

TOWN OF HOPE
TABLE OF CONTENTS
JUNE 30, 2021

Independent Auditors' Report

Management's Discussion and Analysis

General Purpose Financial Statements

Exhibits

Government-Wide Financial Statements

Statements of Net Position	A
Statements of Activities	B

Fund Financial Statements

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	C
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	D
Balance Sheets - Governmental Funds	E
Statements of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	F
Statements of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund Type - Enterprise - School Lunch Program	G
Statements of Cash Flows - Proprietary Fund Type - Enterprise School Lunch Program	H
Statements of Fiduciary Net Position - Custodial Funds	I
Statements of Changes in Fiduciary Net Position - Custodial Funds	J
Notes to Financial Statements	

Supplemental Information

Schedules

Required Supplemental Information

Budgetary Comparison Schedule - General Fund	A-1
Schedule of Town's Proportionate Share of Net Pension Liability	A-2
Schedule of Town Contributions	A-3

Supplemental Information (Cont'd)

Schedules

Other Supplementary Information

Statement of Changes in Unassigned Fund Balance	B-1
Valuation, Assessment, and Collections	B-2
Reconciliation of Treasurer's Cash Balance	B-3
Schedule of Activity - Fiduciary Fund Type - Agency Student Activity Fund	B-4
Schedule of Expenditures of Federal Awards	B-5

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Hope
Hope, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Hope, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Town of Hope as of June 30, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Budgetary Comparison Schedule; General Fund; Schedule of Expenditures of Federal Awards; Schedule of Town's Proportionate Share of Net Pension Liability; and Schedule of Town Contributions information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hope's basic financial statements. The nonmajor fund financial statements and Schedules B-1 through B-5 are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Bath, Maine

June 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Hope, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Hope for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

Net Position - The Town's assets and deferred outflows of \$5,709,217 exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by \$4,867,874. Of this amount, \$961,638 is reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position - The Town's total net position increased by \$120,570 as shown below:

Increase in Cash	\$118,450
Decrease in Investments	(73,310)
Decrease in Accounts Receivable	154,596
Decrease in Taxes and Liens Receivable	(6,602)
Increase in Other Current Assets	64,881
Decrease in Deferred Outflows	(10,168)
Increase in Accounts Payable and Accrued Expenses	(82,720)
Decrease in Pension Liability	1,638
Debt Principal Payments	36,831
Decrease in Deferred Inflows	6,556
Depreciation of Capital Assets and Book Value of Disposed Assets	(89,582)
Total	<u>\$120,570</u>

Fund Highlights

Governmental Funds - Fund Balances - The Town's governmental funds (Exhibit E) reported a combined ending fund balance of \$1,424,577 as of June 30, 2021. Of this amount, \$626,266 is unassigned and represents 12% of the general fund expenditures for the year.

Long-Term Debt

The Town's total long-term debt obligations decreased by \$36,831 during the fiscal year as a result of a principal payment on the fire station bond.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison).

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. This is similar to the presentation used by private-sector businesses. Government-wide financial statements present governmental activities and business-type activities separately. The School Lunch Program is the Town's only business-type activity.

The Statements of Net Position includes all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt), with the difference between the two 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued interest).

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by this integrated approach.

Governmental funds - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirement.

Because the focus of governmental funds is narrower than that of the 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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains seven individual governmental funds - the General Fund, Capital Projects Fund, Cemetery Maintenance Fund, Cemetery Perpetual Care Fund, and three Special Revenue funds related to Hope Elementary School - Federal and State Programs (e.g. Federal Programs), the Pre-K Program, and Other Grants. Financial statements for fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The Town of Hope has only one fiduciary fund - the Student Activity fund at the Hope Elementary School.

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 the financial statements can be found immediately following the fund financial statements.

Required Supplementary Information

This section includes a schedule comparing budgeted revenue and expenditures with actual amounts.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$4,915,991 at the close of the most recent fiscal year.

