

TOWN OF LYMAN, MAINE

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2022

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Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Select Board
Town of Lyman
Lyman, Maine

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Lyman, 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 Lyman, Maine's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Lyman, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Lyman, Maine's ability to continue as a going concern for a reasonable period of time.

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

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, OPEB schedule, and budgetary comparison schedule, on pages 5-9, 32-34, 35 and 36 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 Lyman, Maine's basic financial statements. The combining balance sheet – non major governmental funds, and combining statement of revenue, expenditures and changes in fund balance – non major governmental funds, schedule of taxes receivable and schedule of departmental operations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – non major governmental funds, and combining statement of revenue, expenditures and changes in fund balance – non major governmental funds, schedule of taxes receivable, and schedule of departmental operations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA

Levant, Maine

November 28, 2022

Town of Lyman

Management's Discussion and Analysis

Fiscal Year ending June 30, 2022

Management of the Town of Lyman offers this management's discussion and analysis report that will provide information that should be used in conjunction with the outside audit report for year ending June 30, 2022.

Overview of the Financial Statements:

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

Government-wide Financial Statements:

The government-wide financial statements present the financial picture of the Town as a whole and are designed to provide readers with a long-term overview of the Town's finances, in a manner similar to the private sector. They include a Statement of Net Position, which shows information on all the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event occurs, regardless of when cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Governmental Activities – The Town's basic functions are reported here which include general government, public health and sanitation, public safety, public works, debt service, and culture and recreation. Property taxes, intergovernmental revenues, permits and fees, and state and federal grants finance most of these activities.

The government wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or major funds, rather than the Town as a whole. A fund is a group of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities. The Town's funds are divided into two fund categories: governmental and fiduciary.

Governmental Funds (*Statements 3 and 4*) – Most of the Town's basic functions are reported in the governmental funds, which focus on near-term inflows and outflows of spendable resources and balances remaining at year end that are available for spending. These funds use the modified accrual basis of accounting, which measures cash and other financial assets that can

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

readily be converted to cash. The governmental fund statements are designed to show a short-term view of the Town's general government operations and the services it provides. The differences between the governmental activities as reported in the government-wide financial statements and the fund financial statements are itemized in reconciliations to the fund financial statements.

The fund financial statements can be found on pages 12-14 of this report.

Notes to the Financial Statements:

The notes provide the reader with additional information about the Town that will help understand the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-31 of this report.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule of the Town's General Fund. This section also includes the pension related schedules required by GASB Statement # 68 and the OPEB schedules required by GASB Statement # 75. Required supplementary information can be found on pages 32-36 of this report.

In addition to the required elements, we have included a section with a combining balance sheet for the non-major funds (Special Revenue and Permanent Funds), a combining statement of revenues, expenditures, and changes in fund balance, a schedule of taxes receivable, and a schedule of departmental operations that provide additional details. The supplementary schedules can be found on pages 37-41 of this report.

Financial Highlights:

Net position – The assets and deferred outflows of resources of the town exceeded its liabilities and deferred inflows of resources at the period ending June 30, 2022 by \$10,671,339 – this is referred to as “Net Position”. Of that amount, \$5,526,173 was considered unrestricted net position. Unrestricted net position represents the amount available to be used to meet the Town's ongoing financial obligations.

The Town's net position increased by \$1,202,593, which can be seen on Statement 2 of the financial statements.

Fund balance – The Town's governmental funds reported on a current financial resources basis, had a combined ending fund balances of \$5,350,349 and increase of \$1,083,054 from the prior year.

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

The total unassigned fund balance for the general fund was \$4,476,435, which represents 50% of the total general fund expenditures.

Government Wide Financial Analysis:

Approximately 48% of the Town's net position is its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, etc), less any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to the community; these capital assets are not available for future spending. While the Town's investment in the capital assets is reported net of the related debt, it is important to note that the resources required to repay this debt must be provided from other sources, since the capital assets themselves are not liquid assets.

