



*Town of*  
**Wales Maine**

AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2021

TOWN OF WALES  
FINANCIAL STATEMENTS

JUNE 30, 2021

---

C O N T E N T S

	PAGE
INDEPENDENT AUDITOR'S REPORT	<i>1 - 2</i>
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet - Governmental Funds	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	8
Notes to Financial Statements	<i>9 - 18</i>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	<i>19 - 20</i>
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Special Revenue Funds	21
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	22

Mark R. Carrier, C.P.A.  
Michael R. Dunn, C.P.A.  
Jonathan A. Hussey, C.P.A., M.S.T.  
Steven R. Lamontagne, C.P.A.

Gary W. Soucy, C.P.A.  
Gary A. Wigant, C.P.A.  
C. Joseph Wolverton, Jr., C.P.A.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
Town of Wales  
Wales, Maine

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Town of Wales, Maine as of June 30, 2021, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 19 and 20 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

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

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

*Ouellette & Associates, P.A.*  
Certified Public Accountants

December 13, 2021  
Lewiston, Maine

TOWN OF WALES  
STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,476,312
Accounts Receivable:	
Taxes	106,221
Liens	41,202
Total Current Assets:	1,623,735
Non-Current Assets:	
Capital Assets:	
Land	20,000
Land Improvements	42,047
Buildings and Building Improvements	1,282,206
Equipment	394,186
Vehicles	1,164,547
Accumulated Depreciation	(1,470,179)
Total Capital Assets:	1,432,807
<b>TOTAL ASSETS</b>	<b>3,056,542</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	30,540
Payroll Liabilities	2,399
Current Portion of Long-Term Liabilities	80,667
Total Current Liabilities:	113,606
Long-Term Liabilities:	
Due in More than One Year	351,997
<b>TOTAL LIABILITIES</b>	<b>465,603</b>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	1,000,143
Restricted	333,832
Unrestricted	1,256,964
<b>TOTAL NET POSITION</b>	<b>\$ 2,590,939</b>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

TOWN OF WALES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Governmental Total Governmental Activities
<b>Governmental Activities:</b>				
Municipal Operations	\$ 173,070	\$ -	\$ -	\$ (173,070)
Public Works	516,224	-	298,741	(217,483)
Fire Department	78,658	-	-	(78,658)
First Responders	12,130	-	-	(12,130)
Waste Management	105,538	-	-	(105,538)
County Tax	157,125	-	-	(157,125)
Schools	1,272,301	-	-	(1,272,301)
Humanities	8,250	-	-	(8,250)
Other	27,622	-	-	(27,622)
Depreciation Expense	103,065	-	-	(103,065)
<b>Total Governmental Activities</b>	<b>\$ 2,453,983</b>	<b>\$ -</b>	<b>\$ 298,741</b>	<b>\$ (2,155,242)</b>
<b>General Revenues</b>				
Property Taxes				2,035,294
Excise Taxes				348,887
Fees and Licenses				22,241
Interest Income				3,035
Miscellaneous				24,943
<b>Total General Revenues</b>				<b>2,434,400</b>
<b>Change in Net Position</b>				<b>279,158</b>
<b>Net Position - Beginning</b>				<b>2,311,781</b>
<b>Net Position - Ending</b>				<b>\$ 2,590,939</b>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

