

Audited Financial Statements  
and Other Financial Information

**Town of Warren, Maine**

June 30, 2022



*Proven Expertise & Integrity*

TOWN OF WARREN, MAINE

CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	19 - 49
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	50
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	51
SCHEDULE 2 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	52
SCHEDULE 3 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	53

SCHEDULE 4 - SCHEDULE OF CONTRIBUTIONS - OPEB	54
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	55
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	56
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	57
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	58 - 59
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	60
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	61
SPECIAL REVENUE FUNDS DESCRIPTION	62
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	63 - 64
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	65 - 66
CAPITAL PROJECTS FUNDS DESCRIPTION	67
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	68 - 70
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	71 - 73
PERMANENT FUNDS DESCRIPTION	74
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	75 - 78
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	79 - 82

GENERAL CAPITAL ASSETS DESCRIPTION	83
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	84
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	85
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	86 - 87



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## INDEPENDENT AUDITOR'S REPORT

Selectboard  
Town of Warren  
Warren, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Warren, Maine, as of and for the year ended June 30, 2022 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Town of Warren, Maine as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Warren, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Warren'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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 Warren, 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 doubt about the Town of Warren, Maine's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and OPEB related information on pages 5 through 11 and 51 through 55 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 Warren, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund

financial statements and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023 on our consideration of the Town of Warren, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Warren's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Warren, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
September 18, 2023

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Warren, Maine's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2022. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Warren's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, OPEB schedules and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information regarding the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the town's activities. The type of activity presented for the Town of Warren is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, health and sanitation, recreation and culture, education and unclassified.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Warren, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Warren are classified as governmental funds.

*Governmental funds:* All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Warren presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other

funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and other schedules provide information in regard to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position decreased by \$245,575 from \$24,768,049 to \$24,522,474.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$6,928,145 at the end of the year.

**Table 1**  
**Town of Warren, Maine**  
**Net Position**  
**June 30,**

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 13,428,587	\$ 12,634,201
Noncurrent Assets - Capital Assets	11,723,067	12,249,447
Total Assets	25,151,654	24,883,648
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to OPEB	5,076	9,114
Total Deferred Outflows of Resources	5,076	9,114
<b>Liabilities:</b>		
Current Liabilities	53,366	42,409
Noncurrent Liabilities	44,136	57,791
Total Liabilities	97,502	100,200
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	458	11,976
Deferred Inflows Related to OPEB	24,099	12,537
Deferred Revenues	512,197	-
Total Deferred Inflows of Resources	536,754	24,513
<b>Net Position:</b>		
Net Investment in Capital Assets	11,723,067	12,249,447
Restricted	5,871,262	6,676,977
Unrestricted	6,928,145	5,841,625
Total Net Position	\$ 24,522,474	\$ 24,768,049

### Revenues and Expenses

Revenues for the year decreased by \$1,168,553 or 12.22%. Expenses for the year increased by \$140,637 or 1.66%. The largest decrease in revenues was in investment income, while the largest increase in expenses was in public works.

**Table 2**  
**Town of Warren, Maine**  
**Changes in Net Position**  
**For the Year Ended June 30,**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 369,105	\$ 300,243
Operating grants and contributions	57,490	56,603
<i>General Revenues:</i>		
Taxes	6,866,724	6,933,230
Grants and contributions not restricted to specific programs	1,308,059	935,956
Investment income, net of unrealized gains/(losses)	(553,023)	1,136,757
Miscellaneous	344,122	198,241
Total revenues	<u>8,392,477</u>	<u>9,561,030</u>
<b>Expenses</b>		
General government	602,210	624,968
Public safety	547,339	561,108
Public works	1,450,232	1,030,900
Health and sanitation	269,660	265,647
Recreation and culture	99,234	106,262
County tax	386,116	375,045
Education	4,783,611	4,799,719
Unclassified	478,149	297,560
Capital outlay	21,501	436,206
Total expenses	<u>8,638,052</u>	<u>8,497,415</u>
Change in Net Position	(245,575)	1,063,615
Net Position - July 1, Restated	<u>24,768,049</u>	<u>23,704,434</u>
Net Position - June 30	<u>\$ 24,522,474</u>	<u>\$ 24,768,049</u>

## Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Town of Warren, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	2022	2021	Increase/ (Decrease)
General Fund:			
Nonspendable	\$ 28,393	\$ 28,393	\$ -
Committed	500,000	300,000	200,000
Unassigned	4,945,377	4,041,023	904,354
Total General Fund	\$ 5,473,770	\$ 4,369,416	\$ 1,104,354
Nonmajor Funds:			
Special Revenues Funds:			
Committed	\$ 202,406	\$ 193,886	\$ 8,520
Capital Projects Funds:			
Committed	1,116,475	1,014,724	101,751
Permanent Funds:			
Restricted	5,871,262	6,676,977	(805,715)
Total Nonmajor Funds	\$ 7,190,143	\$ 7,885,587	\$ (695,444)

The changes to total fund balances for the general fund and nonmajor funds were due to the regular activity of operations.

### Budgetary Highlights

There was an increase in the revenue budget of \$20,001 and a decrease in the expenditure budget of \$6,209 from the original to the final budgets for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$1,215,428. This was a result of all revenue categories being receipted in excess of budgeted amounts.

The general fund actual expenditures were under budgeted amounts by \$112,716. All expenditure categories were at or within budgeted amounts with the exception of unclassified.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town decreased by \$526,380. This decrease is the result of capital additions of \$555,539 less current year depreciation of \$1,081,919. Refer to Note 5 of Notes to Financial Statements for additional information.

**Table 4**  
**Town of Warren, Maine**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Land and Construction in Progress	\$ 1,454,816	\$ 1,360,000
Buildings and Improvements	382,354	482,841
Machinery and Equipment	184,300	111,169
Vehicles	206,553	206,553
Infrastructure	9,495,044	10,088,884
Total	<u>\$ 11,723,067</u>	<u>\$ 12,249,447</u>

### Debt

At June 30, 2022, the Town had a balance of \$3,976 in a note from direct borrowings versus \$6,084 in the previous year. Refer to Note 6 of Notes to Financial Statements for additional information.

### Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has increased to a level sufficient to sustain government operations for a period of approximately nine months during the year ended June 30, 2022, while also maintaining significant reserve accounts for future capital and program needs.

### Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 167 Western Road, Warren, Maine 04864.

TOWN OF WARREN, MAINE  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 7,148,094
Investments	5,966,294
Accounts receivable (net of allowance for uncollectibles):	
Taxes	151,307
Liens	134,370
Other	129
Prepaid items	9,314
Tax acquired property	19,079
Total current assets	<u>13,428,587</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,454,816
Buildings and equipment, net of accumulated depreciation	10,268,251
Total noncurrent assets	<u>11,723,067</u>
<b>TOTAL ASSETS</b>	<u>25,151,654</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	5,076
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,076</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 25,156,730</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 47,886
Accrued expenses	3,254
Current portion of long-term obligations	2,226
Total current liabilities	<u>53,366</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable	1,750
Net OPEB liability	42,386
Total noncurrent liabilities	<u>44,136</u>
<b>TOTAL LIABILITIES</b>	<u>97,502</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	458
Deferred inflows related to OPEB	24,099
Deferred revenues	512,197
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>536,754</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,723,067
Restricted	5,871,262
Unrestricted	6,928,145
<b>TOTAL NET POSITION</b>	<u>24,522,474</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 25,156,730</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
				Revenue and Changes in Net Position	
				Total Governmental Activities	
General government	\$ 602,210	\$ 42,710	\$ -	\$ -	\$ (559,500)
Public safety	547,339	117,903	-	-	(429,436)
Public works	1,450,232	104,834	55,144	-	(1,290,254)
Health and sanitation	269,660	61,254	2,346	-	(206,060)
Recreation and culture	99,234	15,149	-	-	(84,085)
County tax	386,116	-	-	-	(386,116)
Education	4,783,611	-	-	-	(4,783,611)
Unclassified	478,149	27,255	-	-	(450,894)
Capital outlay	21,501	-	-	-	(21,501)
<b>Total government</b>	<b>\$ 8,638,052</b>	<b>\$ 369,105</b>	<b>\$ 57,490</b>	<b>\$ -</b>	<b>(8,211,457)</b>