	Governmental Activities	
	6/30/2022	6/30/2021
Current Assets	\$ 6,017,317	\$ 4,798,259
Capital Assets	5,145,167	4,981,954
Net Pension Asset (GASB #68 – adopted FY22)	2,883	-
<i>Total Assets</i>	11,165,366	9,780,213
<i>Deferred Outflows of Resources</i>	56,632	10,444
<i>Total Assets & Deferred Outflows of Resources</i>	\$ 11,221,999	\$ 9,790,657
Current Liabilities	\$ 433,137	\$ 246,029
Net OPEB Obligations	33,541	61,460
<i>Total Liabilities</i>	466,678	307,489
Property Taxes Collected in Advance	15,342	11,146
Related to Pension	39,496	-
Related to OPEB	29,143	3,276
<i>Total Deferred Inflows of Resources</i>	83,981	14,422
NET POSITION:		
Net Investment in Capital Assets	5,145,167	4,981,954
Unrestricted	5,526,173	4,486,792
<i>Total Net Position</i>	10,671,339	9,468,746
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	\$ 11,221,999	\$ 9,790,657

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

Approximately 85% of the Town's total revenue was made up by taxes – property and excise, approximately 11% was from State revenues and grants, and approximately 4% was made up of interest, charges for services (agent fees and ambulance service fees), and other miscellaneous revenues.

	Governmental Activities	
	6/30/2022	6/30/2021
Revenues:		
<i>Program Revenues:</i>		
Charges for Services	\$ 73,848	\$ 75,485
Operating Grants and Contributions	1,708	1,708
<i>General Revenues:</i>		
Taxes	8,532,563	7,676,143
Licenses and permits	112,867	98,693
Interest and investment earnings	60,840	42,757
Grants and contributions	1,170,320	503,773
Miscellaneous	130,252	107,160
TOTAL REVENUES	10,082,398	8,505,719
 Expenses:		
General government	1,093,331	831,348
Public safety	548,031	491,472
Sanitation	238,786	241,917
Public works	675,887	933,830
Social services	1,414	570
Special assessments	5,662,296	5,395,663
Recreation	69,518	53,722
Other	195,081	210,596
Depreciation	395,462	379,696
TOTAL EXPENSES	8,879,806	8,538,814
	1,202,592	(33,095)
Beginning Net Position	9,468,747	9,501,842
Ending Net Position	\$ 10,671,339	\$ 9,468,747

Financial Analysis of the Fund Financial Statements:

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for spending. This information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a benchmark of a government's net resources for spending at the end of the year.

Town of Lyman

Management's Discussion and Analysis

Fiscal Year ending June 30, 2022

At the end of the year, the Town's governmental funds reported a combined ending fund balance of \$5,350,349, an increase of \$1,083,054 from the prior year. Approximately 84% of the total is the Town's unassigned fund balance. The remainder is reserved to indicate that it is not available for spending due to being committed to liquidate contracts and commitments of the prior year, or for a variety of other purposes.

Differences between the original budget and the final amended budget include budget appropriations carried over from the prior year and other revenues collected during the fiscal year.

Actual revenues and other financing sources were more than the budgetary estimated by approximately \$985 thousand. This was primarily due to actual excise taxes and other revenues in excess of anticipated amounts.

Actual expenditures were below final budgeted estimates by approximately \$833 thousand due to savings in all departments and the utilization of carry forward balances.

For further detail, a budget to actual comparison for the General Fund can be found on Schedule A, page 36 of the financial statements.

Capital Assets:

The Town's investment in capital assets for the governmental activities is \$8,609,439, net of accumulated depreciation of \$3,464,272, giving a net book value of \$5,145,167. Additions to capital assets for the year include; board room updates, paving/road reconstruction projects and fire and rescue equipment.

The Town's capital asset activity for the year can be found in the footnotes on page 22 of this report.

Long-Term Debt:

At year end, the Town had no outstanding long-term debt.

Contacting the Town's Management:

This financial report is designed to provide a general overview of the Town's finances for all interested parties. If you have any questions about this report or need additional financial information, contact the Town Office at 11 S. Waterboro Road, Lyman, Maine 04002.

Town of Lyman, Maine
Statement of Net Position
June 30, 2022

	Governmental Activities	Total
ASSETS:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 5,722,803	\$ 5,722,803
Prepaid expenses	21,390	21,390
Taxes receivable	215,878	215,878
Tax liens receivable	40,471	40,471
Tax acquired property	16,776	16,776
<i>Total current assets</i>	6,017,317	6,017,317
<i>Non-current assets:</i>		
Capital assets, net of accumulated depreciation	5,145,167	5,145,167
Net pension asset	2,883	2,883
<i>Total non-current assets</i>	5,148,050	5,148,050
<i>Deferred outflows of resources:</i>		
Defined benefit pension plan outflows	48,673	48,673
OPEB related outflows	7,959	7,959
<i>Total deferred outflows of resources</i>	56,632	56,632
TOTAL ASSETS	\$ 11,221,999	\$ 11,221,999
LIABILITIES:		
<i>Current liabilities:</i>		
Accounts payable	\$ 260,422	\$ 260,422
Accrued expenses	6,668	6,668
Due to other governments	3,046	3,046
Gravel pit escrow deposits	163,000	163,000
<i>Total current liabilities</i>	433,137	433,137
<i>Non-current liabilities:</i>		
OPEB liabilities	33,541	33,541
<i>Total non-current liabilities</i>	33,541	33,541
TOTAL LIABILITIES	466,678	466,678
DEFERRED INFLOWS OF RESOURCES:		
Taxes collected in advance	15,342	15,342
Defined benefit pension plan inflows	39,496	39,496
OPEB related inflows	29,144	29,144
<i>TOTAL DEFERRED INFLOWS OF RESOURCES</i>	83,982	83,982
NET POSITION:		
Net investment in capital assets	5,145,167	5,145,167
Unrestricted	5,526,173	5,526,173
<i>TOTAL NET POSITION</i>	10,671,339	10,671,339
TOTAL LIABILITIES AND NET POSITION	\$ 11,221,999	\$ 11,221,999

