison schedule, on pages 5-7, 34-36, 37 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **SUPPLEMENTARY INFORMATION**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Holden, Maine's basic financial statements. The combining balance sheet – non major governmental funds, and combining statement of revenue, expenditures and changes in fund balance – non major governmental funds, schedule of property valuation, assessment and appropriations, and schedule of taxes receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – non major governmental funds, and combining statement of revenue, expenditures and changes in fund balance – non major governmental funds, schedule of property valuation, assessment and appropriations, 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 21, 2022

Town of Holden  
Management's Discussion and Analysis  
Fiscal Year ending June 30, 2022

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>, 2022.

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 financial 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 \$353,679 over last year's budget in five specific areas. The first and largest area where changes are proposed is to the lines related to wages and staffing, with a \$2.00 Cost of Living Adjustment, continuing to fund the full-time Fire Fighter position approved in 2021, and an additional full-time officer in the Police Department. The second area is in Health Plan with the proposed increase of going to 50% from 35% coverage of dependents to bring us on par with surrounding communities. The third area is in Debt Service, with a proposed increase of \$12,650 for the leasing of one new Police Cruiser starting July 1<sup>st</sup>, 2022. The fourth area that was impacted is across all departments and that was rising costs in materials, training, electricity, contracted services, etc., our staff has worked diligently to anticipate those costs to the best of their ability. The last and most recent was in Debt Service, increased \$70,080 as the Sand/Salt Shed was approved on April 25<sup>th</sup>, 2022.

Year Capital Expenditures:

The Town of Holden made two considerable purchases during the fiscal year. The first was to install Signage at each end of Route 1A for \$5,000, as expenditure was approved on June 21<sup>st</sup>, 2021 for up to \$6,000.

The Sand/Salt Shed through Special Town Meeting on April 25<sup>th</sup>, 2022, the approval was to borrow \$600,000 to be combined with existing Building Department Reserve funding, total expenditure not to exceed \$900,000. The second expense was to purchase a pickup truck for the Fire Department as a new Chiefs Vehicle as approved on April 20<sup>th</sup>, 2022 for \$14,000.

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 increased our net position by \$963,134 for the year ending in June 30<sup>th</sup>, 2022. Ending net position is \$8,311,051. The Town has long-term debt outstanding of \$1,196,113.

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 the police department and debt service payments. The general fund actual revenues totaled \$7,643,448 with actual expenditures totaling \$7,115,613.

|   | Governmental Activities |                     |
|---|-------------------------|---------------------|
|   | 6/30/2022               | 6/30/2021           |
| Current Assets  | \$ 4,825,135            | \$ 3,649,722        |
| Capital Assets  | 5,364,305               | 5,079,965           |
| <b>Total Assets</b>   | <b>10,189,440</b>       | <b>8,729,687</b>    |
| <b>Deferred Outflows of Resources</b>                                     | <b>427,370</b>          | <b>99,871</b>       |
| <b>Total Assets &amp; Deferred Outflows of Resources</b>                  | <b>\$ 10,616,810</b>    | <b>\$ 8,829,558</b> |
| Current Liabilities   | \$ 276,100              | \$ 250,371          |
| Other Liabilities   | 1,216,844               | 1,057,532           |
| <b>Total Liabilities</b>  | <b>1,492,944</b>        | <b>1,307,903</b>    |
| Property Taxes Collected in Advance                                       | 20,355                  | 34,678              |
| Related to OPEB & pensions  | 792,461                 | 139,060             |
| <b>Total Deferred Inflows of Resources</b>                                | <b>812,816</b>          | <b>173,738</b>      |
| <b>NET POSITION:</b>  |                         |                     |
| Net Investment in Capital Assets  | 4,123,894               | 4,331,249           |
| Restricted  | 57,262                  | 81,680              |
| Unrestricted  | 4,129,895               | 2,934,988           |
| <b>Total Net Position</b>   | <b>8,311,051</b>        | <b>7,347,917</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | <b>\$ 10,616,810</b>    | <b>\$ 8,829,558</b> |

|                                    | Governmental Activities |                     |
|------------------------------------|-------------------------|---------------------|
|                                    | 6/30/2022               | 6/30/2021           |
| <b>Revenues:</b>                   |                         |                     |
| <i>Program Revenues:</i>           |                         |                     |
| Charges for Services               | \$ 144,474              | \$ 153,570          |
| Operating Grants and Contributions | 323,976                 | 58,632              |
| <i>General Revenues:</i>           |                         |                     |
| Taxes                              | 6,031,625               | 6,001,124           |
| Licenses and permits               | 69,280                  | 39,654              |
| Interest and investment earnings   | 24,575                  | 46,176              |
| Grants and contributions           | 816,087                 | 587,669             |
| Miscellaneous                      | 252,830                 | 67,450              |
| <b>TOTAL REVENUES</b>              | <b>7,662,847</b>        | <b>6,954,275</b>    |
| <b>Expenses:</b>                   |                         |                     |
| General government                 | 140,756                 | 282,890             |
| Administration                     | 436,554                 | 453,263             |
| Police protection                  | 625,632                 | 517,685             |
| Animal control                     | 6,944                   | 7,518               |
| Fire protection                    | 692,659                 | 663,484             |
| Sanitation                         | 128,785                 | 126,647             |
| Public works                       | 659,321                 | 468,803             |
| Education                          | 3,048,455               | 3,171,441           |
| County tax                         | 480,861                 | 441,262             |
| Interest                           | 20,970                  | 5,770               |
| Depreciation                       | 383,088                 | 344,320             |
| Other                              | 75,691                  | 13,847              |
| <b>TOTAL EXPENSES</b>              | <b>6,699,713</b>        | <b>6,496,930</b>    |
|                                    | 963,134                 | 457,347             |
| <i>Changes in Net Position</i>     |                         |                     |
| <b>Beginning Net Position</b>      | <b>7,347,917</b>        | <b>6,890,570</b>    |
| <b>Ending Net Position</b>         | <b>\$ 8,311,051</b>     | <b>\$ 7,347,917</b> |