TOWN OF WALES  
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Special Revenue Funds	Permanent Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,142,478	\$ 280,156	\$ 53,678	\$ 1,476,312
Accounts Receivable:				
Taxes	106,221	-	-	106,221
Liens	41,202	-	-	41,202
<b>TOTAL ASSETS</b>	<u>\$ 1,289,901</u>	<u>\$ 280,156</u>	<u>\$ 53,678</u>	<u>\$ 1,623,735</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 30,540	\$ -	\$ -	\$ 30,540
Payroll Liabilities	2,399	-	-	2,399
Total Liabilities	<u>32,939</u>	<u>-</u>	<u>-</u>	<u>32,939</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	<u>101,542</u>	<u>-</u>	<u>-</u>	<u>101,542</u>
Total Deferred Inflows of Resources	<u>101,542</u>	<u>-</u>	<u>-</u>	<u>101,542</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	53,676	53,676
Restricted	-	280,156	-	280,156
Committed	288,393	-	-	288,393
Assigned	117,027	-	2	117,029
Unassigned	750,000	-	-	750,000
Total Fund Balances	<u>1,155,420</u>	<u>280,156</u>	<u>53,678</u>	<u>1,489,254</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,289,901</u>	<u>\$ 280,156</u>	<u>\$ 53,678</u>	<u>\$ 1,623,735</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

TOWN OF WALES

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION

JUNE 30, 2021

---

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 1,489,254
Capital assets used in Town operations which are not financial resources and therefore are not reported in the governmental funds financial statements.	
Capital assets at cost, net of accumulated depreciation.	1,432,807
Property taxes not available as current resources which are reported as deferred revenues on the governmental funds financial statements but are not deferred on the government-wide financial statements.	101,542
Long-term debt consisting of notes payable and capital leases payable which have not been included in the governmental funds financial statements.	<u>(432,664)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 2,590,939</u></u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.



TOWN OF WALES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Permanent Fund	Total
<b>REVENUES</b>				
Property Taxes	\$ 1,992,942	\$ -	\$ -	\$ 1,992,942
Excise Taxes	348,887	-	-	348,887
Fees and Licenses	22,941	-	-	22,941
Federal and State Funding	-	298,741	-	298,741
Interest Income	4,047	-	238	4,285
Miscellaneous Income	16,293	-	-	16,293
<b>TOTAL REVENUES</b>	<u>2,385,110</u>	<u>298,741</u>	<u>238</u>	<u>2,684,089</u>
<b>EXPENDITURES</b>				
Municipal Operations	173,070	-	-	173,070
Public Works	272,047	250,144	-	522,191
Fire Department	71,482	-	-	71,482
First Responders	12,130	-	-	12,130
Waste Management	105,538	-	-	105,538
County Tax	157,125	-	-	157,125
Schools	1,272,301	-	-	1,272,301
Humanities	8,250	-	-	8,250
Other	34,797	-	-	34,797
<b>TOTAL EXPENDITURES</b>	<u>2,106,740</u>	<u>250,144</u>	<u>-</u>	<u>2,356,884</u>
Excess of Revenues Over Expenditures	<u>278,370</u>	<u>48,597</u>	<u>238</u>	<u>327,205</u>
<b>Other Financing Sources (Uses)</b>				
Transfers	90,833	-	(90,833)	-
<b>Total Other Financing Sources (Uses)</b>	<u>90,833</u>	<u>-</u>	<u>(90,833)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	369,203	48,597	(90,595)	327,205
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>786,217</u>	<u>231,559</u>	<u>144,273</u>	<u>1,162,049</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,155,420</u>	<u>\$ 280,156</u>	<u>\$ 53,678</u>	<u>\$ 1,489,254</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

TOWN OF WALES

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

---

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**      \$      327,205

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital purchases capitalized in the current period.	12,668
Depreciation expense in the current period.	(103,065)

Property taxes not available as current resources are reported as deferred revenues on the governmental funds financial statements but are not deferred on the government-wide financial statements.

Net change in deferred revenues.	(38,317)
----------------------------------	----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction effects net assets.

Principal repayments on long-term debt.	<u>80,667</u>
---	---------------

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**      \$      279,158

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Wales, Maine (“the Town”) was incorporated in 1816 and is located in Androscoggin County. The Town operates under the Governance of the Board of Selectmen. The Town’s educational system is operated separately from the Town under RSU 4 which comprises the towns of Litchfield, Sabattus and Wales.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**Basis of Presentation**

The Town’s basic financial statements are comprised of the Government-Wide financial statements, fund financial statements and the notes to the basic financial statements of the Town.