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Governmental activities:						
General government	\$ 1,093,331	\$ 27,609	\$ -	\$ -	\$ (1,065,722)	\$ (1,065,722)
Public safety	548,031	-	-	-	(548,031)	(548,031)
Public works	675,887	-	-	50,633	(625,254)	(625,254)
Sanitation	238,786	46,239	-	-	(192,546)	(192,546)
Social services	1,414	-	-	-	(1,414)	(1,414)
Education	5,362,332	-	-	-	(5,362,332)	(5,362,332)
County tax	299,964	-	-	-	(299,964)	(299,964)
Recreation	69,518	-	1,708	-	(67,810)	(67,810)
Other	195,081	-	-	-	(195,081)	(195,081)
Depreciation	395,462	-	-	-	(395,462)	(395,462)
<i>Total governmental activities</i>	<i>8,879,806</i>	<i>73,848</i>	<i>1,708</i>	<i>50,633</i>	<i>(8,753,617)</i>	<i>(8,753,617)</i>
<i>General revenues:</i>						
Property taxes, levied for general purposes					7,226,928	7,226,928
Excise taxes					1,305,635	1,305,635
Licenses and permits					112,867	112,867
<i>Grants and contributions not restricted to specific programs:</i>						
State revenue sharing					388,816	388,816
Homestead exemption					234,909	234,909
Other					495,962	495,962
Interest income					60,840	60,840
Miscellaneous revenues					130,252	130,252
<i>Total general revenues and transfers</i>					<i>9,956,210</i>	<i>9,956,210</i>
<i>Changes in net position</i>					1,202,593	1,202,593
NET POSITION - BEGINNING					9,468,746	9,468,746
NET POSITION - ENDING					\$ 10,671,339	\$ 10,671,339

Town of Lyman, Maine
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,282,545	\$ 440,258	\$ 5,722,803
Prepaid expense	21,390	-	21,390
Taxes receivable, net	215,878	-	215,878
Tax liens receivable	40,471	-	40,471
Tax acquired property	16,776	-	16,776
TOTAL ASSETS	\$ 5,577,059	\$ 440,258	\$ 6,017,317
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ 260,422	\$ -	\$ 260,422
Accrued expenses	6,668	-	6,668
Due to other governments	3,046	-	3,046
Gravel pit escrow deposits	163,000	-	163,000
<i>Total liabilities</i>	433,137	-	433,137
<i>Deferred inflows of resources:</i>			
Taxes collected in advance	15,342	-	15,342
Uncollected property taxes	218,489	-	218,489
<i>Total deferred inflows of resources</i>	233,831	-	233,831
<i>Fund balances:</i>			
Non-spendable - tax acquired property	16,776	-	16,776
Restricted - see footnotes	10,925	440,258	451,183
Assigned - see footnotes	405,955	-	405,955
Unassigned	4,476,435	-	4,476,435
<i>Total fund balances</i>	4,910,091	440,258	5,350,349
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,577,059	\$ 440,258	
<i>Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because:</i>			
Depreciable and non-depreciable capital assets as reported in Stmt. 1			5,145,167
Deferred property taxes not reported on Stmt. 1			218,489
Deferred outflows of resources - OPEB related expenditures			7,959
Deferred inflows of resources - OPEB related inflows			(29,144)
OPEB liabilities			(33,541)
Net pension (asset) liability, as reported on Stmt. 1			2,883
Deferred outflows related to pension plans			48,673
Deferred inflows related to pension plans			(39,496)
NET POSITION OF GOVERNMENTAL ACTIVITIES			\$ 10,671,339

The accompanying notes are an integral part of this statement.