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, 2022

|   |              | Total<br>Governmental<br>Activities |
|---|--------------|-------------------------------------|
| <b>ASSETS:</b>                                  |              |                                     |
| <i>Current assets:</i>                          |              |                                     |
| Cash and cash equivalents                       | \$ 4,734,117 |                                     |
| Accounts receivable                             | 20,446       |                                     |
| Tax acquired property                           | 1,658        |                                     |
| Taxes receivable                                | 379          |                                     |
| Tax liens receivable                            | 68,536       |                                     |
| <i>Total current assets</i>                     |              | \$ 4,825,135                        |
| <i>Non-current assets:</i>                      |              |                                     |
| Net pension asset                               | 44,298       |                                     |
| Capital assets, net of accumulated depreciation | 5,320,007    |                                     |
| <i>Total non-current assets</i>                 |              | 5,364,305                           |
| <b>TOTAL ASSETS</b>                             |              | <b>10,189,441</b>                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>          |              |                                     |
| Defined benefit pension plan                    | 339,501      |                                     |
| OPEB related outflows                           | 87,868       |                                     |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>     |              | 427,369                             |
|   |              | <b>\$ 10,616,810</b>                |
| <b>LIABILITIES:</b>                             |              |                                     |
| <i>Current liabilities:</i>                     |              |                                     |
| Accounts payable                                | \$ 75,916    |                                     |
| Accrued liabilities                             | 12,195       |                                     |
| Due to other governments                        | 8,589        |                                     |
| Current portion of bonds payable                | 51,887       |                                     |
| Current portion of capital leases payable       | 34,997       |                                     |
| Current portion of notes payable                | 92,516       |                                     |
| <i>Total current liabilities</i>                |              | \$ 276,100                          |
| <i>Non-current liabilities:</i>                 |              |                                     |
| Bonds payable                                   | 375,646      |                                     |
| Notes payable                                   | 629,143      |                                     |
| Capital leases payable                          | 11,924       |                                     |
| Accrued compensated absences                    | 33,146       |                                     |
| OPEB liabilities                                | 166,984      |                                     |
| <i>Total non-current liabilities</i>            |              | 1,216,844                           |
| <b>TOTAL LIABILITIES</b>                        |              | <b>1,492,944</b>                    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>           |              |                                     |
| Taxes collected in advance                      | 20,355       |                                     |
| Denfined benefit pension plan                   | 739,934      |                                     |
| OPEB related inflows                            | 52,527       |                                     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>      |              | <b>812,816</b>                      |
| <b>NET POSITION:</b>                            |              |                                     |
| Net investment in capital assets                | 4,123,894    |                                     |
| Restricted:                                     |              |                                     |
| <i>Permanent funds - cemetery trust</i>         | 51,768       |                                     |
| <i>Grant funds</i>                              | 5,493        |                                     |
| Unrestricted                                    | 4,129,895    |                                     |
| <b>TOTAL NET POSITION</b>                       |              | <b>8,311,051</b>                    |
|   |              | <b>\$ 10,616,810</b>                |

The accompanying notes are an integral part of these statements.



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

|  | Program Revenues |                         |  |  | Net (Expense) Revenue and Changes<br>in Net Position |              |
|--|------------------|-------------------------|--|--|--|--------------|
|  | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                   |              |
|  |                  |                         |  |  | Governmental<br>Activities                           | Total        |
| <i>Governmental activities:</i>                                      |                  |                         |  |  |  |              |
| General government   | \$ 140,756       | \$ 23,754               | \$ 3,693                                 | \$ -                                   | \$ (113,308)   | \$ (113,308) |
| Administration   | 436,554          | -                       | -  | -                                      | (436,554)  | (436,554)    |
| Police protection  | 625,632          | -                       | -  | -                                      | (625,632)  | (625,632)    |
| Animal control   | 6,944            | -                       | -  | -                                      | (6,944)  | (6,944)      |
| Fire protection  | 692,659          | -                       | -  | -                                      | (692,659)  | (692,659)    |
| Sanitation   | 128,785          | 120,720                 | -  | -                                      | (8,065)  | (8,065)      |
| Public works   | 659,321          | -                       | 35,904                                   | 3,748                                  | (619,669)  | (619,669)    |
| Education  | 3,048,455        | -                       | -  | -                                      | (3,048,455)  | (3,048,455)  |
| County tax   | 480,861          | -                       | -  | -                                      | (480,861)  | (480,861)    |
| Other  | 75,691           | -                       | 267,741                                  | 12,890                                 | 204,940  | 204,940      |
| Interest on long-term debt   | 20,970           | -                       | -  | -                                      | (20,970)   | (20,970)     |
| Depreciation   | 383,088          | -                       | -  | -                                      | (383,088)  | (383,088)    |
| <i>Total governmental activities</i>                                 | \$ 6,699,713     | \$ 144,474              | \$ 307,338                               | \$ 16,638                              | (6,231,263)  | (6,231,263)  |
| <i>General revenues:</i>   |                  |                         |  |  |  |              |
| Property taxes, levied for general purposes                          |                  |                         |  |  | 5,189,670  | 5,189,670    |
| Excise taxes   |                  |                         |  |  | 841,955  | 841,955      |
| Interest and lien fees   |                  |                         |  |  | 17,631   | 17,631       |
| Licenses and permits   |                  |                         |  |  | 69,280   | 69,280       |
| <i>Grants and contributions not restricted to specific programs:</i> |                  |                         |  |  |  |              |
| State revenue sharing  |                  |                         |  |  | 530,606  | 530,606      |
| Other  |                  |                         |  |  | 285,481  | 285,481      |
| Unrestricted investment earnings                                     |                  |                         |  |  | 6,944  | 6,944        |
| Miscellaneous revenues   |                  |                         |  |  | 247,272  | 247,272      |
| Reclassification of fund balance                                     |                  |                         |  |  | 5,558  | 5,558        |
| <i>Total general revenues and transfers</i>                          |                  |                         |  |  | 7,194,396  | 7,194,396    |
| <i>Changes in net position</i>                                       |                  |                         |  |  | 963,134  | 963,134      |
| <b>NET POSITION - BEGINNING</b>                                      |                  |                         |  |  | 7,347,917  | 7,347,917    |
| <b>NET POSITION - ENDING</b>   |                  |                         |  |  | \$ 8,311,051   | \$ 8,311,051 |

The accompanying notes are an integral part of these statements.