**Reporting Entity**

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered potential component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

**Government-Wide Financial Statements**

The Government-Wide financial statements categorize activities as governmental. All activities are governmental.

In the Government-Wide Statement of Net Position, the governmental activities are presented by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets as well as long-term debt and obligations. The Town’s net position is reported in three parts: invested in capital assets (net of related debt), restricted net position, and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Government-Wide Financial Statements (Continued)**

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

The net costs (by function) are normally supported by general revenues. The Town does not allocate indirect costs. The costs are charged directly to the corresponding departments.

The Government-Wide financial statement focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activity.

**Fund Financial Statements**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate.

The following funds are used by the Town:

***Governmental Funds***

General Fund - The General Fund is the main operating fund of the Town and accounts for all revenues and expenditures of the Town not encompassed within other funds. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds - The Special Revenue Fund is used to account for those federal and state revenues that are legally restricted to be expended for specified purposes.

Permanent Funds - The Permanent Fund is used to report assets held in trust for the specific purpose of maintaining cemeteries and other obligations. The Town can only use these funds to satisfy these purposes.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts of the Town and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Basis of Accounting (Continued)**

*Accrual*

The Government-Wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

*Modified Accrual*

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current financial resources.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on long-term debt are recognized when due.

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible to accrual concept in accordance with GASB pronouncements. Revenues received from the State of Maine are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Grant funds are recognized to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are treated as deferred revenues until related and authorized expenditures have been made.

**Budget**

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

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Budget (Continued)**

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

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

**Cash and Cash Equivalents**

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

**Property Taxes and Deferred Tax Revenues**

Property tax revenues are recognized when they become available. Available is defined as taxes collected within the current period or expected to be collected within 60 days from the end of the year. Receivables estimated to be collectible subsequent to the 60 day period are considered to be deferred tax revenues.

**Capital Assets**

As a result of implementing GASB No. 34, the Town has reported capital assets, which include land, buildings, and equipment, in the applicable government activities column in the Government-Wide financial statements. Capital assets are stated on the basis of historical cost. Major capital asset additions are financed primarily from long-term liabilities such as bond proceeds or capital leases.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Assets acquired through gifts or donations are recorded at their estimated fair value at time of acquisition. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is calculated using the straight-line method over the following estimated useful lives:

Building and Building Improvements	15 - 40 years
Computers and Computer Equipment	5 years
Equipment	10 years
Kitchen Equipment	12 years
Vehicles	10 years

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Long-Term Debt**

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

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

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

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

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

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

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Fund Balance (Continued)**

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

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

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

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTE 2: PROPERTY TAXES

Property taxes for the current year were levied on September 29, 2020 on the assessed value for all non-exempt real and personal property located in the Town in April 2020. Taxes were due on November 30, 2020 and April 30, 2021. Interest is charged to uncollected accounts outstanding on December 1st and May 1st at a rate of 8% per annum.

A summary of the valuation and assessment follows:

Valuation	
Real estate	\$112,992,296
Personal property	<u>1,111,872</u>
Total valuation	114,104,168
Tax rate	<u>0.01765</u>
Total assessment	<u>\$ 2,013,939</u>



TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 2: PROPERTY TAXES (Continued)

Appropriations	
County tax	\$ 157,125
Municipal appropriation	1,120,254
School/Education appropriation	1,272,301
Overlay	20,784
Less:	
Homestead Reimbursement	(141,156)
State Municipal Revenue Sharing	(90,000)
BETE Reimbursement	(369)
Other Revenue	<u>(325,000)</u>
Funds committed	<u>\$ 2,013,939</u>

Taxes and liens receivable at June 30, 2021 are detailed below by year:

Taxes Receivable:	2020-21	\$ <u>106,221</u>
Liens Receivable:	2019-20, 2018-19, 2017-18	\$ <u>41,202</u>

NOTE 3: DEPOSITS

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

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2021, the carrying balance of the Town's deposits totaled \$1,476,312 with bank balances totaling \$1,481,192. All of these bank deposits were fully insured by federal deposit insurance and consequently were not exposed to custodial credit risk.

