



Town of
Wales Maine

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2023

TOWN OF WALES
FINANCIAL STATEMENTS

JUNE 30, 2023

C O N T E N T S

	PAGE
INDEPENDENT AUDITOR'S REPORT	<i>1 - 3</i>
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	9
Notes to Financial Statements	<i>10 - 20</i>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	<i>21 - 22</i>
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Special Revenue Funds	23
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds	24

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Wales
Wales, Maine

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wales, Maine, as of June 30, 2023, and the 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 Financial Statements section of our report. We are required to be independent of the Town of Wales, Maine, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Wales, 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Wales, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Wales, 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 budgetary comparison information shown on pages 21 and 22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Wales, Maine's basic financial statements. The combining and individual nonmajor fund financial statements shown on pages 23 and 24 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ouellette & Associates, P.A.
Certified Public Accountants

March 4, 2024
Lewiston, Maine

TOWN OF WALES

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,858,237
Accounts Receivable:	
Taxes	118,390
Liens	35,532
Prepaid Expenses	2,996
Total Current Assets:	<u>2,015,155</u>
Non-Current Assets:	
Capital Assets:	
Land	20,000
Land Improvements	42,047
Buildings and Building Improvements	1,404,009
Equipment	419,066
Vehicles	1,229,721
Infrastructure	5,328,714
Construction-In-Progress	27,790
Accumulated Depreciation	(7,015,750)
Total Capital Assets:	<u>1,455,597</u>
TOTAL ASSETS	<u><u>3,470,752</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	15,322
Payroll Liabilities	6,301
Prepaid Taxes	2,313
Accrued Interest	6,432
Deferred ARPA Funds	81,200
Current Portion of Long-Term Liabilities	81,911
Total Current Liabilities:	<u>193,479</u>
Long-Term Liabilities:	
Due in More than One Year	<u>169,353</u>
TOTAL LIABILITIES	<u><u>362,832</u></u>
NET POSITION	
Net Investment in Capital Assets	1,204,333
Restricted	545,992
Unrestricted	1,357,595
TOTAL NET POSITION	<u><u>\$ 3,107,920</u></u>

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

TOWN OF WALES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
				Total Governmental Activities
Governmental Activities:				
Municipal Operations	\$ 242,150	\$ -	\$ -	\$ (242,150)
Public Works	587,310	-	460,446	(126,864)
Fire Department	159,937	-	-	(159,937)
First Responders	19,642	-	-	(19,642)
Waste Management	108,510	-	-	(108,510)
County Tax	164,500	-	-	(164,500)
Schools	1,487,087	-	-	(1,487,087)
Humanities	8,500	-	-	(8,500)
Other	17,239	-	23,270	6,031
Total Governmental Activities	\$ 2,794,875	\$ -	\$ 483,716	\$ (2,311,159)
General Revenues				
Property Taxes				2,082,692
Excise Taxes				346,478
Fees and Licenses				81,704
Interest Income				11,696
Miscellaneous				13,817
Total General Revenues				2,536,387
Change in Net Position				225,228
Net Position - Beginning				2,882,692
Net Position - Ending				\$ 3,107,920

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

TOWN OF WALES

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Special Revenue Funds	Permanent Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,312,245	\$ 492,316	\$ 53,676	\$ 1,858,237
Accounts Receivable:				
Taxes	118,390	-	-	118,390
Liens	35,532	-	-	35,532
Prepaid Expenses	2,996	-	-	2,996
TOTAL ASSETS	<u>\$ 1,469,163</u>	<u>\$ 492,316</u>	<u>\$ 53,676</u>	<u>\$ 2,015,155</u>
LIABILITIES				
Accounts Payable	15,322	-	-	15,322
Payroll Liabilities	6,301	-	-	6,301
Accrued Liabilities	6,432	-	-	6,432
Prepaid Taxes	2,313	-	-	2,313
Deferred ARPA Funds	81,200	-	-	81,200
Total Liabilities	<u>111,568</u>	<u>-</u>	<u>-</u>	<u>111,568</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	110,923	-	-	110,923
Total Deferred Inflows of Resources	<u>110,923</u>	<u>-</u>	<u>-</u>	<u>110,923</u>
FUND BALANCES				
Nonspendable	2,996	-	53,676	56,672
Restricted	-	492,316	-	492,316
Committed	269,476	-	-	269,476
Assigned	224,200	-	-	224,200
Unassigned	750,000	-	-	750,000
Total Fund Balances	<u>1,246,672</u>	<u>492,316</u>	<u>53,676</u>	<u>1,792,664</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,469,163</u>	<u>\$ 492,316</u>	<u>\$ 53,676</u>	<u>\$ 2,015,155</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, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,792,664
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.	1,455,597
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.	110,923
Long-term debt consisting of notes payable and capital leases payable which have not been included in the governmental funds financial statements.	<u>(251,264)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,107,920</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, 2023