Current Assets	\$ 2,150,533
Capital Assets	3,489,784
Deferred Outflows	68,900
Total Assets and Deferred Outflows	<u>\$ 5,709,217</u>
Accounts Payable and Accrued Expenses	\$ 688,993
Debt Related to Capital Assets	147,324
Deferred Inflows	2,513
Total Liabilities and Deferred Inflows	<u>\$ 838,830</u>
Net Position:	
Invested in Capital Assets	\$ 3,342,460
Restricted	563,776
Unrestricted	961,638
Total Net Position	<u>\$ 4,867,874</u>

The largest portion of the Town’s net position reflects its investment in capital assets (land, buildings, roads and equipment), less any related outstanding debt used to acquire these assets. These assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

Total Revenues	\$ 6,280,037
Total Expenses	<u>(6,166,555)</u>
Change in Net Position	<u>\$ 113,482</u>

59% of the Town’s total revenue came from property and excise taxes; 38% came from state and federal funding; and 3% came from services, interest income, and other sources.

FINANCIAL ANALYSIS OF THE TOWN’S INDIVIDUAL FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$1,424,577. Of this total amount, 44% constitutes the unassigned fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance is not available for new spending because it has already been committed or is restricted for various purposes. The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$626,266, while its total fund balance was \$1,298,578. As a measure of the general fund’s liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 12% of total general fund expenditures.

General Fund Budgetary Highlights

The fund balance of the Town's general fund increased by \$372,048 during the fiscal year ending June 30, 2021. The unassigned portion of this fund balance decreased by \$50,648 during the same period. The detail by category can be seen in Schedule B-1 in the Supplemental Information to the accompanying financial statements.

Capital Assets and Long-Term Debt

Capital Assets The Town's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$3,489,784, net of accumulated depreciation. This investment in capital assets includes land, buildings, roads, and equipment. Additional information can be found in Note H in the accompanying financial statements. During FY 2021, the Town acquired a fire truck for \$120,000 and disposed of an old truck. In addition, the School Department used Covid grant funds to purchase a Yurt to facilitate social distancing and outside learning.

Long-Term Debt At the end of the fiscal year, the Town had total debt outstanding of \$147,324. Additional information on the Town's long-term debt can be found in Note D to the accompanying financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Samantha Mank, Town Administrator, Town of Hope, 441 Camden Road, Hope, Maine 04847.

TOWN OF HOPE
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	GOVERNMENTAL FUNDS	BUSINESS-TYPE ACTIVITIES	2021 TOTAL	2020 TOTAL
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS:				
Cash (Note B)	\$ 997,814	\$ -	\$ 997,814	\$ 879,364
Investments (Note M)	620,319		620,319	693,629
Accounts Receivable (Note C)	182,951	33,251	216,202	61,606
Taxes Receivable	205,907		205,907	225,309
Tax Liens	30,033		30,033	17,233
Inventory		2,494	2,494	2,494
Due From Other Funds		4,429	4,429	8,415
Prepaid Expenses	73,335		73,335	4,468
Total Current Assets	<u>\$ 2,110,359</u>	<u>\$ 40,174</u>	<u>\$ 2,150,533</u>	<u>\$ 1,892,518</u>
PROPERTY, PLANT, AND EQUIPMENT:				
Net Property, Plant, and Equipment (Note H)	<u>\$ 3,489,784</u>	<u>\$ -</u>	<u>\$ 3,489,784</u>	<u>\$ 3,579,366</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Related to Pension	\$ 68,543	\$ -	\$ 68,543	\$ 78,711
Related to Other Post Employment Benefits	357		357	1,023
Total Deferred Outflows of Resources	<u>\$ 68,900</u>	<u>\$ -</u>	<u>\$ 68,900</u>	<u>\$ 79,734</u>
Total Assets and Deferred Outflows	<u>\$ 5,669,043</u>	<u>\$ 40,174</u>	<u>\$ 5,709,217</u>	<u>\$ 5,551,618</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES:				
Notes and Bonds Payable (Note D)	\$ 36,831	\$ -	\$ 36,831	\$ 36,831
Accounts Payable - Trade	112,548	120	112,668	115,423
Accrued Wages	230,740	1,061	231,801	135,850
Other Accrued Expenses	224,552		224,552	216,548
Unearned revenues	6,538	447	6,985	21,479
Due To Other Funds	4,429		4,429	8,415
Total Current Liabilities	<u>\$ 615,638</u>	<u>\$ 1,628</u>	<u>\$ 617,266</u>	<u>\$ 534,546</u>
LONG-TERM LIABILITIES:				
Pension Liability	\$ 62,597	\$ -	\$ 62,597	\$ 64,235
OPEB Liability	48,474		48,474	41,785
Notes and Bonds Payable - Net of Current Portion (Note D)	110,493		110,493	147,324
Total Long-Term Liabilities	<u>\$ 221,564</u>	<u>\$ -</u>	<u>\$ 221,564</u>	<u>\$ 253,344</u>
Total Liabilities	<u>\$ 837,202</u>	<u>\$ 1,628</u>	<u>\$ 838,830</u>	<u>\$ 787,890</u>
DEFERRED INFLOWS OF RESOURCES:				
Related to Pension	\$ 2,513	\$ -	\$ 2,513	\$ 9,069
Related to Other Post Employment Benefits				267
Total Deferred Inflows of Resources	<u>\$ 2,513</u>	<u>\$ -</u>	<u>\$ 2,513</u>	<u>\$ 9,336</u>
NET POSITION:				
Net Invested in Capital Assets	\$ 3,342,460	\$ -	\$ 3,342,460	\$ 3,385,759
Restricted for:				
Nonspendable Perpetual Care	22,040		22,040	22,040
Capital Projects	30,104		30,104	141,668
Other Purposes	511,632		511,632	363,569
Unrestricted	923,092	38,546	961,638	841,356
Total Net Position	<u>\$ 4,829,328</u>	<u>\$ 38,546</u>	<u>\$ 4,867,874</u>	<u>\$ 4,754,392</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 5,669,043</u>	<u>\$ 40,174</u>	<u>\$ 5,709,217</u>	<u>\$ 5,551,618</u>