STATEMENT B (CONTINUED)

TOWN OF WARREN, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(8,211,457)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,971,691
Excise taxes	895,033
Grants and contributions not restricted to specific programs	1,308,059
Investment income, net of unrealized gains/(losses)	(553,023)
Miscellaneous	344,122
Total general revenues	7,965,882
Change in net position	(245,575)
NET POSITION - JULY 1, RESTATED	24,768,049
NET POSITION - JUNE 30	\$ 24,522,474

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,278,457	\$ 869,637	\$ 7,148,094
Investments	-	5,966,294	5,966,294
Accounts receivable (net of allowance for uncollectibles):			
Taxes	151,307	-	151,307
Tax liens	134,370	-	134,370
Other	129	-	129
Prepaid items	9,314	-	9,314
Tax acquired property	19,079	-	19,079
Due from other funds	88,604	442,816	531,420
<b>TOTAL ASSETS</b>	<u>\$ 6,681,260</u>	<u>\$ 7,278,747</u>	<u>\$ 13,960,007</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 47,886	\$ -	\$ 47,886
Accrued expenses	3,254	-	3,254
Due to other funds	442,816	88,604	531,420
<b>TOTAL LIABILITIES</b>	<u>493,956</u>	<u>88,604</u>	<u>582,560</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	458	-	458
Deferred property tax	200,879	-	200,879
Deferred revenues	512,197	-	512,197
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>713,534</u>	<u>-</u>	<u>713,534</u>
<b>FUND BALANCES</b>			
Nonspendable	28,393	-	28,393
Restricted	-	5,871,262	5,871,262
Committed	500,000	1,318,881	1,818,881
Assigned	-	-	-
Unassigned	4,945,377	-	4,945,377
<b>TOTAL FUND BALANCES</b>	<u>5,473,770</u>	<u>7,190,143</u>	<u>12,663,913</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 6,681,260</u>	<u>\$ 7,278,747</u>	<u>\$ 13,960,007</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

	Total Governmental Funds
Total Fund Balances	\$ 12,663,913
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	11,723,067
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	200,879
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	5,076
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Notes from direct borrowings payable	(3,976)
Net OPEB liability	(42,386)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(24,099)
Net position of governmental activities	\$ 24,522,474

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property	\$ 6,098,013	\$ -	\$ 6,098,013
Excise	895,033	-	895,033
Intergovernmental	1,365,549	-	1,365,549
Investment income, net of unrealized gains/(losses)	97,860	(650,883)	(553,023)
Charges for services/fees	369,105	-	369,105
Other revenue	180,254	163,868	344,122
<b>TOTAL REVENUES</b>	<b>9,005,814</b>	<b>(487,015)</b>	<b>8,518,799</b>
<b>EXPENDITURES</b>			
Current:			
General government	598,319	-	598,319
Public safety	547,339	-	547,339
Public works	475,859	-	475,859
Health and sanitation	267,239	-	267,239
Recreation and culture	99,234	-	99,234
County tax	386,116	-	386,116
Education	4,783,611	-	4,783,611
Unclassified	165,635	302,205	467,840
Debt service:			
Principal	2,108	-	2,108
Capital outlay	-	482,224	482,224
<b>TOTAL EXPENDITURES</b>	<b>7,325,460</b>	<b>784,429</b>	<b>8,109,889</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,680,354</b>	<b>(1,271,444)</b>	<b>408,910</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	576,000	576,000
Transfers (out)	(576,000)	-	(576,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(576,000)</b>	<b>576,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,104,354</b>	<b>(695,444)</b>	<b>408,910</b>
<b>FUND BALANCES - JULY 1</b>	<b>4,369,416</b>	<b>7,885,587</b>	<b>12,255,003</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 5,473,770</b>	<b>\$ 7,190,143</b>	<b>\$ 12,663,913</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, 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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 408,910</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	555,539
Depreciation expense	<u>(1,081,919)</u>
	<u>(526,380)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(4,038)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(126,322)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>2,108</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(11,562)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore not reported as expenditures in governmental funds:	
Net OPEB liability	<u>11,709</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (245,575)</u></u>

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Warren was incorporated under the laws of the State of Maine. The Town operates under the selectboard-town manager form of government and provides the following services: general government, public safety, public works, health and sanitation, recreation and culture, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform;

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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. All activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables 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.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide 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 activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. 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.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

1. Early in the first half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

**Deposits and Investments**

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.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer, as directed by the municipal officers, is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$129 for the year ended June 30, 2022.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**OPEB**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the 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 its use either through enabling

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 net 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 restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a 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 only for specific purposes determined by a 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 given annually by vote of the taxpayers and is expressed by the Selectboard.

**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

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Town has adopted a set of financial policies to guide the financial operation of the Town. Included in the policies are guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of this item - deferred outflows related to OPEB. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statement of net position and the governmental funds balance sheet. Deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 11, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due in two installments on November 15, 2021 and May 15, 2022. Interest on unpaid taxes commenced on November 16, 2021 and May 16, 2022, at 6% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$35,836 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.

**Tax Acquired Property**

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by warrant article at Town Meeting.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does use encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds. Further, state statutes allow for the municipal officers to authorize the Treasurer to enter into a safekeeping or investment agreement with a State-recognized financial institution with trust powers, for investment of the Town's reserve or trust funds, to be governed by the rule of prudence. The municipal officers of the Town of Warren entered into an investment agreement with First National Bank for investment of its permanent funds.

**Deposits:**

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. The Town does not have a policy covering custodial credit risk for 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, 2022, the Town's cash and cash equivalent balances amounting to \$7,148,094 were comprised of bank deposits of \$7,306,427. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$415,156 were fully insured by federal depository insurance and therefore not exposed

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

to custodial credit risk and the balance of \$6,891,271 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
NOW accounts	\$ 6,204,893
Checking accounts	34,844
Savings accounts	185,445
Cash and cash equivalents	881,245
	<u>\$ 7,306,427</u>

**Investments:**

Custodial credit risk for investments is 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 possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2022, the Town had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>	<u>&gt; 5 Years</u>
Brokered certificates of deposit	\$ 438,397	\$ -	\$ -	\$ 438,397	\$ -
Debt securities:					
U.S. government agencies	268,734	-	55,130	213,604	-
Corporate bonds	742,621	-	260,525	482,096	-
Mutual funds	1,442,173	1,442,173	-	-	-
Equity securities:					
Common stock	1,076,651	1,076,651	-	-	-
Mutual funds and exchange-traded funds	1,997,718	1,997,718	-	-	-
	<u>\$ 5,966,294</u>	<u>\$ 4,516,542</u>	<u>\$ 315,655</u>	<u>\$ 1,134,097</u>	<u>\$ -</u>

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

In accordance with State statutes, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. Of the Town's investments \$500,000 were covered by the Securities Investor Protection Corporation (SIPC) and \$250,000 were covered by Federal Deposit Insurance Corporation (FDIC) therefore not exposed to custodial credit risk. The remaining investments of \$5,216,294 were uninsured and uncollateralized.