**Town of Holden, Maine**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

|  | General<br>Fund     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                     |                                |                                |
| Cash and cash equivalents  | \$ 4,730,074        | \$ 4,043                       | \$ 4,734,117                   |
| Accounts receivable  | 20,446              | -                              | 20,446                         |
| Due from other funds   | -                   | 57,261                         | 57,261                         |
| Tax acquired property  | 1,658               | -                              | 1,658                          |
| Taxes receivable   | 379                 | -                              | 379                            |
| Tax liens receivable   | 68,536              | -                              | 68,536                         |
| <b>TOTAL ASSETS</b>  | <b>\$ 4,821,092</b> | <b>\$ 61,304</b>               | <b>\$ 4,882,397</b>            |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>       |                     |                                |                                |
| <i>Liabilities:</i>  |                     |                                |                                |
| Accounts payable   | \$ 75,916           | \$ -                           | \$ 75,916                      |
| Due to other governments   | 8,589               | -                              | 8,589                          |
| Accrued liabilities  | 12,195              | -                              | 12,195                         |
| Due to other funds   | 57,261              | -                              | 57,261                         |
| <i>Total liabilities</i>   | 153,962             | -                              | 153,962                        |
| <i>Deferred inflows of resources:</i>                                      |                     |                                |                                |
| Taxes collected in advance   | 20,355              | -                              | 20,355                         |
| Uncollected property taxes   | 72,815              | -                              | 72,815                         |
| <i>Total deferred inflows of resources</i>                                 | 93,170              | -                              | 93,170                         |
| <i>Fund balances:</i>  |                     |                                |                                |
| Restricted:  |                     |                                |                                |
| Permanent funds  | -                   | 51,768                         | 51,768                         |
| Grant funds  | -                   | 5,493                          | 5,493                          |
| Assigned - <i>see footnotes</i>  | 2,301,484           | 4,043                          | 2,305,527                      |
| Unassigned   | 2,272,477           | -                              | 2,272,477                      |
| <i>Total fund balances</i>   | 4,573,961           | 61,304                         | 4,635,265                      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> | <b>\$ 4,821,092</b> | <b>\$ 61,304</b>               | <b>\$ 4,882,397</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, 2022

Statement 3, Continued

|                            |           |                  |
|----------------------------|-----------|------------------|
| <b>TOTAL FUND BALANCES</b> | <b>\$</b> | <b>4,635,265</b> |
|----------------------------|-----------|------------------|

*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  |  | 5,320,007   |
| Long-term liabilities, including bonds payable, as reported on Stmt. 1 |  | (1,196,113) |
| Net pension liability, as reported on Stmt. 1                          |  | 44,298      |
| Deferred outflows related to pension plans                             |  | 339,501     |
| Deferred inflows related to pension plans                              |  | (739,934)   |
| Accrued compensated absences   |  | (33,146)    |
| Deferred property taxes not reported on Stmt. 1                        |  | 72,815      |
| Deferred outflows of resources - OPEB related expenditures             |  | 87,868      |
| Deferred inflows of resources - OPEB related inflows                   |  | (52,527)    |
| OPEB liabilities   |  | (166,984)   |

|  |           |                  |
|--|-----------|------------------|
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b>\$</b> | <b>8,311,051</b> |
|--|-----------|------------------|

*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, 2022

|  | General<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------|--------------------------------|--------------------------------|
| <b>REVENUES:</b>   |                 |                                |                                |
| Property taxes   | \$ 5,190,025    | \$ -                           | \$ 5,190,025                   |
| Excise taxes   | 841,955         | -                              | 841,955                        |
| Intergovernmental revenue                                | 1,127,173       | 12,890                         | 1,140,063                      |
| Charges for services                                     | 144,474         | -                              | 144,474                        |
| Investment income  | 6,808           | 137                            | 6,944                          |
| Interest and lien fees                                   | 17,631          | -                              | 17,631                         |
| Licenses and permits                                     | 69,280          | -                              | 69,280                         |
| Other revenue  | 246,102         | 1,170                          | 247,272                        |
| <i>Total revenues</i>                                    | 7,643,448       | 14,197                         | 7,657,644                      |
| <b>EXPENDITURES:</b>                                     |                 |                                |                                |
| General government                                       | 140,756         | -                              | 140,756                        |
| Administration   | 436,554         | -                              | 436,554                        |
| Police protection  | 652,771         | 1,515                          | 654,285                        |
| Animal control   | 6,944           | -                              | 6,944                          |
| Fire protection  | 692,659         | -                              | 692,659                        |
| Sanitation   | 128,785         | -                              | 128,785                        |
| Public works   | 985,340         | -                              | 985,340                        |
| Education  | 3,048,455       | -                              | 3,048,455                      |
| County tax   | 480,861         | -                              | 480,861                        |
| Debt service   | 208,367         | -                              | 208,367                        |
| Grant expenditures                                       | -               | 12,890                         | 12,890                         |
| Reserve accounts   | 334,123         | -                              | 334,123                        |
| <i>Total expenditures</i>                                | 7,115,613       | 14,405                         | 7,130,018                      |
| <i>Excess (deficiency) of revenues over expenditures</i> | 527,835         | (208)                          | 527,627                        |
| <b>OTHER FINANCING SOURCES (USES):</b>                   |                 |                                |                                |
| Reclassification of fund balances                        | -               | 5,558                          | 5,558                          |
| Capital lease issuance                                   | 34,795          | -                              | 34,795                         |
| Proceeds from direct borrowings                          | 600,000         | -                              | 600,000                        |
| <i>Total other financing sources (uses)</i>              | 634,795         | 5,558                          | 640,353                        |
| <i>Net change in fund balances</i>                       | 1,162,630       | 5,350                          | 1,167,979                      |
| <b>FUND BALANCES - BEGINNING</b>                         | 3,411,331       | 55,955                         | 3,467,286                      |
| <b>FUND BALANCES - ENDING</b>                            | \$ 4,573,961    | \$ 61,304                      | \$ 4,635,265                   |

The accompanying notes are an integral part of these statements.

**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, 2022**

|  |                   |
|--|-------------------|
| <b>Net change in fund balances - total governmental funds (Stmt. 4)</b>  | \$ 1,167,979      |
| 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  | (383,088)         |
| Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)   | 623,130           |
| 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.  | (355)             |
| 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.                                   | 187,398           |
| Change in accrued compensated absences   | 55,537            |
| 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 | (38,552)          |
| OPEB expenses under GASB #75 are not reported in the governmental fund statements  | (14,121)          |
| 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   | (634,795)         |
| <b>Changes in net position of governmental activities (see Stmt. 2)</b>  | <b>\$ 963,134</b> |

The accompanying notes are an integral part of these statements.