TOWN OF HOPE
STATEMENTS OF ACTIVITIES
JUNE 30, 2021 AND 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2021 TOTAL	2020 TOTAL
Primary Government:							
Governmental Activities:							
General Government	\$ 569,801	\$ 28,945	\$ -	\$ (540,856)	\$ -	\$ (540,856)	\$ (519,518)
Public Safety	250,062			(250,062)		(250,062)	(167,318)
Public Works	629,980		33,144	(596,836)		(596,836)	(486,774)
Sanitation	59,143			(59,143)		(59,143)	(57,386)
Culture and Recreation	11,928			(11,928)		(11,928)	(8,508)
Education	4,315,278		1,763,042	(2,552,236)		(2,552,236)	(2,887,350)
Cemeteries	4,344			(4,344)		(4,344)	(3,242)
Interest							(9,854)
Intergovernmental on Behalf Payments	243,385		243,385				
Total Governmental Activities	\$ 6,083,921	\$ 28,945	\$ 2,039,571	\$ (4,015,405)	\$ -	\$ (4,015,405)	\$ (4,139,950)
Business-Type Activities:							
School Lunch Program	82,634	337	100,926		18,629	18,629	10,508
Total Primary Government	\$ 6,166,555	\$ 29,282	\$ 2,140,497	\$ (4,015,405)	\$ 18,629	\$ (3,996,776)	\$ (4,129,442)
General Revenues:							
Taxes:							
Property Taxes				\$ 3,290,249	\$ -	\$ 3,290,249	\$ 3,462,430
Excise Taxes				401,089		401,089	331,812
Interest and Costs on Taxes				14,853		14,853	16,078
Intergovernmental:							
State Revenue Sharing				166,790		166,790	116,270
Homestead Exemption				145,780		145,780	105,001
Tree Growth Reimbursement				7,038		7,038	8,315
Veterans' Exemption				1,234		1,234	1,238
General Assistance Reimbursement				312		312	
Burn Permit Revenue Sharing				136		136	72
BETE Reimbursement				60		60	68
Unrestricted Interest				25,075		25,075	25,729
Investment Earnings				46,311		46,311	19,008
Unrealized Gain (Loss)				2,613		2,613	(226)
Miscellaneous				8,718		8,718	4,465
Total General Revenues				\$ 4,110,258	\$ -	\$ 4,110,258	\$ 4,090,260
Change in Net Position				\$ 94,853	\$ 18,629	\$ 113,482	\$ (39,182)
Net Position, July 1				4,734,475	19,917	4,754,392	4,793,574
Net Position, June 30				\$ 4,829,328	\$ 38,546	\$ 4,867,874	\$ 4,754,392