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2022:

	June 30, 2022 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Brokered certificates of deposit	\$ 438,397	\$ -	\$ 438,397	\$ -
Debt securities:				
U.S. agency securities	268,734	-	268,734	-
Corporate bonds	742,621	-	742,621	-
Mutual funds	1,442,173	1,442,173	-	-
Total debt securities	<u>2,891,925</u>	<u>1,442,173</u>	<u>1,011,355</u>	<u>-</u>
Equity securities:				
Common stock	1,076,651	1,076,651	-	-
Mutual funds and exchange-traded funds	1,997,718	1,997,718	-	-
Total equity securities	<u>3,074,369</u>	<u>3,074,369</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>5,966,294</u>	<u>\$ 4,516,542</u>	<u>\$ 1,011,355</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	881,245			
Total cash equivalents measured at the NAV	<u>881,245</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 6,847,539</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2022 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. As of June 30, 2022, the Town's investments in corporate U.S. Agency securities, corporate bonds and mutual funds were rated AA+ (\$795,670), A (\$44,983), BBB+ (\$154,887) and unrated (\$1,896,382) by Moody's Rating Service.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 88,604	\$ 442,816
Nonmajor special revenue funds	109,748	2,424
Nonmajor capital projects funds	333,068	86,180
	<u>\$ 531,420</u>	<u>\$ 531,420</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 576,000	\$ -
Nonmajor special revenue funds	-	12,000
Nonmajor capital projects funds	-	564,000
	<u>\$ 576,000</u>	<u>\$ 576,000</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance 7/1/2021 (Restated)	Additions	Disposals	Balance 6/30/22
Non-depreciated assets:				
Land	\$ 1,360,000	\$ 94,816	\$ -	\$ 1,454,816
	<u>1,360,000</u>	<u>94,816</u>	<u>-</u>	<u>1,454,816</u>
Depreciated assets:				
Buildings & improvements	\$ 2,478,485	\$ -	\$ -	\$ 2,478,485
Machinery and equipment	432,977	25,010	(8,900)	449,087
Vehicles	1,368,925	117,556	(700)	1,485,781
Infrastructure	22,702,105	318,157	-	23,020,262
	<u>26,982,492</u>	<u>460,723</u>	<u>(9,600)</u>	<u>27,433,615</u>
Less: accumulated depreciation	(16,093,045)	(1,081,919)	9,600	(17,165,364)
	<u>10,889,447</u>	<u>(621,196)</u>	<u>-</u>	<u>10,268,251</u>
Net capital assets	<u>\$ 12,249,447</u>	<u>\$ (526,380)</u>	<u>\$ -</u>	<u>\$ 11,723,067</u>
<u>Current year depreciation</u>				
Public works				\$ 974,373
Transfer station				2,421
Buildings				105,125
				<u>\$ 1,081,919</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Reductions	Balance 6/30/22	Current Year Portion
Note from direct borrowings payable	\$ 6,084	\$ -	\$ (2,108)	\$ 3,976	\$ 2,226
	<u>6,084</u>	<u>-</u>	<u>(2,108)</u>	<u>3,976</u>	<u>2,226</u>

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of a note from direct borrowing payable for the year ended June 30, 2022:

Copier Lease - \$10,424 2019 Operating Lease with a fixed interest rate of 5.48% per annum. Due in monthly principal and interest payments of \$199. Maturity in March of 2024 \$ 3,976

The following is a summary of the outstanding note from direct borrowing payable principal and interest due in future years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ 2,226	\$ 162	\$ 2,388
2024	1,750	40	1,791
	<u><u>\$ 3,976</u></u>	<u><u>\$ 202</u></u>	<u><u>\$ 4,179</u></u>

All bonds payable and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - LONG-TERM OBLIGATION

The following is a summary of changes in the long-term obligation for the year ended June 30, 2022:

	<u>Balance 7/1/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/22</u>	<u>Current Year Portion</u>
Accrued comp	\$ 25,540	\$ -	\$ (1,776)	\$ 23,764	\$ 1,188
Net OPEB Liability	54,095	8,023	(19,732)	42,386	-
	<u><u>\$ 79,635</u></u>	<u><u>\$ 8,023</u></u>	<u><u>\$ (21,508)</u></u>	<u><u>\$ 66,150</u></u>	<u><u>\$ 1,188</u></u>

Please see Note 8 and Note 16 for detailed information on the other long-term obligation.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 8 - ACCRUED COMPENSATION

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Town's liability for compensated absences is \$23,764.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

Invested in capital assets	\$	28,888,431
Accumulated depreciation		(17,165,364)
Outstanding capital related debt		(3,976)
	\$	<u>11,719,091</u>

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2022, the Town had the following restricted net position and restricted fund balances:

Nonmajor permanent funds (Schedule I)	
Fairview	\$ 18,571
Counce	18,882
Eaton Scholarship	1,003,360
Leonard	7,436
Riverview	48,882
Sawyer	29,361
Starrett	23,219
Malcolm and Watts	35,763
Henrickson Investment	286,852
Sarah Hilt H.S. Endowment	80,589
Ida Libby	189,866
Moody/Blake	254,407
John F. Richardson Trust Fund	926,466
O'Brien Trust	674,097
Montgomery Trust	238,069
Katherine F. Walker	7,589
Warren Free Library	264,071
Dr. Raymond Vinal	2,044
Edward P. Lemke	6,440
Segregated cemetery Trust Fund	1,323,330
Rowe Scholarship	129,910
Robinson Scholarship	66,952
Miscellaneous Scholarships	1,893
Warren Day Scholarship	22,858
Bernard O. Teague	190,758
Unallocated	4,571
Leland E. Overlock	15,026
	<u>\$ 5,871,262</u>

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 9,314
Tax acquired property	19,079
	<u>\$ 28,393</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

General fund:	
FY 2023 budget	\$ 500,000
Nonmajor special revenue funds (Schedule E)	202,406
Nonmajor capital projects funds (Schedule G)	1,116,475
	<u>\$ 1,818,881</u>

NOTE 13 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2022, the Town's share was approximately:

	Outstanding Debt	Percentage	Amount
	<u>          </u>	<u>          </u>	<u>          </u>
County of Knox	\$ 2,436,506	4.49%	\$ 109,455
Regional School Unit No. 40	5,680,664	27.91%	1,585,540
			<u>\$ 1,694,995</u>

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2022:

	Excess
Town clerk (Article 8 )	\$ 408
Recreation (Article 17)	415
Warren day (Article 21)	5,170
Land purchase	94,816
	<u>\$ 100,809</u>

During the annual Town Meeting held on June 19, 2019, the taxpayers passed an article to allow the Selectboard to move up to 10% of unexpended balances from various accounts as needed.