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

**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.

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

**B. Basis of Presentation**

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

Government-Wide Financial Statements

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

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

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

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

**B. Basis of Presentation (Continued)**

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

Fund Financial Statements

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

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

**C. Fund Accounting**

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

Governmental Fund Types

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

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

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

*Special Revenue Fund* – This fund is used for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

**D. Measurement Focus**

*Government-Wide Financial Statements:*

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

*Fund Financial Statements*

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

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

**E. Basis of Accounting**

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

**Revenues – Exchange and Non-Exchange Transactions**

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



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

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

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

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

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

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

**Expenses/Expenditures**

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

**F. Budgets and Budgetary Accounting**

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

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

**Cash and Cash Equivalents**

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

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

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

Interfund Receivables and Payables

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

Compensated Absences

Vacation and sick pay benefits are earned based on employment. A maximum of two weeks unused vacation time can be carried forward, unused sick time lapses at the end of year. A liability for accrued vacation time is recognized on the government-wide financial statements of \$33,146 as of June 30, 2022.

Capital Assets and Depreciation

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

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 20-40        |
| Infrastructure             | 40           |
| Machinery and Equipment    | 10-20        |
| Vehicles                   | 10-20        |

Net Position and Fund Balances

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

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

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

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

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

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

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

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

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

*Unassigned* – Funds available for any purpose.

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

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

Deferred Revenue

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

Property Taxes

Property taxes for the current year were committed on July 21, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Payment of taxes was due September 15, 2021 and March 15, 2022, with interest at 6% on all tax bills unpaid as of the due date.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$11,646 for the year ended June 30, 2022.

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

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

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

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

Risk Management

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

Use of Estimates

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

**2. DEPOSITS AND INVESTMENTS**

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

Custodial Credit Risk – Deposits - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2022, cash deposits had a carrying value of \$4,734,117, 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, 2022**

**3. CAPITAL ASSETS**

| Governmental activities:                           | Balance<br>7/1/21   | Additions         | Deletions          | Balance<br>6/30/22  |
|--|---------------------|-------------------|--------------------|---------------------|
| Capital assets not being depreciated:              |                     |                   |                    |                     |
| Land   | \$ 622,150          | \$ 10,000         | \$ -               | \$ 632,150          |
| Capital assets being depreciated:                  |                     |                   |                    |                     |
| Buildings & improvements                           | 1,702,056           | 17,221            | -                  | 1,719,277           |
| Equipment  | 842,900             | 14,498            | (17,090)           | 840,308             |
| Vehicles   | 1,984,630           | 284,183           | (185,308)          | 2,083,505           |
| Infrastructure                                     | 3,117,104           | 315,769           | -                  | 3,432,873           |
| Total capital assets                               | 8,268,840           | 641,671           | (202,398)          | 8,708,113           |
| Less accumulated depreciation:                     |                     |                   |                    |                     |
| Buildings/improvements                             | (805,890)           | (47,295)          | -                  | (853,185)           |
| Equipment  | (462,717)           | (71,106)          | 17,090             | (516,733)           |
| Vehicles   | (945,001)           | (127,371)         | 166,767            | (905,605)           |
| Infrastructure                                     | (975,267)           | (137,315)         | -                  | (1,112,582)         |
| Total accumulated depreciation                     | (3,188,875)         | (383,087)         | 183,857            | (3,388,105)         |
| Total capital assets, net                          | 5,079,965           | 258,584           | (18,541)           | 5,320,008           |
| <b>Governmental activities Capital assets, net</b> | <b>\$ 5,079,965</b> | <b>\$ 258,584</b> | <b>\$ (18,541)</b> | <b>\$ 5,320,008</b> |

Depreciation expense can be allocated to departments as follows:

|               |                          |
|---------------|--------------------------|
| Public safety | \$ 126,636               |
| Public works  | 245,262                  |
| Town wide     | <u>11,189</u>            |
|               | <b>\$ <u>383,087</u></b> |

**4. CONTINGENCIES**

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

**5. SUBSEQUENT EVENTS**

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

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

**6. LONG-TERM OBLIGATIONS**

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

| Description                       | Balance<br>7/1/21 | Additions         | (Reductions)        | Balance<br>6/30/22  | Due<br>within one<br>year |
|-----------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------------|
| Bonds payable                     | \$ 476,766        | \$ -              | \$ (49,233)         | \$ 427,533          | \$ 51,887                 |
| Notes payable – direct borrowings | 162,212           | 600,000           | (40,553)            | 721,659             | 92,516                    |
| Capital leases payable            | 109,738           | 34,795            | (97,612)            | 46,921              | 34,996                    |
| <b>Total</b>                      | <b>\$ 748,716</b> | <b>\$ 634,795</b> | <b>\$ (187,398)</b> | <b>\$ 1,196,113</b> | <b>\$ 179,399</b>         |

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

***General Obligation Bonds***

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

|                                      | Interest<br>Rate | Maturity<br>Date | Balance at<br>6/30/2022 |
|--------------------------------------|------------------|------------------|-------------------------|
| <b>Governmental Activities:</b>      |                  |                  |                         |
| Maine Municipal Bond Bank            | 4.04-5.29%       | 11/2028          | \$ 427,533              |
| <b>Total governmental activities</b> |                  |                  | <b>\$ 427,533</b>       |

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

| Year ending<br>June 30, | Governmental<br>Activities |                  | Total             |
|-------------------------|----------------------------|------------------|-------------------|
|                         | Principal                  | Interest         |                   |
| 2023                    | \$ 51,887                  | \$ 21,240        | \$ 73,127         |
| 2024                    | 54,685                     | 19,868           | 74,553            |
| 2025                    | 57,633                     | 19,976           | 77,609            |
| 2026                    | 60,741                     | 13,927           | 74,668            |
| 2027                    | 64,016                     | 9,022            | 73,038            |
| 2028-2029               | 138,571                    | 7,425            | 145,996           |
| <b>Total</b>            | <b>\$ 427,533</b>          | <b>\$ 91,458</b> | <b>\$ 518,991</b> |

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

**6. LONG-TERM OBLIGATIONS (CONTINUED)**

***Notes Payable – Direct Borrowings***

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

| <b>Governmental Activities:</b> | <b>Collateral Pledged</b> | <b>Interest Rate</b> | <b>Final Maturity Date</b> | <b>Balance at 6/30/2022</b> |
|---------------------------------|---------------------------|----------------------|----------------------------|-----------------------------|
| Salt/sand shed                  | N/A                       | 3.17%                | 04/2032                    | \$ 600,000                  |
| Fire station addition           | N/A                       | 2.63%                | 10/2024                    | 121,659                     |
|                                 |                           |                      |                            | <b><u>\$ 721,659</u></b>    |

Note payable from direct borrowings include provisions that in the event the Town defaults on the note for any reason, the holder may demand immediate payment of all principal and accrued unpaid interest.