Town of Lyman, 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
REVENUES:			
Property taxes	\$ 7,282,227	\$ -	\$ 7,282,227
Excise taxes	1,305,635	-	1,305,635
Intergovernmental revenue	643,774	528,254	1,172,028
Charges for services	73,848	-	73,848
Licenses and permits	112,867	-	112,867
Interest income	60,279	561	60,840
Other revenues	130,252	-	130,252
<i>Total revenues</i>	9,608,883	528,815	10,137,698
EXPENDITURES:			
General government	1,104,956	-	1,104,956
Public safety	548,031	-	548,031
Public works	1,073,682	-	1,073,682
Health and sanitation	238,786	-	238,786
Social services	1,414	-	1,414
Education	5,362,332	-	5,362,332
County tax	299,964	-	299,964
Recreation	69,518	-	69,518
Unclassified	120,942	109,906	230,848
Reserve accounts	125,113	-	125,113
<i>Total expenditures</i>	8,944,738	109,906	9,054,644
<i>Excess (deficiency) of revenues over (under) expenditures</i>	664,145	418,909	1,083,054
<i>Net change in fund balances</i>	664,145	418,909	1,083,054
FUND BALANCES - BEGINNING	4,245,946	21,349	4,267,296
FUND BALANCES - ENDING	\$ 4,910,091	\$ 440,258	\$ 5,350,349

The accompanying notes are an integral part of this statement.

(Continued)

Town of Lyman, 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 4)	\$ 1,083,054
<p>Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:</p>	
<p>Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on Governmental Funds Report</p>	(395,462)
<p>Capital outlays expensed on the Governmental Funds Report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)</p>	558,675
<p>Revenues in the Statement of Activities (Stmt 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes and other deferred revenue.</p>	(55,299)
<p>Pension expenses under GASP #68 are not reported in in the governmental fund statements</p>	11,317
<p>OPEB expenses under GASB #75 are not reported in the governmental fund statements</p>	308
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Changes in net position of governmental activities (see Stmt. 2)	\$ 1,202,593

The accompanying notes are an integral part of this statement.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town operates under a selectboard-treasurer form of government and is incorporated under the laws of the State of Maine.

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

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

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

B. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

Fund Financial Statements

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

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

C. Fund Accounting

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

Governmental Fund Types

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus

Government-Wide Financial Statements:

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

Fund Financial Statements

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

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

E. Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Expenses/Expenditures

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

F. Budgets and Budgetary Accounting

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

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

Cash and Cash Equivalents

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Compensated Absences

Vacation and sick pay benefits are substantially non-vesting and are not material. Therefore, no liability has been recorded in the financial statements for the year ended June 30, 2022.

Capital Assets and Depreciation

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

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

Net Position and Fund Balances

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Unassigned – Funds available for any purpose.

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

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

Deferred Revenue

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

Property Taxes

Property taxes for the current year were committed on October 5, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Payment of taxes was due November 1, 2021 and April 1, 2022, with interest at 6% on all tax bills unpaid as of the due date.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$52,658 for the year ended June 30, 2022.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Risk Management

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

Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk – Deposits - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2022, cash deposits had a carrying value of \$5,772,803, all of which was covered by FDIC or collateralized.

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

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

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments held by the Town are Level 1 inputs.

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

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
<i>Capital assets:</i>				
Land & land improvements	\$ 500,851	\$ -	\$ -	\$ 500,851
Buildings & improvements	1,817,158	50,974	-	1,868,132
Equipment & vehicles	1,414,588	109,906	-	1,524,494
Infrastructure	4,318,167	397,795	-	4,715,962
	<hr/>			<hr/>
Total capital assets	8,050,764	558,675	-	8,609,439
<i>Less accumulated depreciation</i>	<i>(3,068,810)</i>	<i>(395,462)</i>	<i>-</i>	<i>(3,464,272)</i>
	<hr/>			<hr/>
Governmental activities Capital assets, net	<u>\$ 4,981,954</u>	<u>\$ 163,213</u>	<u>\$ -</u>	<u>\$ 5,145,167</u>

Depreciation expense can be allocated to departments as follows:

General government	\$ 19,168
Public works	312,329
Fire department	58,934
Parks & recreation	<u>5,031</u>
	<u>\$ 395,462</u>

4. CONTINGENCIES

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

5. SUBSEQUENT EVENTS

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

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

6. DEFERRED COMPENSATION PLAN

The Town offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan allows employees to defer a portion of their salary, plus town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The contribution requirements of plan members and the Town are established and may be amended by a vote of the Board of Selectmen. Typically, the Town will contribute 6% of the annual salary of a full-time employee participating in the plan.