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

NOTE 4: CAPITAL ASSETS

The following is a summary of the capital assets activity for the year ended June 30, 2021:

Governmental Activities:	June 30, 2020	Additions	Subtractions	Transfers	June 30, 2021
<u>At Cost</u>					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Buildings & Improvements	1,282,206	-	-	-	1,282,206
Equipment	381,518	12,668	-	-	394,186
Vehicles	1,164,547	-	-	-	1,164,547
Land Improvements	42,047	-	-	-	42,047
	<u>\$ 2,890,318</u>	<u>\$ 12,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,902,986</u>
<u>Accumulated Depreciation</u>					
Buildings & Improvements	\$ 295,584	\$ 32,801	\$ -	\$ -	\$ 328,385
Equipment	297,535	22,357	-	-	319,892
Vehicles	757,832	45,104	-	-	802,936
Land Improvements	16,163	2,803	-	-	18,966
	<u>\$ 1,367,114</u>	<u>\$ 103,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,470,179</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,523,204</u>				<u>\$ 1,432,807</u>

NOTE 5: LONG-TERM DEBT

A summary of activity of long-term debt is as follows:

Governmental Activities:	June 30, 2020	Additions	Principal Payments	June 30, 2021	Due Within One Year
TD Bank - \$440,000 bond payable with annual principal payments of \$44,000 through August 14, 2025, fixed interest at 2.97% payable semi-annually on February 14 <sup>th</sup> and August 14 <sup>th</sup> .	\$ 220,000	\$ -	\$ 44,000	\$ 176,000	\$ 44,000
Androscoggin Bank - \$550,000 bond payable with annual principal and interest payments of \$36,667 through July 1, 2027, interest fixed at 3.98% payable annually on November 14 <sup>th</sup> .	293,331	-	36,667	256,664	36,667
	<u>\$ 513,331</u>	<u>\$ -</u>	<u>\$ 80,667</u>	<u>\$ 432,664</u>	<u>\$ 80,667</u>

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 5: LONG-TERM DEBT (Continued)

Principal and interest requirements to retire the Town's debt is as follows:

Year Ending June 30,	Total	Principal	Interest
2022	\$ 96,766	\$ 80,667	\$ 16,099
2023	93,991	80,667	13,324
2024	91,226	80,667	10,559
2025	89,114	80,667	8,447
2026	41,045	36,667	4,378
Thereafter	<u>77,706</u>	<u>73,329</u>	<u>4,377</u>
Total	<u>\$ 489,848</u>	<u>\$ 432,664</u>	<u>\$ 57,184</u>

These annual principal retirements, together with interest, are to be appropriated and paid from general fund's tax and intergovernmental revenues and will be recorded as expenditures in the year of payment.

NOTE 6: NONSPENDABLE FUND BALANCES

At June 30, 2021, the Town had the following nonspendable fund balances:

East Wales Cemetery Fund	\$ 32,001
Moulton Trust	20,000
Pond Road Cemetery	<u>1,675</u>
	<u>\$ 53,676</u>

NOTE 7: RESTRICTED FUND BALANCES

At June 30, 2021, the Town had the following restricted fund balances:

Highway Block Grant	\$ 34,410
State Revenue Sharing	288,064
Homestead Exemption	<u>(42,318)</u>
	<u>\$ 280,156</u>

TOWN OF WALES  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 2021

---

NOTE 8: COMMITTED FUND BALANCE

At June 30, 2021, the Town had the following committed fund balance:

Roof Replacement Reserve	\$ 110,826
Road Reconstruction	19,423
First Responders Equipment Reserve	45,920
Road Equipment	50,573
Legal Expenses	12,875
Town Revaluation Fund	20,001
Fire Dept. Equipment Reserve	<u>28,775</u>
	<u>\$ 288,393</u>

NOTE 9: ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

Future Tax Reduction	<u>\$ 117,029</u>
----------------------	-------------------

NOTE 10: UNASSIGNED FUND BALANCE

In accordance with an ordinance approved on June 12, 2021, the Town's unassigned fund balance was capped at \$750,000. The portion of any undesignated surplus in excess of the \$750,000 cap is to be applied toward reducing the Town's property tax levy for later fiscal years to the extent applicable.