	General Fund	Special Revenue Fund	Permanent Fund	Total
REVENUES				
Property Taxes	\$ 1,961,363	\$ -	\$ -	\$ 1,961,363
Excise Taxes	346,478	-	-	346,478
Fees and Licenses	85,384	-	-	85,384
Federal and State Funding	23,270	460,446	-	483,716
Interest Income	10,870	-	826	11,696
Miscellaneous Income	17,137	-	-	17,137
TOTAL REVENUES	<u>2,444,502</u>	<u>460,446</u>	<u>826</u>	<u>2,905,774</u>
EXPENDITURES				
Municipal Operations	203,601	-	-	203,601
Public Works	266,269	408,365	-	674,634
Fire Department	78,407	-	-	78,407
First Responders	15,079	-	-	15,079
Waste Management	108,510	-	-	108,510
County Tax	164,500	-	-	164,500
Schools	1,487,087	-	-	1,487,087
Humanities	8,500	-	-	8,500
Other	52,741	-	-	52,741
TOTAL EXPENDITURES	<u>2,384,694</u>	<u>408,365</u>	<u>-</u>	<u>2,793,059</u>
Excess of Revenues Over Expenditures	<u>59,808</u>	<u>52,081</u>	<u>826</u>	<u>112,715</u>
Other Financing Sources (Uses)				
Transfers	<u>(36,239)</u>	<u>37,065</u>	<u>(826)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(36,239)</u>	<u>37,065</u>	<u>(826)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	23,569	89,146	-	112,715
FUND BALANCES, BEGINNING OF YEAR	<u>1,223,103</u>	<u>403,170</u>	<u>53,676</u>	<u>1,679,949</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,246,672</u>	<u>\$ 492,316</u>	<u>\$ 53,676</u>	<u>\$ 1,792,664</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, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 112,715

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.	123,254
Depreciation expense in the current period.	(120,083)

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.	27,466
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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.	81,876
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 225,228

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

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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: net investment in capital assets, 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, 2023

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, deferred outflows of resources, fund balance, revenues and expenditures or expenses as appropriate.

The following major funds are used by the Town:

Major 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 Fund - 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 Fund - 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, 2023

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, 2023

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 1st. 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

The Town has reported capital assets, which include land, buildings, equipment, and roads 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 acquisition value at time of donation. 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
Infrastructure	30 Years

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2023

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.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and the balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows or resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) or inflow of resources (revenue) until that time. The governmental funds only report one type of deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 Investment in Capital Assets was Calculated as Follows:

Capital Assets	\$8,471,347
Accumulated Depreciation	(7,015,750)
Bonds Payable	<u>(251,264)</u>
Net Investment in Capital Assets	<u>\$1,204,333</u>

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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.

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.

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 November 10, 2022 on the assessed value for all non-exempt real and personal property located in the Town in April 2022. Taxes were due on December 1, 2022 and May 1, 2023. Interest is charged to uncollected accounts outstanding on December 1st and May 1st at a rate of 4% per annum.

A Summary of the Valuation and Assessment Follows:

Valuation		
Real Estate		\$118,357,940
Personal Property		<u>1,080,296</u>
Total Valuation		119,438,236
Tax Rate		<u>0.01745</u>
Total Assessment		<u>\$ 2,084,197</u>
Appropriations		
County Tax		\$ 164,500
Municipal Appropriation		1,335,564
School/Education Appropriation		1,503,476
Overlay		26,465
Less:		
Homestead Reimbursement		(138,078)
State Municipal Revenue Sharing		(250,000)
BETE Reimbursement		(613)
Other Revenue		<u>(557,117)</u>
Funds Committed		<u>\$ 2,084,197</u>

Taxes and Liens Receivable at June 30, 2023 are Detailed Below by Year:

Taxes Receivable:	2022-23	<u>\$ 118,390</u>
Liens Receivable:	2021-22	<u>\$ 35,532</u>

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2023

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, 2023, the carrying balance of the Town's deposits totaled \$1,858,237 with bank balances totaling \$1,870,724. All of these bank deposits were fully insured by federal deposit insurance or other insurance and consequently were not exposed to custodial credit risk.