The Town's contributions to the plan including employee contributions for the year ended June 30, 2022 totaled \$10,606.

7. FUND BALANCES

Non-spendable:

Tax acquired property	<u>\$ 16,776</u>
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Restricted:

Animal control	\$ 10,925
Cousens educational fund <i>(Permanent fund)</i>	21,442
ARPA funds <i>(Special revenue fund)</i>	368,183
LRAP funds <i>(Special revenue fund)</i>	<u>50,633</u>
	<u>\$ 451,183</u>

Assigned:

Revaluation account	\$ 50,530
Fire truck account	93,436
Capital improvements account	91,663
Computer reserve	510
Transfer station revenue reserve	7,689
Town hall reserve	13,103
GMFR facility system reserve	1
GMFR building capital fund	10,729
South Waterboro	50,342
Bunganut Park improvements	23
Bunganut field reserve	2,934
GMFR facilities and equipment	37,036
GMFR health insurance fund	13,537
Fire hydrants reserve	16,461
Resident disaster relief fund	5,011
Kennebunk Pond reserve	8,141
Heating oil fund	4,627
Giving tree	<u>182</u>
	<u>\$ 405,955</u>

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

8. JOINT VENTURES

EcoMaine

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford, and York counties. Ecomaine is a solid waste management corporation that creates electricity through its processing of waste and operates as an extensive recycling program. Interlocal agreements between ecomaine and the participating communities require the members to deliver certain solid waste produced within the community to ecomaine for processing, and to make payments and pay tipping fees for such processing. The Town has no measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine.

Goodwin's Mills Fire-Rescue

The Lyman-Dayton Fire Commission was established by the Select Boards of Lyman, Maine and Dayton, Maine to act as a governing board for the Lyman-Dayton Joint Fire and Emergency Rescue Department, referred to as "Goodwin's Mills Fire-Rescue (GMFR)." Bylaws were formulated in accordance with the Interlocal Agreement dated December 20, 2010, as amended, between the Towns of Lyman and Dayton for the joint operation and management of fire and emergency rescue services. The Town does not hold an explicit and measurable equity interest in this joint venture and thus no such interest is carried on the Town's books. Along with the Town of Dayton, the Town does bear an ongoing financial responsibility to subsidize the operations of GMFR, pursuant to annual operating and capital budgets adopted by the Commission subject to the approval of both Towns. Additionally, all capital assets in the custody of GMFR are titled in equal proportions to the Towns. The Town of Lyman's reported 50% share of such capital assets net of accumulated depreciation amounted to \$847,955 at June 30, 2022. During the year ended June 30, 2022, the Town contributed \$535,247 towards the operating costs of GMFR. GMFR's financial statements are available by calling GMFR at 207-499-7878

9. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by actuarial valuation as of June 30, 2021, using the following assumptions and methods applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Investment Rate of Return – 6.50% per annum

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

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

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

At June 30, 2022, the Town reported an asset of \$2,883 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportion was 0.008971%.

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

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between expected and actual experience	\$ 1,866	\$ 196
Net difference between projected and actual earnings on pension plan investments	-	39,300
Changes of assumptions	9,682	-
Contributions made after measurement date	16,072	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,053	-
	\$ 48,673	\$ 39,496

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

Year Ending June 30,	Amount
2022	\$ 6,156
2023	6,815
2024	(8,946)
2025	(10,921)

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

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

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

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective pension liability (asset) was 6.5% for 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

1% Decrease 5.50%	Current Discount Rate 6.50%	% Increase 7.50%
\$ 41,060	\$ (2,883)	\$ (39,206)

Pension Plan Financial and Actuarial Information

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

10. OPEB OBLIGATIONS

Plan Description

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

Accounting Policies

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 5 years.

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

10. OPEB OBLIGATIONS (CONTINUED)

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

	Net OPEB Liability (a)	<i>Increase (Decrease)</i> Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances 1/1/2021 (Reporting 12/31/2021)	\$ 61,460	\$ -	\$ 61,460
Changes for the year:			
Service cost	7,602	-	7,602
Interest	1,451	-	1,451
Differences between expected and actual experience	(29,350)	-	(29,350)
Changes of assumptions	(6,377)	-	(6,377)
Contributions – employer	-	1,245	(1,245)
Benefit payments	(1,245)	(1,245)	-
Net changes	(27,919)	-	(27,919)
Balances 1/1/2022 (Reporting 12/31/2022)	\$ 33,541	\$ -	\$ 33,541

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,381	\$ 23,480
Changes in assumptions	6,292	5,664
Contributions subsequent to measurement date	286	-
Total	\$ 7,959	\$ 29,144

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

Year ended June 30:

2022	(5,328)
2023	(4,766)
2024	(4,764)
2025	(6,613)
2026	0
Thereafter	0

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

10. OPEB OBLIGATIONS (CONTINUED)

As of January 1, 2022, the plan membership data is comprised of 8 active members with only an implicit benefit.