NOTE 15 - DEFERRED COMPENSATION PLAN

MISSIONSQUARE RETIREMENT

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the MissionSquare Retirement. The plan, available to all Town employees permits them to defer a portion of their salary, in addition to Town contributions until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Selectboard. Generally, the Town will contribute 3% of annual salary for full-time employees who participate in the Town's deferred compensation plan. The Town's contributions to the plan was \$11,087 and employees' contributions to the plan for 2022 was \$22,176.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2022, the following employees were covered by the benefit terms:

Active members	8
Retirees and spouses	-
Total	<u>8</u>

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 1500	\$957	\$2,148
<u>Medicare</u>		
Medicare-Eligible Retirees	\$601	\$1,201

**Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the Town reported a liability of \$42,386 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$3,891. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,663
Changes of assumptions	4,389	14,436
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	687	-
<b>Total</b>	<b>\$ 5,076</b>	<b>\$ 24,099</b>

\$687 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2023	\$ (5,261)
2024	(4,327)
2025	(2,095)
2026	(2,675)
2027	(2,675)
Thereafter	(2,677)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2022. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.06% per annum for June 30, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 48,917	\$ 42,386	\$ 37,001
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 48,917</u>	<u>\$ 42,386</u>	<u>\$ 37,001</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 36,713	\$ 42,386	\$ 49,476
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 36,713</u>	<u>\$ 42,386</u>	<u>\$ 49,476</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

*Assumptions*

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for year end 2021 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2022\_fa was used for this valuation. The following assumptions were input into this model:

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality:

Healthy Annuitant- Based on 112% 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 included 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.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality. 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.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2022 was (\$9,663).

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period.

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 167 Western Road, Warren, Maine 04864.

NOTE 17 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2022.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation

TOWN OF WARREN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17 - RISK MANAGEMENT (CONTINUED)

coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 18 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 19 - RESTATEMENT

In 2022, the Town determined that certain balances in prior years were incorrect, therefore, restatement to the 2021 government-wide financial statements was required. The beginning net position was restated by \$69,761 to include adjustments to fixed assets from the prior year. The resulting restatement increased the governmental activities net position from \$24,698,288 to \$24,768,049.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF WARREN, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance - July 1	\$ 4,369,416	\$ 4,369,416	\$ 4,369,416	\$ -
Resources (Inflows):				
Property taxes	5,972,924	5,972,924	6,098,013	125,089
Excise taxes	655,000	655,000	895,033	240,033
Intergovernmental revenue	817,501	839,812	1,365,549	525,737
Charges for services	267,650	267,650	369,105	101,455
Interest income	55,000	55,000	97,860	42,860
Other revenue	2,310	-	180,254	180,254
Amounts Available for Appropriation	<u>12,139,801</u>	<u>12,159,802</u>	<u>13,375,230</u>	<u>1,215,428</u>
Charges to Appropriations (Outflows):				
General government	666,686	663,859	598,319	65,540
Public safety	623,051	623,051	547,339	75,712
Public works	482,455	482,455	475,859	6,596
Health and sanitation	286,548	286,548	267,239	19,309
Recreation and culture	112,283	112,283	99,234	13,049
County tax	386,116	386,116	386,116	-
Education	4,783,611	4,783,611	4,783,611	-
Debt service:				
Principal	2,108	2,108	2,108	-
Unclassified	101,527	98,145	165,635	(67,490)
Transfers to other funds	576,000	576,000	576,000	-
Total Charges to Appropriations	<u>8,020,385</u>	<u>8,014,176</u>	<u>7,901,460</u>	<u>112,716</u>
Budgetary Fund Balance, June 30	<u>\$ 4,119,416</u>	<u>\$ 4,145,626</u>	<u>\$ 5,473,770</u>	<u>\$ 1,328,144</u>
Utilization of assigned fund balance	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>
Budget out of balance	<u>\$ -</u>	<u>\$ 26,210</u>		

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 54,095	\$ -	\$ 54,095
Changes for the year:			
Service cost	6,744	-	6,744
Interest	1,279	-	1,279
Changes of benefits	-	-	-
Differences between expected and actual experience	(2,974)	-	(2,974)
Changes of assumptions	(15,753)	-	(15,753)
Contributions - employer	-	1,005	(1,005)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(1,005)	(1,005)	-
Administrative expense	-	-	-
Net changes	<u>(11,709)</u>	<u>-</u>	<u>(11,709)</u>
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 42,386</u>	<u>\$ -</u>	<u>\$ 42,386</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>					
Service cost (BOY)	6,744	5,998	5,622	5,985	5,470
Interest (includes interest on service cost)	1,279	1,378	2,259	1,830	1,432
Changes of benefit terms	-	-	(954)	-	-
Differences between expected and actual experience	(2,974)	-	(17,788)	-	3,196
Changes of assumptions	(15,753)	2,896	6,629	(4,661)	5,155
Benefit payments, including refunds of member contributions	(1,005)	(966)	(901)	(866)	(67)
Net change in total OPEB liability	\$ (11,709)	\$ 9,306	\$ (5,133)	\$ 2,288	\$ 15,186
Total OPEB liability - beginning	\$ 54,095	\$ 44,789	\$ 49,922	\$ 47,634	\$ 32,448
Total OPEB liability - ending	\$ 42,386	\$ 54,095	\$ 44,789	\$ 49,922	\$ 47,634
<u>Plan fiduciary net position</u>					
Contributions - employer	1,005	966	901	866	67
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(1,005)	(966)	(901)	(866)	(67)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 42,386	\$ 54,095	\$ 44,789	\$ 49,922	\$ 47,634
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 340,135	\$ 286,945	\$ 289,392	\$ 289,392	\$ 289,392
Net OPEB liability as a percentage of covered payroll	12.5%	18.9%	15.6%	17.3%	16.5%

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>					
Employer contributions	\$ 1,005	\$ 966	\$ 901	\$ 866	\$ 67
Benefit payments	(1,005)	(966)	(901)	(866)	(67)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 340,135	\$ 286,945	\$ 289,392	\$ 289,392	\$ 289,392
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022

**Changes of Assumptions**

Maine Municipal Employee Health Trust:

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

## Other Supplementary Information

Other supplementary information includes financial statements not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF WARREN, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,972,924	\$ 5,972,924	\$ 6,098,013	\$ 125,089
Auto excise	650,000	650,000	888,555	238,555
Boat excise	5,000	5,000	6,478	1,478
Intergovernmental revenues:				
State revenue sharing	400,000	422,311	916,641	494,330
Homestead reimbursement	349,345	349,345	362,699	13,354
Highway block grant	50,000	50,000	55,144	5,144
Tree growth	7,000	7,000	10,118	3,118
Veterans' exemption	2,000	2,000	3,793	1,793
General assistance	5,000	5,000	2,346	(2,654)
BETE reimbursement	4,156	4,156	14,631	10,475
Other intergovernmental	-	-	177	177
Charges for services:				
Administration income	8,000	8,000	11,992	3,992
Ambulance income	100,000	100,000	116,451	16,451
Building permits/CEO	10,000	10,000	13,660	3,660
Cablevision income	24,000	24,000	27,255	3,255
Recreation income	-	-	7,802	7,802
Landfill income	87,000	87,000	104,834	17,834
Transfer station/ trash bag	20,000	20,000	61,254	41,254
Planning Board income	1,000	1,000	4,800	3,800
Animal control	1,500	1,500	1,452	(48)
Permits and fees	250	250	310	60
Plumbing permits	4,500	4,500	6,798	2,298
Town Clerk fees	4,400	4,400	5,058	658
Library income	-	-	92	92
Prison hydrant	7,000	7,000	7,347	347
Interest income:				
Tax interest	20,000	20,000	41,794	21,794
Interest and investment income	20,000	20,000	40,323	20,323
Lien cost	15,000	15,000	15,743	743
Miscellaneous revenues:				
Miscellaneous other	2,310	-	71,726	71,726
Sale of town property	-	-	108,528	108,528
Amounts Available for				
Appropriation	<u>\$ 7,770,385</u>	<u>\$ 7,790,386</u>	<u>\$ 9,005,814</u>	<u>\$ 1,215,428</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Board of Selectmen	\$ 43,920	\$ -	\$ 43,920	\$ 26,093	\$ 17,827
Administration	242,558	(1,848)	240,710	214,630	26,080
Town clerk	50,810	(979)	49,831	50,239	(408)
Assessing	51,300	-	51,300	49,306	1,994
Code/planning	53,040	-	53,040	51,548	1,492
Personnel/fringes	225,058	-	225,058	206,503	18,555
Total	<u>666,686</u>	<u>(2,827)</u>	<u>663,859</u>	<u>598,319</u>	<u>65,540</u>
<b>PUBLIC SAFETY</b>					
Fire department	95,588	-	95,588	69,427	26,161
Ambulance	272,704	-	272,704	235,824	36,880
Animal control	11,517	-	11,517	10,685	832
General protections	243,242	-	243,242	231,403	11,839
Total	<u>623,051</u>	<u>-</u>	<u>623,051</u>	<u>547,339</u>	<u>75,712</u>
<b>PUBLIC WORKS</b>					
Highway	482,455	-	482,455	475,859	6,596
Total	<u>482,455</u>	<u>-</u>	<u>482,455</u>	<u>475,859</u>	<u>6,596</u>
<b>HEALTH AND SANITATION</b>					
Transfer station	286,548	-	286,548	267,239	19,309
Total	<u>286,548</u>	<u>-</u>	<u>286,548</u>	<u>267,239</u>	<u>19,309</u>