NOTE 11: CORONAVIRUS PANDEMIC

An outbreak of a novel strain of coronavirus (COVID-19) has spread to the U.S. and in March 2020, the World Health Organization characterized COVID-19 as a pandemic. There has been no immediate impact to the Town's operations but the extent of the future impact of COVID-19 on the Town's operational and financial performance is not known as of the date these financial statements were issued.

TOWN OF WALES  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021

TOWN OF WALES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2021

	Budgeted		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 2,013,939	\$ 2,013,939	\$ 1,992,942	\$ (20,997)
Excise Taxes	285,000	285,000	348,887	63,887
Licenses, Fees and Miscellaneous	20,000	20,000	38,857	18,857
Federal and State Funding:				
State Municipal Revenue Sharing	90,000	90,000	162,998	72,998
Homestead Reimbursement	141,156	141,156	116,755	(24,401)
Highway Block	20,000	20,000	18,988	(1,012)
Interest/Investment Income	-	-	4,285	4,285
BETE Reimbursement	369	369	377	8
<b>TOTAL REVENUES</b>	<u>2,570,464</u>	<u>2,570,464</u>	<u>2,684,089</u>	<u>113,625</u>
<b>EXPENDITURES</b>				
Municipal Operations:				
Advertising	200	200	154	46
Electricity	10,800	10,800	7,058	3,742
Telecommunications	4,600	4,600	4,983	(383)
Insurance	23,500	23,500	22,948	552
Office Equipment and Supplies	1,600	1,600	2,304	(704)
Computer Services	16,000	16,000	18,526	(2,526)
Salaries/Wages	60,360	60,360	64,029	(3,670)
Audit	9,500	9,500	10,250	(750)
Elections	2,000	2,000	2,705	(705)
Dues and Subscriptions	5,022	5,022	4,924	98
Selectmen's Office	1,000	1,000	1,143	(143)
Mapping	1,125	1,125	1,125	-
Postage	1,450	1,450	2,214	(764)
Unemployment Taxes	704	704	490	214
Lien Notices	2,000	2,000	1,793	207
Appraisal	9,500	9,500	9,500	-
Animal Control	6,000	6,000	5,246	754
FICA/Medicare	4,970	4,970	5,706	(736)
Planning Board Expense	200	200	100	100
Workshops/Travel	1,700	1,700	1,370	330
Code Enforcement Officer	500	500	266	234
Municipal Center Heating Costs	10,500	10,500	6,226	4,274
Miscellaneous	-	-	10	(10)
Sub-Total	<u>\$ 173,231</u>	<u>\$ 173,231</u>	<u>\$ 173,070</u>	<u>\$ 160</u>

TOWN OF WALES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
(continued)