Key Economic Assumptions:

Measurement date: January 1, 2022

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

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

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

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

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

Administrative and claims expense – 3% per annum.

Future Plan Changes

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

Demographic Assumptions:

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

Rate of mortality: Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those include in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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

10. OPEB OBLIGATIONS (CONTINUED)

Assumed rate of retirement: For employees hired prior to July 1, 2014
 Age 57-58 – 6%
 Age 59 – 10%
 Age 60-61 - 12%
 Age 62-63 - 16%
 Age 64 – 20%
 Age 65-66 – 30%
 Age 67-69 – 25%
 Age 70+ - 100%

For employees hired after July 1, 2014
 Age 55-61 – 6%
 Age 62 – 10%
 Age 63-64 – 12%
 Age 65 – 20%
 Age 66-68 – 16%
 Age 69 – 20%
 Age 70-74 - 25%
 Age 75+ - 100%

Salary increases: 2.75% per year

Discount Rate

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

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

1% Decrease 1.06%	Current Rate 2.06%	1% Increase 3.06%
\$ 38,417	\$ 33,541	\$ 29,477

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

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 29,178	\$ 33,541	\$ 38,818

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 13.0%. A 1% increase in the healthcare trend rate increases the NOL by approximately 15.7%.

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

Exhibit 1

	<u>2021**</u>	<u>2020**</u>
Town's proportion of the net pension liability	0.008971%	0.0000%
Town's proportionate share of the net pension liability (asset)	\$ (2,883)	\$ -
Town's covered payroll	107,871	100,536
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-2.67%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	-0.86%	88.3%

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

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

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

Exhibit 2

	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 8,198	\$ 8,143
Contributions in relation to the contractually required contribution	<u>(8,198)</u>	<u>(8,143)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Town's covered-employee payroll	\$ 107,871	\$ 100,536
Contributions as a percentage of covered payroll	7.8%	8.1%

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

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

Changes of Benefit Terms include:

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

Changes of Assumptions include:

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

	2021	2020
Discount rate	6.5%	6.75%
Inflation rate	2.75%	2.75%
Salary increases	2.75%-11.48%	2.75%-plus merit
Cost of living increases	1.91%	1.91%

Methods and assumptions used to determine contribution rates:

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

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

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

Exhibit 3

	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>
<u>Total OPEB Liability</u>					
Service cost (BOY)	\$ 7,602	\$ 6,735	\$ 3,921	\$ 4,194	\$ 2,948
Interest (includes interest on service cost)	1,451	1,570	1,643	1,333	1,294
Changes in benefit terms	-	-	(1,071)	-	-
Differences between expected and actual experience	(29,350)	-	2,761	-	(2,108)
Changes of assumptions	(6,377)	3,204	8,311	(2,810)	1,965
Benefit payments, including refunds of member contributions	(1,245)	(1,197)	(1,140)	(1,096)	(580)
Net change in total OPEB liability	\$ (27,919)	\$ 10,312	\$ 14,425	\$ 1,621	\$ 3,519
Total OPEB liability - beginning	\$ 61,460	\$ 51,148	\$ 36,723	\$ 35,102	\$ 31,583
Total OPEB liability - ending	\$ 33,541	\$ 61,460	\$ 51,148	\$ 36,723	\$ 35,102
<u>Plan fiduciary net position</u>					
Contributions - employer	1,245	1,197	1,140	1,096	580
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(1,245)	(1,197)	(1,140)	(1,096)	(580)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 33,541	\$ 61,460	\$ 51,148	\$ 36,723	\$ 35,102
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 275,878	\$ 336,502	\$ 336,502	\$ 219,460	\$ 219,460
Net OPEB liability as a percentage of covered employee payroll	12.20%	18.30%	15.20%	16.70%	16.00%