TOWN OF HOPE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
GOVERNMENTAL FUND BALANCES:		
Total Governmental Fund Balances (Exhibit E)	\$ 1,424,577	\$ 1,298,746
Amounts reported for governmental activities in the Statements of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,489,784	3,579,366
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Deferred Tax Revenues	103,728	84,479
Accrued Interest on Taxes Receivable	5,720	1,113
Deferred outflows are deferred as expense in the fund financial statements and in the government-wide financial statements as expense in the year following the year paid.		
Related to Pension	68,543	78,711
Related to Other Post Employment Benefits	357	1,023
Pension liability is not due and payable in the current period and therefore is not reported in the funds.	(62,597)	(64,235)
Other post employment liability is not due and payable in the current period and therefore is not reported in the funds.	(48,474)	(41,785)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	(147,324)	(184,155)
Interest Payable	(2,473)	(9,452)
Deferred inflows are deferred revenues related to pension expenses that are amortized in the government-wide financial statements.	(2,513)	(9,069)
Deferred inflows are deferred revenues related to other post employment expenses that are amortized in the government-wide financial statements.		(267)
Net Position of Governmental Activities (Exhibit A)	\$ 4,829,328	\$ 4,734,475

TOWN OF HOPE
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Net Change in Fund Balances - Total Governmental Funds (Exhibit F)	\$ 125,831	\$ 164,677
Amounts reported for governmental activities in the Statements of Activities (Exhibit B) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of:		
Capital outlay	210,834	
Depreciation expense in the current period	(204,309)	(193,419)
Book value of disposed assets	(96,107)	
Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred Property Tax Revenue	19,249	(5,204)
Accrued Property Tax Interest	4,607	(6,841)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position.		
Long-term debt repaid in the current period	36,831	36,831
Pension expense is adjusted for changes in earnings contributions and contribution subsequent to the measurement date.		
	(1,974)	(4,698)
OPEB expense is adjusted for changes in earnings contributions and contributions subsequent to the measurement date.		
	(7,088)	(41,029)
Some expenses reported in the Statements of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
	6,979	(7)
Change in Net Position of Governmental Activities (Exhibit B)	\$ 94,853	\$ (49,690)