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

| <b>Year ending June 30,</b> | <b>Principal</b>         | <b>Interest</b>          | <b>Total</b>             |
|-----------------------------|--------------------------|--------------------------|--------------------------|
| 2023                        | \$ 92,516                | \$ 22,576                | \$ 115,092               |
| 2024                        | 94,138                   | 19,874                   | 114,012                  |
| 2025                        | 95,908                   | 17,024                   | 112,932                  |
| 2026                        | 57,134                   | 14,161                   | 71,295                   |
| 2027                        | 58,971                   | 12,325                   | 71,296                   |
| 2028-2031                   | 255,422                  | 29,758                   | 285,180                  |
| 2032                        | 67,570                   | 2,226                    | 69,796                   |
| <b>Total</b>                | <b><u>\$ 721,659</u></b> | <b><u>\$ 117,944</u></b> | <b><u>\$ 839,603</u></b> |

***Capital Lease Obligations***

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

The following are the individual capital lease obligations outstanding for governmental activities at June 30, 2022:

| <b>Governmental activities:</b> | <b>Interest Rate</b> | <b>Final Maturity Date</b> | <b>Balance at 6/30/2022</b> |
|---------------------------------|----------------------|----------------------------|-----------------------------|
| Police cruisers                 | 5.65%                | 10/2022                    | \$ 23,740                   |
| Chief's vehicle                 | 5.85%                | 10/2023                    | 23,181                      |
|                                 |                      |                            | <b><u>\$ 46,921</u></b>     |

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

**6. LONG-TERM OBLIGATIONS (CONTINUED)**

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2022 are as follows:

| Year ending<br>June 30, | Principal               | Governmental<br>Activities<br>Interest | Total                   |
|-------------------------|-------------------------|--|-------------------------|
| 2023                    | \$ 34,996               | \$ 2,535                               | \$ 37,531               |
| 2024                    | 11,925                  | 526                                    | 12,451                  |
| <b>Total</b>            | <b><u>\$ 46,921</u></b> | <b><u>\$ 3,061</u></b>                 | <b><u>\$ 49,982</u></b> |

**7. ACCOUNTS RECEIVABLE**

The accounts receivable is shown net of the estimated allowance for doubtful accounts:

Town of Dedham (remainder of salt in salt/sand shed)      **\$ 20,446**

**8. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2022 are as follows:

|                      | <b>Due from:</b>        |
|----------------------|-------------------------|
| <b>Due to:</b>       | General<br>Fund         |
| Special Revenue Fund | \$ 5,493                |
| Permanent Fund       | 51,768                  |
|                      | <b><u>\$ 57,261</u></b> |

**9. RECLASSIFICATION OF FUND BALANCES**

Due to the definitions of funds provided by GASB, there was a reclassification of fund balance of the police donation account from an agency account to a special revenue account. The result of this reclassification was an increase of \$5,558 to the special revenue beginning balance.



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

**10. FUND BALANCES**

*Assigned:*

|                              | Balance<br>7/1/21   | Total Revenue/<br>Receipts | Total<br>Appropriations/Uses | Balance<br>6/30/22  |
|------------------------------|---------------------|----------------------------|------------------------------|---------------------|
| <b>General Fund:</b>         |                     |                            |                              |                     |
| Conservation commission      | \$ 2,405            | \$ 6                       | \$ -                         | \$ 2,411            |
| Fire department              | 373,943             | 133,719                    | (62,930)                     | 444,732             |
| Equipment/grant match        | 63,917              | 52,942                     | (25,942)                     | 90,917              |
| Revaluation                  | 71,363              | 25,205                     | -                            | 96,568              |
| Admin department             | 18,481              | 1,521                      | (17,403)                     | 2,599               |
| Police department            | 61,531              | 22,160                     | (10,468)                     | 73,223              |
| Road improvement             | 40,309              | 15,116                     | -                            | 55,425              |
| Highway department           | 184,803             | 118,319                    | (185,627)                    | 117,495             |
| General reserve              | 66,823              | 177                        | -                            | 67,000              |
| Municipal building           | 362,869             | 999,526                    | (57,155)                     | 1,305,240           |
| Cemetery interest            | 605                 | 2                          | -                            | 607                 |
| Economic development         | 20,105              | 53                         | -                            | 20,158              |
| Cemetery reserve             | 15,209              | 5,778                      | -                            | 20,987              |
| Holden veteran's memorial    | 4,111               | 11                         | -                            | 4,122               |
| Totals                       | <b>\$ 1,286,472</b> | <b>\$ 1,374,535</b>        | <b>\$ (359,525)</b>          | <b>\$ 2,301,484</b> |
| <br>                         |                     |                            |                              |                     |
|                              | Balance<br>7/1/21   | Total Revenue/<br>Receipts | Total<br>Appropriations/Uses | Balance<br>6/30/22  |
| <b>Special Revenue Fund:</b> |                     |                            |                              |                     |
| Police donation account      | \$ 5,558            | \$ -                       | \$ (1,515)                   | \$ 4,043            |
| Totals                       | <b>\$ 5,558</b>     | <b>\$ -</b>                | <b>\$ (1,515)</b>            | <b>\$ 4,043</b>     |

**11. 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

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

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

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.

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by actuarial valuation as of June 30, 2021, 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.

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

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

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, 2021 are as follows:

Investment Rate of Return – 6.50% per annum

Salary Increases, Merit and Inflation – 2.75-11.48% plus merit component based on each employee's years of service

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.

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

At June 30, 2022, the Town reported an asset of \$44,298 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2021, 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 0.137846%.

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

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

At June 30, 2022, 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   | \$ 28,656                             | \$ 3,011                             |
| Net difference between projected and actual earnings on pension plan investments                              | -                                     | 603,804                              |
| Changes of assumptions  | 148,751                               | -                                    |
| Contributions made after measurement date   | -                                     | 49,109                               |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 162,094                               | 86                                   |
|   | \$ 339,501                            | \$ 739,934                           |

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

| Year Ending<br>June 30, | Amount    |
|-------------------------|-----------|
| 2022                    | \$22,383  |
| 2023                    | 15,449    |
| 2024                    | (137,447) |
| 2025                    | (167,785) |

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   |

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

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

Discount Rate

The discount rate used to measure the collective pension liability (asset) was 6.5% for 2021. 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<br>5.50% | Current Discount Rate<br>6.50% | % Increase<br>7.50% |
|----------------------|--------------------------------|---------------------|
| \$ 630,393           | \$ (44,298)                    | \$ (602,357)        |

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2021 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**12. 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, 2022, 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.