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (negative)
REVENUES:				
Property taxes	\$ 7,223,630	\$ 7,223,630	\$ 7,282,227	\$ 58,597
Excise taxes	800,000	800,000	1,305,635	505,635
Intergovernmental revenue	535,874	537,582	643,774	106,192
Charges for services	40,000	40,000	73,848	33,848
Licenses and permits	-	-	112,867	112,867
Interest income	-	-	60,279	60,279
Other revenues	-	22,787	130,252	107,465
<i>Total revenues</i>	8,599,505	8,624,000	9,608,883	984,883
EXPENDITURES:				
General government	1,264,531	1,273,592	1,104,956	168,636
Public safety	535,247	553,344	548,031	5,313
Public works	1,225,350	1,225,350	1,073,682	151,668
Health and sanitation	312,031	312,031	238,786	73,246
Social services	3,586	3,586	1,414	2,172
Education	5,362,332	5,362,332	5,362,332	-
County tax	300,179	300,179	299,964	215
Recreation	93,950	95,658	69,518	26,140
Unclassified	120,942	120,942	120,942	-
Reserve accounts	160,668	531,069	125,113	405,955
<i>Total expenditures</i>	9,378,816	9,778,082	8,944,738	833,344
<i>Excess (deficiency) of revenues over (under) expenditures</i>			664,145	
<i>Net changes in fund balances</i>			664,145	
FUND BALANCES - BEGINNING			4,245,946	
FUND BALANCES - ENDING			\$ 4,910,091	

Town of Lyman, Maine
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2022

	<i>PERMANENT FUNDS</i>	<i>SPECIAL REVENUE FUND</i>	Total Non-Major Governmental Funds
	<i>H. Cousens Educational Fund</i>	<i>Grant Funds</i>	
ASSETS:			
Cash and cash equivalents	\$ 21,442	\$ 418,816	\$ 440,258
TOTAL ASSETS	\$ 21,442	\$ 418,816	\$ 440,258
 LIABILITIES AND FUND BALANCE:			
<i>Fund Balance:</i>			
Restricted - <i>Cousens Educational Fund</i>	\$ 21,442	\$ -	\$ 21,442
Restricted - <i>ARPA funds</i>	-	368,183	368,183
Restricted - <i>LRAP</i>	-	50,633	50,633
<i>Total fund balance</i>	<u>21,442</u>	<u>418,816</u>	<u>440,258</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,442	\$ 418,816	\$ 440,258

Town of Lyman, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Other Non-Major Governmental Funds
For the Year Ended June 30, 2022

	PERMANENT FUND	SPECIAL REVENUE FUND	Total Non-Major Governmental Funds
	<i>H. Cousens Educational Fund</i>	<i>Grant Funds</i>	
REVENUES:			
Intergovernmental revenue - ARPA grant	\$ -	\$ 477,621	\$ 477,621
Intergovernmental revenue - LRAP	-	50,633	50,633
Interest income	93	469	561
<i>Total revenues</i>	<u>93</u>	<u>528,723</u>	<u>528,815</u>
EXPENDITURES:			
Grant expenditures	-	109,906	109,906
<i>Total expenditures</i>	<u>-</u>	<u>109,906</u>	<u>109,906</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>93</u>	<u>418,816</u>	<u>418,909</u>
<i>NET CHANGE IN FUND BALANCES</i>	93	418,816	418,909
FUND BALANCE - BEGINNING OF YEAR	<u>21,349</u>	<u>-</u>	<u>21,349</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,442</u>	<u>\$ 418,816</u>	<u>\$ 440,258</u>

**Town of Lyman, Maine
 Schedule of Taxes Receivable
 General Fund
 June 30, 2022**

<i>Taxes receivable:</i>		
Real	\$ 192,790	
Personal property	<u>23,087</u>	
		\$ 215,878
 <i>Tax liens receivable:</i>		
	<u>40,471</u>	
		40,471
 <i>Tax acquired property</i>		
	<u>16,776</u>	
		<u>16,776</u>
 TOTAL TAXES RECEIVABLE AND TAX LIENS RECEIVABLE		 <u><u>\$ 273,124</u></u>

Town of Lyman, Maine
Schedule of Departmental Operations
For the Year Ended June 30, 2022