TOWN OF WARREN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
RECREATION AND CULTURE					
Library	38,549	-	38,549	35,493	3,056
Recreation	54,391	-	54,391	54,806	(415)
Social services and contributions	19,343	-	19,343	8,935	10,408
Total	<u>112,283</u>	<u>-</u>	<u>112,283</u>	<u>99,234</u>	<u>13,049</u>
COUNTY TAX					
	<u>386,116</u>	<u>-</u>	<u>386,116</u>	<u>386,116</u>	<u>-</u>
EDUCATION					
	<u>4,783,611</u>	<u>-</u>	<u>4,783,611</u>	<u>4,783,611</u>	<u>-</u>
DEBT SERVICE					
Principal	2,108	-	2,108	2,108	-
Total	<u>2,108</u>	<u>-</u>	<u>2,108</u>	<u>2,108</u>	<u>-</u>
UNCLASSIFIED					
Facilities/grounds	57,309	-	57,309	54,979	2,330
Warren day	5,000	-	5,000	10,170	(5,170)
Land purchase	-	-	-	94,816	(94,816)
Overlay	39,218	(3,382)	35,836	5,670	30,166
Total	<u>101,527</u>	<u>(3,382)</u>	<u>98,145</u>	<u>165,635</u>	<u>(67,490)</u>
TRANSFERS TO OTHER FUNDS					
Capital projects funds	576,000	-	576,000	576,000	-
Total	<u>576,000</u>	<u>-</u>	<u>576,000</u>	<u>576,000</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 8,020,385</u>	<u>\$ (6,209)</u>	<u>\$ 8,014,176</u>	<u>\$ 7,901,460</u>	<u>\$ 112,716</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 36,163	\$ 347,469	\$ 486,005	\$ 869,637
Investments	58,919	522,118	5,385,257	5,966,294
Due from other funds	109,748	333,068	-	442,816
<b>TOTAL ASSETS</b>	<u>\$ 204,830</u>	<u>\$ 1,202,655</u>	<u>\$ 5,871,262</u>	<u>\$ 7,278,747</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 2,424	\$ 86,180	-	\$ 88,604
<b>TOTAL LIABILITIES</b>	<u>2,424</u>	<u>86,180</u>	<u>-</u>	<u>88,604</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	5,871,262	5,871,262
Committed	202,406	1,116,475	-	1,318,881
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>202,406</u>	<u>1,116,475</u>	<u>5,871,262</u>	<u>7,190,143</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 204,830</u>	<u>\$ 1,202,655</u>	<u>\$ 5,871,262</u>	<u>\$ 7,278,747</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 594	\$ 5,740	\$ (657,217)	\$ (650,883)
Other	5,901	155,417	2,550	163,868
TOTAL REVENUES	<u>6,495</u>	<u>161,157</u>	<u>(654,667)</u>	<u>(487,015)</u>
EXPENDITURES				
Capital outlay	-	482,224	-	482,224
Other	9,975	141,182	151,048	302,205
TOTAL EXPENDITURES	<u>9,975</u>	<u>623,406</u>	<u>151,048</u>	<u>784,429</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,480)</u>	<u>(462,249)</u>	<u>(805,715)</u>	<u>(1,271,444)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	564,000	-	576,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>564,000</u>	<u>-</u>	<u>576,000</u>
NET CHANGE IN FUND BALANCES	8,520	101,751	(805,715)	(695,444)
FUND BALANCES - JULY 1	<u>193,886</u>	<u>1,014,724</u>	<u>6,676,977</u>	<u>7,885,587</u>
FUND BALANCES - JUNE 30	<u>\$ 202,406</u>	<u>\$ 1,116,475</u>	<u>\$ 5,871,262</u>	<u>\$ 7,190,143</u>

See accompanying independent auditor's report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2022

	Recreation Fundraising	Employment Security Reserve	Dry Hydrant Reserve	Recreation Reserve	Park Reserve	Warren Day Fund Reserve	Woolen Mill Reserve
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,540	\$ 11,855	\$ 887	\$ 1,293	\$ 6,405	\$ 7,756	\$ 1,825
Investments	12,903	17,813	1,333	1,942	9,624	11,656	2,742
Due from other funds	148	26	4,006	14	14	-	4
<b>TOTAL ASSETS</b>	<b>\$ 18,591</b>	<b>\$ 29,694</b>	<b>\$ 6,226</b>	<b>\$ 3,249</b>	<b>\$ 16,043</b>	<b>\$ 19,412</b>	<b>\$ 4,571</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,420	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,420</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	18,591	29,694	6,226	3,249	16,043	16,992	4,571
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>18,591</b>	<b>29,694</b>	<b>6,226</b>	<b>3,249</b>	<b>16,043</b>	<b>16,992</b>	<b>4,571</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,591</b>	<b>\$ 29,694</b>	<b>\$ 6,226</b>	<b>\$ 3,249</b>	<b>\$ 16,043</b>	<b>\$ 19,412</b>	<b>\$ 4,571</b>