NOTE 4: CAPITAL ASSETS

The following is a summary of the capital assets activity for the year ended June 30, 2023:

Governmental Activities:	<i>(Restated)</i>				June 30, 2023
	June 30, 2022	Additions	Subtractions	Transfers	
<u>At Cost</u>					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Buildings and Improvements	1,395,204	8,805	-	-	1,404,009
Equipment	407,081	11,985	-	-	419,066
Vehicles	1,164,547	74,674	9,500	-	1,229,721
Land Improvements	42,047	-	-	-	42,047
Infrastructure	5,328,714	-	-	-	5,328,714
Construction-In-Progress	-	27,790	-	-	27,790
	<u>\$ 8,357,593</u>	<u>\$ 123,254</u>	<u>\$ 9,500</u>	<u>\$ -</u>	<u>\$ 8,471,347</u>
<u>Accumulated Depreciation</u>					
Buildings and Improvements	\$ 362,952	\$ 35,904	\$ -	\$ -	\$ 398,856
Equipment	343,692	21,443	-	-	365,135
Vehicles	848,040	59,932	9,500	-	898,472
Land Improvements	21,769	2,804	-	-	24,573
Infrastructure	5,328,714	-	-	-	5,328,714
	<u>\$ 6,905,167</u>	<u>\$ 120,083</u>	<u>\$ 9,500</u>	<u>\$ -</u>	<u>\$ 7,015,750</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,452,426</u>				<u>\$ 1,455,597</u>
<u>Depreciation Expense was Charged to:</u>					
Municipal Operations	<u>\$ 30,245</u>				
Fire Department	<u>\$ 70,135</u>				
First Responders	<u>\$ 4,563</u>				
Public Works	<u>\$ 15,140</u>				

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2023

NOTE 5: LONG-TERM DEBT

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

Governmental Activities:	<u>June 30, 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>June 30, 2023</u>	<u>Due Within One Year</u>
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 th and August 14 th .	\$ 113,143	\$ -	\$ 45,209	\$ 67,934	\$ 45,244
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 14th.	<u>219,997</u>	<u>-</u>	<u>36,667</u>	<u>183,330</u>	<u>36,667</u>
	<u>\$ 333,140</u>	<u>\$ -</u>	<u>\$ 81,876</u>	<u>\$ 251,264</u>	<u>\$ 81,911</u>

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

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 91,226	\$ 81,911	\$ 9,315
2025	65,868	59,358	6,510
2026	41,045	36,667	4,378
2027	39,585	36,667	2,918
2028	36,661	36,661	-
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 274,385</u>	<u>\$ 251,264</u>	<u>\$ 23,121</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.

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2023

NOTE 6: NONSPENDABLE FUND BALANCES

At June 30, 2023, the Town had the following nonspendable fund balances:

East Wales Cemetery Fund	\$ 32,001
Moulton Trust	20,000
Prepaid Expenses	2,996
Pond Road Cemetery	<u>1,675</u>
	<u>\$ 56,672</u>

NOTE 7: RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted fund balances:

Highway Block Grant	\$ 34,410
State Revenue Sharing	<u>457,906</u>
	<u>\$ 492,316</u>

NOTE 8: COMMITTED FUND BALANCE

At June 30, 2023, the Town had the following committed fund balance:

Bridge Reconstruction Fund	\$ 12,210
Municipal Property Capital Projects Reserve	48,926
First Responders Equipment Reserve	58,117
Road Equipment	32,516
Legal Expenses	15,182
Town Revaluation Fund	60,669
Fire Dept. Equipment Reserve	<u>41,856</u>
	<u>\$ 269,476</u>

NOTE 9: ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

Future Tax Reduction	<u>\$ 224,200</u>
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NOTE 10: UNASSIGNED FUND BALANCE

In accordance with an ordinance approved on June 12, 2021, the Town's general fund 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.