	Balance 7/1/2021	Appropriations	Transfers & Additional Appropriations	Total Available	Expenditures	Lapsed	Balances Carried
GENERAL GOVERNMENT							
Wages and salaries	\$ -	\$ 645,773	\$ -	\$ 645,773	\$ 587,379	\$ 58,394	\$ -
Operating expenses	-	180,420	-	180,420	165,221	15,199	-
Professional services	-	175,452	-	175,452	120,228	55,224	-
Insurance	-	188,335	-	188,335	167,467	20,868	-
Tax maps	-	4,000	-	4,000	3,800	200	-
Town buildings repair & maintenance	-	17,500	-	17,500	11,704	5,796	-
Cemetery	-	9,500	-	9,500	9,500	-	-
Animal control	9,061	15,492	-	24,553	13,627	-	10,925
Mowing and maintaining town grounds	-	28,059	-	28,059	26,030	2,029	-
<i>Total</i>	<u>9,061</u>	<u>1,264,531</u>	<u>-</u>	<u>1,273,592</u>	<u>1,104,956</u>	<u>157,711</u>	<u>10,925</u>
PUBLIC SAFETY							
GMFD	-	535,247	-	535,247	535,247	0	-
Inspectors	-	-	18,097	18,097	12,784	5,313	-
<i>Total</i>	<u>-</u>	<u>535,247</u>	<u>18,097</u>	<u>553,344</u>	<u>548,031</u>	<u>5,313</u>	<u>-</u>
PUBLIC WORKS							
Road construction	-	251,000	-	251,000	138,480	112,520	-
Road resurfacing	-	316,500	-	316,500	327,789	(11,289)	-
Road repairs	-	179,600	-	179,600	128,800	50,800	-
Plowing/sanding	-	467,750	-	467,750	469,572	(1,822)	-
Street signs	-	3,500	-	3,500	3,703	(203)	-
Street lights/electricity	-	7,000	-	7,000	5,338	1,662	-
<i>Total</i>	<u>-</u>	<u>1,225,350</u>	<u>-</u>	<u>1,225,350</u>	<u>1,073,682</u>	<u>151,668</u>	<u>-</u>
HEALTH AND SANITATION							
Solid waste disposal	-	312,031	-	312,031	238,786	73,246	-
<i>Total</i>	<u>-</u>	<u>312,031</u>	<u>-</u>	<u>312,031</u>	<u>238,786</u>	<u>73,246</u>	<u>-</u>

Town of Lyman, Maine
Schedule of Departmental Operations
For the Year Ended June 30, 2022

	Balance 7/1/2021	Appropriations	Transfers & Additional Appropriations	Total Available	Expenditures	Lapsed	Balances Carried
SOCIAL SERVICES							
General assistance	-	2,500	-	2,500	328	2,172	-
Agency donations	-	1,086	-	1,086	1,086	-	-
<i>Total</i>	-	3,586	-	3,586	1,414	2,172	-
EDUCATION							
	-	5,362,332	-	5,362,332	5,362,332	-	-
COUNTY TAX							
	-	300,179	-	300,179	299,964	215	-
RECREATION							
Bunganut Lake park	-	69,650	-	69,650	46,259	23,391	-
Snowmobile	-	-	1,708	1,708	1,708	-	-
Parks and recreation	-	24,300	-	24,300	21,551	2,749	-
<i>Total</i>	-	93,950	1,708	95,658	69,518	26,140	-
UNCLASSIFIED							
Community library	-	120,942	-	120,942	120,942	-	-
<i>Total</i>	-	120,942	-	120,942	120,942	-	-
RESERVE ACCOUNTS							
Computer reserve account	4,339	15,000	6	19,345	18,835	-	510
Capital improvement reserve account	119,481	15,000	297	134,778	43,115	-	91,663
Revaluation account	28,734	21,668	128	50,529	-	-	50,529
Town hall reserve account	3,075	10,000	29	13,103	-	-	13,103
Transfer station revenue reserve	7,666	-	23	7,689	-	-	7,689
GMFR facility system reserve	4,013	-	(4,012)	1	-	-	1
GMFR building capital fund	-	8,000	4,054	12,054	1,325	-	10,729
GMFR facilities and equipment reserve	20,943	16,000	93	37,036	-	-	37,036
GMFR health insurance reserve	13,496	-	40	13,537	-	-	13,537
Fire hydrant reserve	6,690	10,000	29	16,719	258	-	16,461
South Waterboro reserve	50,192	-	150	50,342	-	-	50,342
Bunganut park improvements	23	-	0	23	-	-	23
Bunganut field reserve	2,925	-	9	2,934	-	-	2,934
Giving tree	181	-	1	182	-	-	182
Heating oil fund	4,990	-	3,465	8,455	3,828	-	4,627
Resident disaster relief reserve	-	5,000	11	5,011	-	-	5,011
Kennebunk Pond	-	10,000	19	10,019	1,878	-	8,141
Fire truck reserve	98,961	50,000	350	149,311	55,875	-	93,436
<i>Total</i>	365,711	160,668	4,690	531,069	125,113	-	405,955
TOTAL EXPENDITURES	\$ 374,772	\$ 9,378,816	\$ 24,495	\$ 9,778,082	\$ 8,944,738	\$ 416,464	\$ 416,881