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2022

	Entertainment Reserve	Library Donations	Cemetery Monument Reserve	Comprehensive Plan	Debt Stabilization Reserve	Assesment Review Reserve	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 487	\$ -	\$ 115	\$ -	\$ -	\$ -	\$ 36,163
Investments	732	-	174	-	-	-	58,919
Due from other funds	-	4,536	-	6,000	25,000	70,000	109,748
<b>TOTAL ASSETS</b>	<u>\$ 1,219</u>	<u>\$ 4,536</u>	<u>\$ 289</u>	<u>\$ 6,000</u>	<u>\$ 25,000</u>	<u>\$ 70,000</u>	<u>\$ 204,830</u>
	0						
<b>LIABILITIES</b>							
Due to other funds	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,424
<b>TOTAL LIABILITIES</b>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,424</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	1,215	4,536	289	6,000	25,000	70,000	202,406
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>1,215</u>	<u>4,536</u>	<u>289</u>	<u>6,000</u>	<u>25,000</u>	<u>70,000</u>	<u>202,406</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,219</u>	<u>\$ 4,536</u>	<u>\$ 289</u>	<u>\$ 6,000</u>	<u>\$ 25,000</u>	<u>\$ 70,000</u>	<u>\$ 204,830</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Recreation Fundraising	Employment Security Reserve	Dry Hydrant Reserve	Recreation Reserve	Park Reserve	Warren Day Fund Reserve	Woolen Mill Reserve
REVENUES							
Interest income	\$ 145	\$ 197	\$ 27	\$ 47	\$ 108	\$ 36	\$ 32
Other income	2,998	-	-	-	-	1,951	-
TOTAL REVENUES	<u>3,143</u>	<u>197</u>	<u>27</u>	<u>47</u>	<u>108</u>	<u>1,987</u>	<u>32</u>
EXPENDITURES							
Other	3,136	1,288	92	130	696	1,150	198
TOTAL EXPENDITURES	<u>3,136</u>	<u>1,288</u>	<u>92</u>	<u>130</u>	<u>696</u>	<u>1,150</u>	<u>198</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7</u>	<u>(1,091)</u>	<u>(65)</u>	<u>(83)</u>	<u>(588)</u>	<u>837</u>	<u>(166)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	2,000	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7	(1,091)	1,935	(83)	(588)	837	(166)
FUND BALANCES - JULY 1	<u>18,584</u>	<u>30,785</u>	<u>4,291</u>	<u>3,332</u>	<u>16,631</u>	<u>16,155</u>	<u>4,737</u>
FUND BALANCES - JUNE 30	<u>\$ 18,591</u>	<u>\$ 29,694</u>	<u>\$ 6,226</u>	<u>\$ 3,249</u>	<u>\$ 16,043</u>	<u>\$ 16,992</u>	<u>\$ 4,571</u>

TOWN OF WARREN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Entertainment Reserve	Library Donations	Cemetery Monument Reserve	Comprehensive Plan	Debt Stabilization Reserve	Assesment Review Reserve	Total
REVENUES							
Interest income	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 594
Other income	-	952	-	-	-	-	5,901
TOTAL REVENUES	<u>2</u>	<u>952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,495</u>
EXPENDITURES							
Other	54	3,220	11	-	-	-	9,975
TOTAL EXPENDITURES	<u>54</u>	<u>3,220</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,975</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(52)</u>	<u>(2,268)</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,480)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	10,000	12,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCES	(52)	(2,268)	(11)	-	-	10,000	8,520
FUND BALANCES - JULY 1	<u>1,267</u>	<u>6,804</u>	<u>300</u>	<u>6,000</u>	<u>25,000</u>	<u>60,000</u>	<u>193,886</u>
FUND BALANCES - JUNE 30	<u>\$ 1,215</u>	<u>\$ 4,536</u>	<u>\$ 289</u>	<u>\$ 6,000</u>	<u>\$ 25,000</u>	<u>\$ 70,000</u>	<u>\$ 202,406</u>

See accompanying independent auditor's report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

## TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

	Ambulance Reserve	Ambulance Equipment Reserve	Town Forest Reserve	Municipal Building Reserve	Highway Equipment Fund	Fire Dept Equipment Reserve
<b>ASSETS</b>						
Cash and cash equivalents	\$ 33,377	\$ -	\$ 18,641	\$ 141,255	\$ 33,113	\$ 115,418
Investments	50,154	-	28,011	212,253	49,757	173,429
Due from other funds	20,551	57,530	39	(65,792)	-	75,370
<b>TOTAL ASSETS</b>	<u>\$ 104,082</u>	<u>\$ 57,530</u>	<u>\$ 46,691</u>	<u>\$ 287,716</u>	<u>\$ 82,870</u>	<u>\$ 364,217</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 78,691	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,691</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	104,082	57,530	46,691	287,716	4,179	364,217
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>104,082</u>	<u>57,530</u>	<u>46,691</u>	<u>287,716</u>	<u>4,179</u>	<u>364,217</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 104,082</u>	<u>\$ 57,530</u>	<u>\$ 46,691</u>	<u>\$ 287,716</u>	<u>\$ 82,870</u>	<u>\$ 364,217</u>

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2022

	Hot Top Fund	Office Equipment Fund	Transfer Station Fund	Computer Technology	Road Construction Fund	Bridge Repair
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,157	\$ 415	\$ 4,093	\$ -	\$ -	\$ -
Investments	1,739	625	6,150	-	-	-
Due from other funds	2	4,964	7,988	1,500	83,460	109,303
<b>TOTAL ASSETS</b>	<b>\$ 2,898</b>	<b>\$ 6,004</b>	<b>\$ 18,231</b>	<b>\$ 1,500</b>	<b>\$ 83,460</b>	<b>\$ 109,303</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ 1,962	\$ 5,527	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,962</b>	<b>5,527</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	2,898	4,042	12,704	1,500	83,460	109,303
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>2,898</b>	<b>4,042</b>	<b>12,704</b>	<b>1,500</b>	<b>83,460</b>	<b>109,303</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
	<b>\$ 2,898</b>	<b>\$ 6,004</b>	<b>\$ 18,231</b>	<b>\$ 1,500</b>	<b>\$ 83,460</b>	<b>\$ 109,303</b>

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2022

	Vehicle Life Cycle Reserve	Alewives Pen Repair	Record Restoration Reserve	Cemetery Improvements	FD Digital Communications	Highway Signs	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,469
Investments	-	-	-	-	-	-	522,118
Due from other funds	1,500	5,000	2,353	11,750	8,000	9,550	333,068
<b>TOTAL ASSETS</b>	<b>\$ 1,500</b>	<b>\$ 5,000</b>	<b>\$ 2,353</b>	<b>\$ 11,750</b>	<b>\$ 8,000</b>	<b>\$ 9,550</b>	<b>\$ 1,202,655</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,180
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,180</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	1,500	5,000	2,353	11,750	8,000	9,550	1,116,475
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,500</b>	<b>5,000</b>	<b>2,353</b>	<b>11,750</b>	<b>8,000</b>	<b>9,550</b>	<b>1,116,475</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,500</b>	<b>\$ 5,000</b>	<b>\$ 2,353</b>	<b>\$ 11,750</b>	<b>\$ 8,000</b>	<b>\$ 9,550</b>	<b>\$ 1,202,655</b>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Ambulance Reserve	Ambulance Equipment Reserve	Town Forest Reserve	Municipal Building Reserve	Highway Equipment Fund	Fire Dept Equipment Reserve
REVENUES						
Interest income	\$ 545	\$ -	\$ 307	\$ 2,196	\$ 738	\$ 1,855
Other income	-	-	-	155,417	-	-
TOTAL REVENUES	<u>545</u>	<u>-</u>	<u>307</u>	<u>157,613</u>	<u>738</u>	<u>1,855</u>
EXPENDITURES						
Capital outlay	-	-	-	21,502	142,565	-
Other	3,648	-	2,026	108,801	8,104	12,606
TOTAL EXPENDITURES	<u>3,648</u>	<u>-</u>	<u>2,026</u>	<u>130,303</u>	<u>150,669</u>	<u>12,606</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,103)</u>	<u>-</u>	<u>(1,719)</u>	<u>27,310</u>	<u>(149,931)</u>	<u>(10,751)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	27,000	-	-	80,000	75,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>75,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	21,897	27,000	(1,719)	27,310	(69,931)	64,249
FUND BALANCES (DEFICITS) - JULY 1	<u>82,185</u>	<u>30,530</u>	<u>48,410</u>	<u>260,406</u>	<u>74,110</u>	<u>299,968</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 104,082</u>	<u>\$ 57,530</u>	<u>\$ 46,691</u>	<u>\$ 287,716</u>	<u>\$ 4,179</u>	<u>\$ 364,217</u>

TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Hot Top Fund	Office Equipment Fund	Transfer Station Fund	Computer Technology	Road Construction Fund	Bridge Repair Reserve
REVENUES						
Interest income	\$ 19	\$ 11	\$ 69	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>19</u>	<u>11</u>	<u>69</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	318,157	-
Other	126	45	444	-	3,462	-
TOTAL EXPENDITURES	<u>126</u>	<u>45</u>	<u>444</u>	<u>-</u>	<u>321,619</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(107)</u>	<u>(34)</u>	<u>(375)</u>	<u>-</u>	<u>(321,619)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	3,000	7,000	-	345,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,000</u>	<u>7,000</u>	<u>-</u>	<u>345,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(107)	2,966	6,625	-	23,381	-
FUND BALANCES (DEFICITS) - JULY 1	<u>3,005</u>	<u>1,076</u>	<u>6,079</u>	<u>1,500</u>	<u>60,079</u>	<u>109,303</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,898</u>	<u>\$ 4,042</u>	<u>\$ 12,704</u>	<u>\$ 1,500</u>	<u>\$ 83,460</u>	<u>\$ 109,303</u>

TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Vehicle Life Cycle Reserve	Alewives Pen Repair	Record Restoration Reserve	Cemetery Improvements	FD Digital Communications	Highway Signs	Total
REVENUES							
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,740
Other income	-	-	-	-	-	-	155,417
TOTAL REVENUES	-	-	-	-	-	-	161,157
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	482,224
Other	-	-	1,920	-	-	-	141,182
TOTAL EXPENDITURES	-	-	1,920	-	-	-	623,406
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,920)	-	-	-	(462,249)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	2,000	-	564,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	2,000	-	564,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(1,920)	-	2,000	-	101,751
FUND BALANCES (DEFICITS) - JULY 1	1,500	5,000	4,273	11,750	6,000	9,550	1,014,724
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,500	\$ 5,000	\$ 2,353	\$ 11,750	\$ 8,000	\$ 9,550	1,116,475

See accompanying independent auditor's report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Warren, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2022

	Fairview	Counce	Eaton Scholarship	Leonard	Riverview	Sawyer	Starrett
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,537	\$ 1,563	\$ 83,055	\$ 616	\$ 4,046	\$ 2,430	\$ 1,922
Investments	17,034	17,319	920,305	6,820	44,836	26,931	21,297
<b>TOTAL ASSETS</b>	<b>\$ 18,571</b>	<b>\$ 18,882</b>	<b>\$ 1,003,360</b>	<b>\$ 7,436</b>	<b>\$ 48,882</b>	<b>\$ 29,361</b>	<b>\$ 23,219</b>
<b>LIABILITIES</b>							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	18,571	18,882	1,003,360	7,436	48,882	29,361	23,219
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>18,571</b>	<b>18,882</b>	<b>1,003,360</b>	<b>7,436</b>	<b>48,882</b>	<b>29,361</b>	<b>23,219</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,571</b>	<b>\$ 18,882</b>	<b>\$ 1,003,360</b>	<b>\$ 7,436</b>	<b>\$ 48,882</b>	<b>\$ 29,361</b>	<b>\$ 23,219</b>

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2022

	Malcolm and Watts	Henrickson Investment	Sarah Hilt H.S. Endowment	Ida Libby	Moody/Blake	John F. Richardson Trust Fund	O'Brien Trust
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,960	\$ 23,745	\$ 6,671	\$ 15,717	\$ 21,059	\$ 76,690	\$ 55,800
Investments	32,803	263,107	73,918	174,149	233,348	849,776	618,297
<b>TOTAL ASSETS</b>	<b>\$ 35,763</b>	<b>\$ 286,852</b>	<b>\$ 80,589</b>	<b>\$ 189,866</b>	<b>\$ 254,407</b>	<b>\$ 926,466</b>	<b>\$ 674,097</b>
<b>LIABILITIES</b>							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	35,763	286,852	80,589	189,866	254,407	926,466	674,097
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>35,763</b>	<b>286,852</b>	<b>80,589</b>	<b>189,866</b>	<b>254,407</b>	<b>926,466</b>	<b>674,097</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 35,763</b>	<b>\$ 286,852</b>	<b>\$ 80,589</b>	<b>\$ 189,866</b>	<b>\$ 254,407</b>	<b>\$ 926,466</b>	<b>\$ 674,097</b>

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2022

	Montgomery Trust	Katherine F. Walker	Warren Free Library	Dr. Raymond Vinal	Edward P. Lemke	Segregated Cemetery Trust Fund	Rowe Scholarship
<b>ASSETS</b>							
Cash and cash equivalents	\$ 19,707	\$ 628	\$ 21,859	\$ 169	\$ 533	\$ 109,541	\$ 10,754
Investments	218,362	6,961	242,212	1,875	5,907	1,213,789	119,156
<b>TOTAL ASSETS</b>	<b>\$ 238,069</b>	<b>\$ 7,589</b>	<b>\$ 264,071</b>	<b>\$ 2,044</b>	<b>\$ 6,440</b>	<b>\$ 1,323,330</b>	<b>\$ 129,910</b>
<b>LIABILITIES</b>							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	238,069	7,589	264,071	2,044	6,440	1,323,330	129,910
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>238,069</b>	<b>7,589</b>	<b>264,071</b>	<b>2,044</b>	<b>6,440</b>	<b>1,323,330</b>	<b>129,910</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 238,069</b>	<b>\$ 7,589</b>	<b>\$ 264,071</b>	<b>\$ 2,044</b>	<b>\$ 6,440</b>	<b>\$ 1,323,330</b>	<b>\$ 129,910</b>

TOWN OF WARREN, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2022

	Robinson Scholarship	Miscellaneous Scholarships	Warren Day Scholarship	Bernard O. Teague	Unallocated	Leland E. Overlock	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,542	\$ 157	\$ 1,892	\$ 15,790	\$ 378	\$ 1,244	\$ 486,005
Investments	61,410	1,736	20,966	174,968	4,193	13,782	5,385,257
<b>TOTAL ASSETS</b>	<b>\$ 66,952</b>	<b>\$ 1,893</b>	<b>\$ 22,858</b>	<b>\$ 190,758</b>	<b>\$ 4,571</b>	<b>\$ 15,026</b>	<b>\$ 5,871,262</b>
<b>LIABILITIES</b>							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	66,952	1,893	22,858	190,758	4,571	15,026	5,871,262
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>66,952</b>	<b>1,893</b>	<b>22,858</b>	<b>190,758</b>	<b>4,571</b>	<b>15,026</b>	<b>5,871,262</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 66,952</b>	<b>\$ 1,893</b>	<b>\$ 22,858</b>	<b>\$ 190,758</b>	<b>\$ 4,571</b>	<b>\$ 15,026</b>	<b>\$ 5,871,262</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Fairview	Counce	Eaton Scholarship	Leonard	Riverview	Sawyer	Starrett
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (2,025)	\$ (2,058)	\$ (121,652)	\$ (811)	\$ (5,329)	\$ (3,213)	\$ (2,618)
Other income	-	-	-	-	-	2,550	-
TOTAL REVENUES	<u>(2,025)</u>	<u>(2,058)</u>	<u>(121,652)</u>	<u>(811)</u>	<u>(5,329)</u>	<u>(663)</u>	<u>(2,618)</u>
EXPENDITURES							
Other	82	83	39,645	33	216	525	4,114
TOTAL EXPENDITURES	<u>82</u>	<u>83</u>	<u>39,645</u>	<u>33</u>	<u>216</u>	<u>525</u>	<u>4,114</u>
NET CHANGE IN FUND BALANCES	(2,107)	(2,141)	(161,297)	(844)	(5,545)	(1,188)	(6,732)
FUND BALANCES - JULY 1	<u>20,678</u>	<u>21,023</u>	<u>1,164,657</u>	<u>8,280</u>	<u>54,427</u>	<u>30,549</u>	<u>29,951</u>
FUND BALANCES - JUNE 30	<u>\$ 18,571</u>	<u>\$ 18,882</u>	<u>\$ 1,003,360</u>	<u>\$ 7,436</u>	<u>\$ 48,882</u>	<u>\$ 29,361</u>	<u>\$ 23,219</u>

TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Malcolm and Watts	Henrickson Investment	Sarah Hilt H.S. Endowment	Ida Libby	Moody/Blake	John F. Richardson Trust Fund	O'Brien Trust
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (3,899)	\$ (30,855)	\$ (9,757)	\$ (20,423)	\$ (27,734)	\$ (99,681)	\$ (72,501)
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	<u>(3,899)</u>	<u>(30,855)</u>	<u>(9,757)</u>	<u>(20,423)</u>	<u>(27,734)</u>	<u>(99,681)</u>	<u>(72,501)</u>
EXPENDITURES							
Other	158	1,267	3,867	839	1,127	6,564	3,361
TOTAL EXPENDITURES	<u>158</u>	<u>1,267</u>	<u>3,867</u>	<u>839</u>	<u>1,127</u>	<u>6,564</u>	<u>3,361</u>
NET CHANGE IN FUND BALANCES	(4,057)	(32,122)	(13,624)	(21,262)	(28,861)	(106,245)	(75,862)
FUND BALANCES - JULY 1	<u>39,820</u>	<u>318,974</u>	<u>94,213</u>	<u>211,128</u>	<u>283,268</u>	<u>1,032,711</u>	<u>749,959</u>
FUND BALANCES - JUNE 30	<u>\$ 35,763</u>	<u>\$ 286,852</u>	<u>\$ 80,589</u>	<u>\$ 189,866</u>	<u>\$ 254,407</u>	<u>\$ 926,466</u>	<u>\$ 674,097</u>

TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Montgomery Trust	Katherine F. Walker	Warren Free Library	Dr. Raymond Vinal	Edward P. Lemke	Segregated Cemetery Trust Fund	Rowe Scholarship
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (25,608)	\$ (827)	\$ (32,516)	\$ (251)	\$ (780)	\$ (145,404)	\$ (15,729)
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	<u>(25,608)</u>	<u>(827)</u>	<u>(32,516)</u>	<u>(251)</u>	<u>(780)</u>	<u>(145,404)</u>	<u>(15,729)</u>
EXPENDITURES							
Other	1,051	34	1,179	9	303	75,224	6,190
TOTAL EXPENDITURES	<u>1,051</u>	<u>34</u>	<u>1,179</u>	<u>9</u>	<u>303</u>	<u>75,224</u>	<u>6,190</u>
NET CHANGE IN FUND BALANCES	(26,659)	(861)	(33,695)	(260)	(1,083)	(220,628)	(21,919)
FUND BALANCES - JULY 1	<u>264,728</u>	<u>8,450</u>	<u>297,766</u>	<u>2,304</u>	<u>7,523</u>	<u>1,543,958</u>	<u>151,829</u>
FUND BALANCES - JUNE 30	<u>\$ 238,069</u>	<u>\$ 7,589</u>	<u>\$ 264,071</u>	<u>\$ 2,044</u>	<u>\$ 6,440</u>	<u>\$ 1,323,330</u>	<u>\$ 129,910</u>

TOWN OF WARREN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Robinson Scholarship</u>	<u>Miscellaneous Scholarships</u>	<u>Warren Day Scholarship</u>	<u>Bernard O. Teague</u>	<u>Unallocated</u>	<u>Leland E. Overlock</u>	<u>Total</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (8,106)	\$ (320)	\$ (2,768)	\$ (20,519)	\$ -	\$ (1,833)	\$ (657,217)
Other income	-	-	-	-	-	-	2,550
TOTAL REVENUES	<u>(8,106)</u>	<u>(320)</u>	<u>(2,768)</u>	<u>(20,519)</u>	<u>-</u>	<u>(1,833)</u>	<u>(654,667)</u>
EXPENDITURES							
Other	3,205	9	1,054	842	-	67	151,048
TOTAL EXPENDITURES	<u>3,205</u>	<u>9</u>	<u>1,054</u>	<u>842</u>	<u>-</u>	<u>67</u>	<u>151,048</u>
NET CHANGE IN FUND BALANCES	(11,311)	(329)	(3,822)	(21,361)	-	(1,900)	(805,715)
FUND BALANCES - JULY 1	<u>78,263</u>	<u>2,222</u>	<u>26,680</u>	<u>212,119</u>	<u>4,571</u>	<u>16,926</u>	<u>6,676,977</u>
FUND BALANCES - JUNE 30	<u>\$ 66,952</u>	<u>\$ 1,893</u>	<u>\$ 22,858</u>	<u>\$ 190,758</u>	<u>\$ 4,571</u>	<u>\$ 15,026</u>	<u>\$ 5,871,262</u>

See accompanying independent auditor's report and notes to financial statements.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

## TOWN OF WARREN, MAINE

## SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings and Improvements	Machinery, Equipment and Vehicles	Infrastructure	Total
Administration	\$ -	\$ -	\$ 13,150	\$ -	\$ 13,150
Ambulance	-	-	219,226	-	219,226
Animal control	-	-	500	-	500
Fire department	-	-	492,050	-	492,050
Public works	-	-	1,111,272	22,999,283	24,110,555
Transfer station	-	13,722	97,195	20,979	131,896
Recreation	-	-	1,475	-	1,475
Cemeteries	489,500	-	-	-	489,500
Buildings	965,316	2,464,763	-	-	3,430,079
Total General Capital Assets	1,454,816	2,478,485	1,934,868	23,020,262	28,888,431
Less: Accumulated Depreciation	-	(2,096,131)	(1,544,015)	(13,525,218)	(17,165,364)
Net General Capital Assets	\$ 1,454,816	\$ 382,354	\$ 390,853	\$ 9,495,044	\$ 11,723,067

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF WARREN, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Deletions	General Capital Assets 6/30/22
Administration	\$ 13,150	\$ -	\$ -	\$ 13,150
Ambulance	219,226	-	-	219,226
Animal control	500	-	-	500
Fire department	492,050	-	-	492,050
Public works	23,659,432	460,723	(9,600)	24,110,555
Transfer station	131,896	-	-	131,896
Recreation	1,475	-	-	1,475
Cemeteries	489,500	-	-	489,500
Buildings	3,335,263	94,816	-	3,430,079
Total General Capital Assets	28,342,492	555,539	(9,600)	28,888,431
Less: Accumulated Depreciation	(16,093,045)	(1,081,919)	9,600	(17,165,364)
Net General Capital Assets	<u>\$ 12,249,447</u>	<u>\$ (526,380)</u>	<u>\$ -</u>	<u>\$ 11,723,067</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Selectboard  
Town of Warren  
Warren, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Warren, 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 Warren, Maine's basic financial statements and have issued our report thereon dated September 18, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Warren, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Warren, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Warren, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Warren, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of the Town of Warren, Maine in a separate letter dated July 25, 2023.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
September 18, 2023