**13. OPEB OBLIGATIONS**

*Plan Description*

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

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

**13. OPEB OBLIGATIONS (CONTINUED)**

*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 10 years.

The table below shows changes in the change in Net OPEB Liability during the 2022 measurement year:

|   | Net OPEB Liability<br>(a) | <i>Increase (Decrease)</i><br>Plan Fiduciary Net<br>Position<br>(b) | Net OPEB Liability<br>(a)-(b) |
|---|---------------------------|---|-------------------------------|
| <b>Balances 1/1/2021<br/>(Reporting 12/31/2021)</b>   | \$ 93,665                 | \$ -  | \$ 93,665                     |
| <b>Changes for the year:</b>                          |                           |   |                               |
| Service cost  | 6,899                     | -   | 6,899                         |
| Interest  | 2,129                     | -   | 2,129                         |
| Differences between expected<br>and actual experience | 70,741                    | -   | 70,741                        |
| Changes of assumptions                                | (6,157)                   | -   | (6,157)                       |
| Contributions – employer                              | -                         | 293   | (293)                         |
| Benefit payments                                      | (293)                     | (293)   | -                             |
| <b>Net changes</b>                                    | <b>73,319</b>             | <b>-</b>  | <b>73,319</b>                 |
| <b>Balances 1/1/2022<br/>(Reporting 12/31/2022)</b>   | <b>\$ 166,984</b>         | <b>\$ -</b>   | <b>\$ 166,984</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<br>Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                             | \$ 64,310                         | \$ 36,771                        |
| Changes in assumptions   | 23,558                            | 10,529                           |
| Contributions after measurement date   | -                                 | 5,227                            |
| Net difference between projected & actual earnings<br>on OPEB plan investments | -                                 | -                                |
| <b>Total</b>   | <b>\$ 87,868</b>                  | <b>\$ 52,527</b>                 |

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

**13. OPEB OBLIGATIONS (CONTINUED)**

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

| <b>Year ended June 30:</b> |        |
|----------------------------|--------|
| 2023                       | 1,225  |
| 2023                       | 1,225  |
| 2025                       | 1,225  |
| 2026                       | 1,225  |
| 2027                       | 5,256  |
| Thereafter                 | 30,412 |

As of January 1, 2022, the plan membership data is comprised of 14 active members with only an implicit benefit.

**Key Economic Assumptions:**

*Measurement date:* January 1, 2022

*Discount rates:* 2.06% per annum for year end 2022 reporting  
2.12% per annum for year end 2021 reporting

*Trend assumptions:* *Pre-Medicare Medical* – Initial trend of 6.25% applied in FYE 2022 grading over 20 years to 3.53% per annum.

*Pre-Medicare Drug* – Initial trend of 13.10% applied in FYE 2022 grading over 20 years to 3.53% per annum.

*Medicare Medical* – Initial trend of 5.00% applied in FYE 2022 grading over 20 years to 3.53% per annum.

*Medicare Drug* – Initial trend of 9.90% applied in FYE 2022 grading over 20 years to 3.53% per annum.

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

**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%

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

**13. OPEB OBLIGATIONS (CONTINUED)**

*Rate of mortality:* Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those include in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

*Assumed rate of retirement:*

|   |
|---|
| For employees hired prior to July 1, 2014 |
| Age 57-58 – 6%                            |
| Age 59 – 10%                              |
| Age 60-61 - 12%                           |
| Age 62-63 - 16%                           |
| Age 64 – 20%                              |
| Age 65-66 – 30%                           |
| Age 67-69 – 25%                           |
| Age 70+ - 100%                            |
| For employees hired after July 1, 2014    |
| Age 55-61 – 6%                            |
| Age 62 – 10%                              |
| Age 63-64 – 12%                           |
| Age 65 – 20%                              |
| Age 66-68 – 16%                           |
| Age 69 – 20%                              |
| Age 70-74 - 25%                           |
| Age 75+ - 100%                            |

*Salary increases:* 2.75% per year

**Discount Rate**

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

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

| 1% Decrease | Current Rate | 1% Increase |
|-------------|--------------|-------------|
| 1.06%       | 2.06%        | 3.06%       |
| \$ 198,029  | \$ 166,984   | \$ 142,109  |



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

**13. OPEB OBLIGATIONS (CONTINUED)**

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 |
|-------------|------------------------|-------------|
| \$ 140,584  | \$ 166,984             | \$ 201,309  |

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 15.8%. A 1% increase in the healthcare trend rate increases the NOL by approximately 20.6%.

**Town of Holden, Maine**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)**  
**Maine Public Employees Retirement System Consolidated Plan**  
**Last 10 Fiscal Years \***

|   | <b>2021**</b> | <b>2020**</b> | <b>2019**</b> | <b>2018**</b> | <b>2017**</b> | <b>2016**</b> | <b>2015**</b> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Town's proportion of the net pension liability  | 0.1378%       | 0.0761%       | 0.0605%       | 0.0606%       | 0.0534%       | 0.0564%       | 0.0413%       |
| Town's proportionate share of the net pension liability (asset)   | \$ (44,298)   | \$ 302,252    | \$ 184,975    | \$ 165,936    | \$ 218,881    | \$ 299,867    | \$ 131,750    |
| Town's covered payroll  | 563,439       | 432,554       | 392,846       | 331,727       | 313,454       | 251,992       | 211,245       |
| Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll | -7.89%        | 69.80%        | 47.10%        | 50.00%        | 69.80%        | 118.00%       | 62.30%        |
| Plan fiduciary net position as a percentage of the total pension liability                              | -0.86%        | 88.3%         | 90.6%         | 91.1%         | 86.4%         | 81.6%         | 88.3%         |

*\* This schedule is intended to show information for ten years, but information for only seven years is available. Information for additional years will be displayed as it becomes available.*

*\*\* The amounts presented for each fiscal year were determined as of the prior fiscal year.*

**Town of Holden, Maine**  
**Schedule of the Town's Contributions**  
**Maine Public Employees Retirement System Consolidated Plan**  
**Last 10 Fiscal Years \***