TOWN OF WALES

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2023

NOTE 11: SUBSEQUENT EVENTS

Events that occur after the statement of net position date, June 30, 2023, but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Town through March 4, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 12: RESTATED CAPITAL ASSETS

During the year it was noted that infrastructure, specifically roads, was not capitalized on the Statement of Net Position. As a result, the cost of the infrastructure was reasonably estimated based on a consumer price index (CPI) calculation back to the date of original construction. Accordingly, the June 30, 2022 capital asset balances were restated as follows; infrastructure of \$5,328,714 was added to capital assets and \$5,328,714 of accumulated depreciation for the same amount was added as well. Since the infrastructure was considered fully depreciated there was no change to the Town's net position.

TOWN OF WALES
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

TOWN OF WALES

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

YEAR ENDED JUNE 30, 2023

	Budgeted		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,084,197	\$ 2,084,197	\$ 1,961,363	\$ (122,834)
Excise Taxes	350,000	350,000	346,478	(3,522)
Fees and Licenses	207,117	207,117	85,384	(121,733)
Federal and State Funding	-	-	23,270	23,270
Interest Income	-	-	10,870	10,870
BETE Reimbursement	613	613	855	242
Miscellaneous Income	-	-	16,282	16,282
TOTAL REVENUES	<u>2,641,927</u>	<u>2,641,927</u>	<u>2,444,502</u>	<u>(197,425)</u>
EXPENDITURES				
Municipal Operations:				
Advertising	400	400	221	179
Electricity	13,200	13,200	8,021	5,179
Telecommunications	5,600	5,600	5,409	191
Insurance	25,563	25,563	25,956	(393)
Office Equipment and Supplies	1,760	1,760	2,650	(890)
Printing	100	100	133	(33)
Computer Services	17,750	17,750	17,424	326
Salaries/Wages	73,220	73,220	81,236	(8,016)
Audit	10,550	10,550	10,750	(200)
Elections	2,200	2,200	2,056	144
Dues and Subscriptions	5,300	5,300	5,336	(36)
Selectmen's Office	1,500	1,500	1,427	73
Mapping	2,500	2,500	2,500	-
Postage	1,580	1,580	1,380	200
Unemployment Taxes	1,033	1,033	340	693
Lien Notices	2,000	2,000	1,280	720
Appraisal	13,500	13,500	13,500	-
Animal Control	6,000	6,000	5,355	645
FICA/Medicare	6,957	6,957	7,114	(157)
Planning Board Expense	200	200	136	64
Workshops/Travel	2,000	2,000	1,476	524
Code Enforcement Officer	500	500	246	254
Municipal Center Heating Costs	16,500	16,500	9,635	6,865
Miscellaneous	-	-	20	(20)
Sub-Total	<u>\$ 209,913</u>	<u>\$ 209,913</u>	<u>\$ 203,601</u>	<u>\$ 6,312</u>