YEAR ENDED JUNE 30, 2021

	<i>Budget</i>		<i>Actual Amounts</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b>EXPENDITURES (Continued)</b>				
Public Works:				
Snow Removal Contract	\$ 121,411	\$ 121,411	\$ 111,293	\$ 10,118
Liquid Treatment	3,000	3,000	-	3,000
Sand and Salt	45,000	45,000	29,821	15,179
Labor, Equipment Hire, Summer Maintenance	106,000	106,000	80,658	25,342
Cemetery	3,800	3,800	4,512	(712)
Municipal Building Expenses	31,200	31,200	56,821	(25,621)
Fuel	2,000	2,000	1,685	315
Road Construction	248,000	248,000	237,401	10,599
Equipment Purchases	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Sub-Total	<u>585,411</u>	<u>585,411</u>	<u>522,191</u>	<u>63,220</u>
Fire Department:				
Operating Expenses	61,178	61,178	61,132	46
Equipment Purchases	<u>12,500</u>	<u>12,500</u>	<u>10,350</u>	<u>2,150</u>
Sub-Total	<u>73,678</u>	<u>73,678</u>	<u>71,482</u>	<u>2,196</u>
First Responders:				
Operating Expenses	12,190	12,190	12,130	60
Equipment Purchases/Repair	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Sub-Total	<u>22,190</u>	<u>22,190</u>	<u>12,130</u>	<u>10,060</u>
Waste Management:				
Monmouth Transfer Station	105,288	105,288	105,288	-
L. A. Sanitary District	<u>250</u>	<u>250</u>	<u>250</u>	<u>-</u>
	<u>105,538</u>	<u>105,538</u>	<u>105,538</u>	<u>-</u>
County Tax	<u>157,125</u>	<u>157,125</u>	<u>157,125</u>	<u>-</u>
Schools - RSU #4	<u>1,272,301</u>	<u>1,272,301</u>	<u>1,272,301</u>	<u>-</u>
Humanities	<u>8,250</u>	<u>8,250</u>	<u>8,250</u>	<u>-</u>
Other:				
Overlay	20,784	20,784	-	20,784
Sabattus Lake Dam Commission	2,000	2,000	2,000	-
Legal	10,000	10,000	981	9,019
Abatements	672	672	2,791	(2,119)
General Assistance	1,000	1,000	-	1,000
Interest	18,883	18,883	18,883	-
PSAP Contract	3,733	3,733	3,733	-
Roof Replacement	<u>-</u>	<u>-</u>	<u>6,409</u>	<u>(6,409)</u>
Sub-Total	<u>57,072</u>	<u>57,072</u>	<u>34,797</u>	<u>22,275</u>
<b>TOTAL EXPENDITURES</b>	<u>2,454,796</u>	<u>2,454,796</u>	<u>2,356,884</u>	<u>97,911</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<u>115,668</u>	<u>115,668</u>	<u>\$ 327,205</u>	<u>\$ 211,536</u>
<b>OTHER FINANCING SOURCES</b>				
Budgeted use of Fund Balance	<u>(115,668)</u>	<u>(115,668)</u>		
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>		

TOWN OF WALES  
OTHER SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021



TOWN OF WALES  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

	<i>Highway Block Grant</i>	<i>State Revenue Sharing</i>	<i>Homestead Exemption</i>	<i>Total All Funds</i>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 34,410	\$ 288,064	\$ (42,318)	\$ 280,156
<b>TOTAL ASSETS</b>	<u>\$ 34,410</u>	<u>\$ 288,064</u>	<u>\$ (42,318)</u>	<u>\$ 280,156</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Unreserved	34,410	288,064	(42,318)	280,156
Total Fund Balances	<u>34,410</u>	<u>288,064</u>	<u>(42,318)</u>	<u>280,156</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 34,410</u>	<u>\$ 288,064</u>	<u>\$ (42,318)</u>	<u>\$ 280,156</u>

TOWN OF WALES

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	<i>Highway Block Grant</i>	<i>State Revenue Sharing</i>	<i>Homestead Exemption</i>	<i>Total All Funds</i>
<b>REVENUES</b>				
Grants	\$ 18,988	\$ 162,998	\$ 116,755	\$ 298,741
<b>EXPENDITURES</b>				
Other	18,988	90,000	141,156	250,144
	<u>18,988</u>	<u>90,000</u>	<u>141,156</u>	<u>250,144</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	72,998	(24,401)	48,597
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>34,410</u>	<u>215,066</u>	<u>(17,917)</u>	<u>231,559</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 34,410</u>	<u>\$ 288,064</u>	<u>\$ (42,318)</u>	<u>\$ 280,156</u>