**Exhibit 2**

|  | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                  | \$ 43,948   | \$ 35,037   | \$ 31,821   | \$ 26,538   | \$ 25,076   | \$ 20,159   | \$ 15,843   |
| Contributions in relation to the contractually required contribution | (43,948)    | (35,037)    | (31,821)    | (26,538)    | (25,076)    | (20,159)    | (15,843)    |
| Contribution deficiency (excess)                                     | \$ 0        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Town's covered-employee payroll                                      | \$ 563,439  | \$ 432,554  | \$ 392,846  | \$ 331,727  | \$ 313,454  | \$ 251,992  | \$ 211,245  |
| Contributions as a percentage of covered payroll                     | 7.8%        | 8.1%        | 8.1%        | 8.0%        | 8.0%        | 8.0%        | 7.5%        |

*\* This schedule is intended to show information for ten years, but information for only seven years is available. Information for additional years will be displayed as it becomes available.*

**TOWN OF HOLDEN, MAINE  
NOTES TO GASB #68 REQUIRED SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2022**

***Changes of Benefit Terms include:***

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

***Changes of Assumptions include:***

The following are changes in actuarial assumptions in the most recent valuations:

|                          | 2021         | 2020             | 2018     | 2016     | 2015      | 2014   |
|--------------------------|--------------|------------------|----------|----------|-----------|--------|
| Discount rate            | 6.5%         | 6.75%            | 6.75%    | 6.875%   | 7.125%    | 7.250% |
| Inflation rate           | 2.75%        | 2.75%            | 2.75%    | 2.75%    | 3.50%     | n/a    |
| Salary increases         | 2.75%-11.48% | 2.75%-plus merit | 2.75%-9% | 2.75%-9% | 3.5%-9.5% | n/a    |
| Cost of living increases | 1.91%        | 1.91%            | 1.91%    | 2.20%    | 2.55%     | 3.12%  |

***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.                      |

*This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

**Town of Holden, Maine**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Postretirement Employee Healthcare Plan**  
**For the Year Ended June 30, 2022**

**Exhibit 3**

|   | <u>FYE 2022</u>   | <u>FYE 2021</u>  | <u>FYE 2020</u>  | <u>FYE 2019</u>  | <u>FYE 2018</u>    |
|---|-------------------|------------------|------------------|------------------|--------------------|
| <b><u>Total OPEB Liability</u></b>                                      |                   |                  |                  |                  |                    |
| Service cost (BOY)  | \$ 6,899          | \$ 5,910         | \$ 5,000         | \$ 5,633         | \$ 3,777           |
| Interest (includes interest on service cost)                            | 2,129             | 2,339            | 3,302            | 2,810            | 4,103              |
| Changes in benefit terms  | -                 | -                | (1,470)          | -                | -                  |
| Differences between expected and actual experience                      | 70,741            | -                | (23,540)         | -                | (47,424)           |
| Changes of assumptions  | (6,157)           | 6,121            | 20,777           | (8,876)          | 11,127             |
| Benefit payments, including refunds of member contributions             | (293)             | (282)            | (78)             | (75)             | (502)              |
| <b>Net change in total OPEB liability</b>                               | <b>\$ 73,319</b>  | <b>\$ 14,088</b> | <b>\$ 3,991</b>  | <b>\$ (508)</b>  | <b>\$ (28,919)</b> |
| <b>Total OPEB liability - beginning</b>                                 | <b>\$ 93,665</b>  | <b>\$ 79,577</b> | <b>\$ 75,586</b> | <b>\$ 76,094</b> | <b>\$ 105,013</b>  |
| <b>Total OPEB liability - ending</b>                                    | <b>\$ 166,984</b> | <b>\$ 93,665</b> | <b>\$ 79,577</b> | <b>\$ 75,586</b> | <b>\$ 76,094</b>   |
| <b><u>Plan fiduciary net position</u></b>                               |                   |                  |                  |                  |                    |
| Contributions - employer  | 293               | 282              | 78               | 75               | 502                |
| Contributions - member  | -                 | -                | -                | -                | -                  |
| Net investment income   | -                 | -                | -                | -                | -                  |
| Benefit payments, including refunds of member contributions             | (293)             | (282)            | (78)             | (75)             | (502)              |
| Administrative expense  | -                 | -                | -                | -                | -                  |
| <b>Net change in plan fiduciary net position</b>                        | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>        |
| <b>Plan fiduciary net position - beginning</b>                          | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>        |
| <b>Plan fiduciary net position - ending</b>                             | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>        |
| <b>Net OPEB liability - ending</b>                                      | <b>\$ 166,984</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 | 0.00%             | 0.00%            | 0.00%            | 0.00%            | 0.00%              |
| Covered employee payroll  | \$ 764,479        | \$ 610,772       | \$ 610,772       | \$ 611,413       | \$ 611,413         |
| Net OPEB liability as a percentage of covered employee payroll          | 21.80%            | 15.30%           | 13.00%           | 12.40%           | 12.40%             |