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

YEAR ENDED JUNE 30, 2023

	<i>Budget</i>		<i>Actual Amounts</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
EXPENDITURES (Continued)				
Public Works:				
Snow Removal Contract	\$ 180,000	\$ 180,000	\$ 115,900	\$ 64,100
Liquid Treatment	4,000	4,000	54	3,946
Sand and Salt	48,000	48,000	41,977	6,023
Labor, Equipment Hire, Summer Maintenance	108,000	108,000	194,349	(86,349)
Cemetery	7,800	7,800	6,205	1,595
Municipal Building Expenses	34,400	34,400	50,110	(15,710)
Fuel	3,000	3,000	2,669	331
Road Construction	250,000	250,000	188,696	61,304
Equipment Purchases	30,000	30,000	74,674	(44,674)
Expenditures Allocated to the Special Revenue Funds	<u>(408,365)</u>	<u>(408,365)</u>	<u>(408,365)</u>	<u>-</u>
Sub-Total	<u>256,835</u>	<u>256,835</u>	<u>266,269</u>	<u>(9,434)</u>
Fire Department:				
Operating Expenses	67,974	67,974	69,307	(1,333)
Equipment Purchases/Repair	<u>12,500</u>	<u>12,500</u>	<u>9,100</u>	<u>3,400</u>
Sub-Total	<u>80,474</u>	<u>80,474</u>	<u>78,407</u>	<u>2,067</u>
First Responders:				
Operating Expenses	15,307	15,307	15,079	228
Equipment Purchases/Repair	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Sub-Total	<u>25,307</u>	<u>25,307</u>	<u>15,079</u>	<u>10,228</u>
Waste Management:				
Monmouth Transfer Station	108,260	108,260	108,260	-
L. A. Sanitary District	<u>250</u>	<u>250</u>	<u>250</u>	<u>-</u>
	<u>108,510</u>	<u>108,510</u>	<u>108,510</u>	<u>-</u>
County Tax	<u>164,500</u>	<u>164,500</u>	<u>164,500</u>	<u>-</u>
Schools - RSU #4	<u>1,503,476</u>	<u>1,503,476</u>	<u>1,487,087</u>	<u>16,389</u>
Humanities	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Other:				
Overlay	26,465	26,465	-	26,465
Sabattus Lake Dam Commission	3,000	3,000	3,000	-
Legal	5,000	5,000	2,531	2,469
Abatements	5,549	5,549	-	5,549
General Assistance	1,000	1,000	374	626
Interest	18,545	18,545	18,545	-
PSAP Contract	4,121	4,121	4,121	-
Payroll Expenses	-	-	900	(900)
Building Improvements - ARPA funds	-	-	5,408	(5,408)
Decontamination Room - ARPA funds	-	-	6,160	(6,160)
Security Camera & Access Control System - ARPA funds	-	-	11,702	(11,702)
Sub-Total	<u>63,680</u>	<u>63,680</u>	<u>52,741</u>	<u>10,939</u>
TOTAL EXPENDITURES	<u>2,421,194</u>	<u>2,421,194</u>	<u>2,384,694</u>	<u>36,500</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ 220,733</u>	<u>\$ 220,733</u>	<u>\$ 59,808</u>	<u>\$ (160,925)</u>
OTHER FINANCING SOURCES				
Other Contributions to Reserves	(100,000)	(100,000)		
Replenish Unassigned for 2022 Overages	(25,000)	(25,000)		
Budgeted Use of Fund Balance	<u>-</u>	<u>-</u>		
NET CHANGE IN FUND BALANCE	<u>\$ 95,733</u>	<u>\$ 95,733</u>		

TOWN OF WALES
OTHER SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

TOWN OF WALES

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

JUNE 30, 2023

	<i>Highway Block Grant</i>	<i>State Revenue Sharing</i>	<i>Homestead Exemption</i>	<i>Total Funds</i>
ASSETS				
Cash and Cash Equivalents	\$ 34,410	\$ 457,906	\$ -	\$ 492,316
TOTAL ASSETS	<u>\$ 34,410</u>	<u>\$ 457,906</u>	<u>\$ -</u>	<u>\$ 492,316</u>
LIABILITIES AND FUND BALANCES				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Restricted	<u>34,410</u>	<u>457,906</u>	<u>-</u>	<u>492,316</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 34,410</u>	<u>\$ 457,906</u>	<u>\$ -</u>	<u>\$ 492,316</u>

TOWN OF WALES

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

FOR THE YEAR ENDED JUNE 30, 2023

	<i>Highway Block Grant</i>	<i>State Revenue Sharing</i>	<i>Homestead Exemption</i>	<i>Total Funds</i>
REVENUES				
Grants	\$ 20,288	\$ 320,503	\$ 119,655	\$ 460,446
EXPENDITURES				
Other	20,288	250,000	138,077	408,365
	<u>20,288</u>	<u>250,000</u>	<u>138,077</u>	<u>408,365</u>
Excess of Revenues Over (under) Expenditures	<u>-</u>	<u>70,503</u>	<u>(18,422)</u>	<u>52,081</u>
Other Financing Sources (Uses)				
Interfund Transfer	-	-	37,065	37,065
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>37,065</u>	<u>37,065</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR				
	<u>34,410</u>	<u>387,403</u>	<u>(18,643)</u>	<u>403,170</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR				
	<u>\$ 34,410</u>	<u>\$ 457,906</u>	<u>\$ -</u>	<u>\$ 492,316</u>