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

|  | Budgeted Amounts |              | Actual Amounts      | Variance with<br>Final Budget-<br>Positive (negative) |
|--|------------------|--------------|---------------------|---|
|  | Original         | Final        |                     |   |
| <b>REVENUES:</b>   |                  |              |                     |   |
| Property taxes   | \$ 5,194,654     | \$ 5,194,654 | \$ 5,190,025        | \$ (4,629)  |
| Excise taxes   | 779,500          | 779,500      | 841,955             | 62,455  |
| Intergovernmental revenue  | 745,978          | 745,978      | 1,127,173           | 381,195   |
| Charges for services   | 136,850          | 136,850      | 144,474             | 7,624   |
| Investment income  | 6,600            | 6,600        | 6,808               | 208   |
| Interest and lien fees   | 16,500           | 16,500       | 17,631              | 1,131   |
| Licenses and permits   | 30,400           | 30,400       | 69,280              | 38,880  |
| Other revenues   | 58,850           | 58,850       | 246,102             | 187,252   |
| <i>Total revenues</i>  | 6,969,332        | 6,969,332    | 7,643,448           | 674,115   |
| <b>EXPENDITURES:</b>   |                  |              |                     |   |
| General government   | 201,656          | 201,656      | 140,756             | 60,900  |
| Administration   | 471,328          | 471,328      | 436,554             | 34,774  |
| Police protection  | 611,289          | 646,084      | 652,771             | (6,687)   |
| Animal control   | 8,067            | 8,067        | 6,944               | 1,123   |
| Fire protection  | 713,189          | 713,189      | 692,659             | 20,530  |
| Sanitation   | 135,630          | 135,630      | 128,785             | 6,845   |
| Public works   | 1,656,726        | 1,656,726    | 985,340             | 671,386   |
| Education  | 3,048,455        | 3,048,455    | 3,048,455           | 0   |
| County tax   | 480,861          | 480,861      | 480,861             | -   |
| Debt service   | 198,985          | 198,985      | 208,367             | (9,382)   |
| Reserve accounts   | 316,500          | 1,602,972    | 334,123             | 1,268,849   |
| <i>Total expenditures</i>  | 7,842,686        | 9,163,953    | 7,115,613           | 2,048,340   |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | (873,354)        | (2,194,621)  | 527,835             | 1,374,225   |
| <b>OTHER FINANCING SOURCES (USES):</b>                           |                  |              |                     |   |
| Proceeds from direct borrowings                                  | 600,000          | 600,000      | 600,000             | -   |
| Capital lease issuance   | -                | 34,795       | 34,795              | -   |
| <i>Total other financing sources</i>                             | 600,000          | 634,795      | 634,795             | -   |
| <i>Net changes in fund balances</i>                              |                  |              | 1,162,630           |   |
| <b>FUND BALANCES - BEGINNING</b>                                 |                  |              | 3,411,331           |   |
| <b>FUND BALANCES - ENDING</b>                                    |                  |              | <b>\$ 4,573,961</b> |   |

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

|  | <i>Special Revenue<br/>Fund</i> | <i>Permanent<br/>Fund</i> | <i>Total Other<br/>Governmental<br/>Funds</i> |
|--|---------------------------------|---------------------------|---|
| <b>ASSETS:</b>                             |                                 |                           |   |
| Cash and cash equivalents                  | \$ 4,043                        | \$ -                      | \$ 4,043                                      |
| Interfund Receivables                      | 5,493                           | 51,768                    | 57,261  |
| <b>TOTAL ASSETS</b>                        | <b>\$ 9,536</b>                 | <b>\$ 51,768</b>          | <b>\$ 61,304</b>                              |
| <b>LIABILITIES AND FUND BALANCE:</b>       |                                 |                           |   |
| <i>Fund Balance:</i>                       |                                 |                           |   |
| Restricted ( <i>see footnotes</i> )        | \$ 5,493                        | \$ 51,768                 | \$ 57,261                                     |
| Assigned - <i>police donation account</i>  | 4,043                           | -                         | 4,043   |
| <i>Total fund balance</i>                  | 9,536                           | 51,768                    | 61,304  |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 9,536</b>                 | <b>\$ 51,768</b>          | <b>\$ 61,304</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, 2022**

|   | <i>Special Revenue<br/>Fund</i> | <i>Permanent<br/>Fund</i> | <i>Total Other<br/>Governmental<br/>Funds</i> |
|---|---------------------------------|---------------------------|---|
| <b>REVENUES:</b>  |                                 |                           |   |
| Intergovernmental   | \$ 12,890                       | \$ -                      | \$ 12,890                                     |
| Interest revenue  | -                               | 137                       | 137   |
| Other revenue   | -                               | 1,170                     | 1,170   |
| <i>Total revenues</i>   | <u>12,890</u>                   | <u>1,307</u>              | <u>14,197</u>                                 |
| <b>EXPENDITURES:</b>  |                                 |                           |   |
| Grant expenditures  | 12,890                          | -                         | 12,890  |
| Police donation expenditures  | 1,515                           | -                         | 1,515   |
| <i>Total expenditures</i>   | <u>14,405</u>                   | <u>-</u>                  | <u>14,405</u>                                 |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>  | <u>(1,515)</u>                  | <u>1,307</u>              | <u>(208)</u>                                  |
| <b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>   |                                 |                           |   |
| Reclassification of fund balance  | 5,558                           | -                         | 5,558   |
| <i>Total other financing sources (uses)</i>   | <u>5,558</u>                    | <u>-</u>                  | <u>5,558</u>                                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER FINANCING USES</b> | <u>4,043</u>                    | <u>1,307</u>              | <u>5,350</u>                                  |
| <b>FUND BALANCE - BEGINNING OF YEAR</b>   | <u>5,493</u>                    | <u>50,462</u>             | <u>55,955</u>                                 |
| <b>FUND BALANCE - END OF YEAR</b>   | <u><b>\$ 9,536</b></u>          | <u><b>\$ 51,768</b></u>   | <u><b>\$ 61,304</b></u>                       |



**Town of Holden, Maine**  
**Schedule of Property Valuation, Assessment and Appropriations**  
**For the Year Ended June 30, 2022**

|   |                                |
|---|--------------------------------|
| <i>Assessed Valuation:</i>                                  |                                |
| Real estate valuation                                       | \$ 287,836,590                 |
| Personal property valuation                                 | <u>3,180,450</u>               |
| <b>Total valuation</b>                                      | <u>291,017,040</u>             |
| <br><i>Tax Commitment:</i>                                  |                                |
| Tax assessment at \$17.85 per thousand                      | <u>5,194,654</u>               |
| <br><i>Reconciliation of Commitment with Appropriation:</i> |                                |
| Current year tax commitment, as above                       | 5,194,654                      |
| Appropriated from fund balance                              | 285,000                        |
| Estimated revenues  | <u>2,374,678</u>               |
| <b>Appropriations per original budget</b>                   | <u>7,854,332</u>               |
| <br><i>Overlay</i>  | <br><u>(11,646)</u>            |
| <b>TOTAL APPROPRIATIONS</b>                                 | <br><b>\$ <u>7,842,686</u></b> |

**Town of Holden, Maine  
Schedule of Taxes and Tax Liens Receivable  
June 30, 2022**

|   |    |        |                                |
|---|----|--------|--------------------------------|
| <i>Taxes receivable</i>                     |    |        |                                |
| Personal property                           | \$ | 379    | \$ 379                         |
| <i>Tax liens receivable</i>                 |    |        |                                |
| 2021  |    | 53,261 |                                |
| 2020  |    | 15,033 |                                |
| 2019  |    | 122    |                                |
| 2018  |    | 120    |                                |
|   |    |        | 68,536                         |
| <b>TOTAL TAXES AND TAX LIENS RECEIVABLE</b> |    |        | <b>\$ <u><u>68,915</u></u></b> |