TOWN OF HOPE
BALANCE SHEETS - GOVERNMENTAL FUNDS
JUNE 30, 2021 AND 2020

	GOVERNMENTAL FUND TYPES		SPECIAL REVENUE				PERMANENT	2021 TOTAL	2020 TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	FEDERAL AND STATE PROGRAMS	PRE-K PROGRAM	OTHER GRANTS	CEMETERY MAINTENANCE	CEMETERY PERPETUAL CARE		
ASSETS:									
Cash	\$ 997,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,814	\$ 879,364
Investments	570,182	12,634				15,463	22,040	620,319	693,629
Receivables:									
Taxes	205,907							205,907	225,309
Liens	30,033							30,033	17,233
Governmental Agencies	37,733		129,059					166,792	46,665
Other	10,439							10,439	3,129
Due From Other Funds	55,227	17,470		13,753	57,149			143,599	228,979
Prepaid Expenditures	73,335			-				73,335	4,468
Total Assets	<u>\$ 1,980,670</u>	<u>\$ 30,104</u>	<u>\$ 129,059</u>	<u>\$ 13,753</u>	<u>\$ 57,149</u>	<u>\$ 15,463</u>	<u>\$ 22,040</u>	<u>\$ 2,248,238</u>	<u>\$ 2,098,776</u>
LIABILITIES AND FUND BALANCE:									
Liabilities:									
Accounts Payable	\$ 112,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,548	\$ 113,732
Accrued Payroll	208,085		8,902	13,753				230,740	135,850
Other Accrued Expenses	222,079							222,079	207,096
Due To Other Funds	35,652		109,376			3,000		148,028	237,394
Deferred Revenues (Note G)	103,728		6,538					110,266	105,958
Total Liabilities	<u>\$ 682,092</u>	<u>\$ -</u>	<u>\$ 124,816</u>	<u>\$ 13,753</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 823,661</u>	<u>\$ 800,030</u>
Fund Balance:									
Nonspendable	\$ 73,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,040	\$ 95,375	\$ 26,508
Restricted	437,777		4,243		57,149			499,169	350,926
Committed		30,104				12,463		42,567	170,811
Assigned	161,200							161,200	175,000
Unassigned	626,266							626,266	575,501
Total Fund Balance	<u>\$ 1,298,578</u>	<u>\$ 30,104</u>	<u>\$ 4,243</u>	<u>\$ -</u>	<u>\$ 57,149</u>	<u>\$ 12,463</u>	<u>\$ 22,040</u>	<u>\$ 1,424,577</u>	<u>\$ 1,298,746</u>
Total Liabilities and Fund Balance	<u>\$ 1,980,670</u>	<u>\$ 30,104</u>	<u>\$ 129,059</u>	<u>\$ 13,753</u>	<u>\$ 57,149</u>	<u>\$ 15,463</u>	<u>\$ 22,040</u>	<u>\$ 2,248,238</u>	<u>\$ 2,098,776</u>

TOWN OF HOPE
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	GOVERNMENTAL FUND TYPE		SPECIAL REVENUE				PERMANENT CEMETERY	2021 TOTAL	2020 TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	FEDERAL AND STATE PROGRAMS	PRE-K PROGRAM	OTHER GRANTS	CEMETERY MAINTENANCE	PERPETUAL CARE		
REVENUES:									
Property and Excise Taxes	\$ 3,686,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,686,942	\$ 3,815,524
Licenses and Permits	15,428							15,428	14,077
Intergovernmental Revenues	1,368,573		606,842	142,121				2,117,536	1,376,494
Interest Income	19,524	159				274	511	20,468	32,570
Investment Income	45,360	275				236	440	46,311	19,008
Unrealized Gains (Losses)		1,073				541	999	2,613	(226)
Charges for Services	13,517							13,517	10,932
Other Revenues	8,718							8,718	4,465
State Retirement Contribution	243,385							243,385	229,539
Total Revenues	\$ 5,401,447	\$ 1,507	\$ 606,842	\$ 142,121	\$ -	\$ 1,051	\$ 1,950	\$ 6,154,918	\$ 5,502,383
EXPENDITURES:									
ADMINISTRATION:									
Town Administration - Salaries and Benefits	\$ 141,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,079	\$ 167,953
General Administration	61,984	71				63	118	62,236	55,112
Municipal Building	16,157							16,157	20,869
Professional Services	51,301							51,301	21,542
General Assistance	445							445	
PUBLIC SAFETY:									
Animal Control	6,481							6,481	5,951
Fire Department	71,988							71,988	92,420
Ambulance Services	38,851							38,851	38,659
PUBLIC WORKS:									
Recreation Department	11,928							11,928	8,508
Street Lights	11,162							11,162	1,469
Roads	548,023							548,023	449,978
Sanitation	59,143							59,143	57,385
Cemeteries	4,344							4,344	3,692
COUNTY TAX	288,225							288,225	268,048
EDUCATION	3,562,067		606,536	142,121				4,310,724	3,869,903
CAPITAL OUTLAY		120,000						120,000	3,869,903
DEBT SERVICE	43,615							43,615	46,678
STATE RETIREMENT CONTRIBUTION	243,385							243,385	229,539
Total Expenditures	\$ 5,160,178	\$ 120,071	\$ 606,536	\$ 142,121	\$ -	\$ 63	\$ 118	\$ 6,029,087	\$ 9,207,609
Excess of Revenues Over (Under) Expenditures	\$ 241,269	\$ (118,564)	\$ 306	\$ -	\$ -	\$ 988	\$ 1,832	\$ 125,831	\$ (3,705,226)
OTHER FINANCING SOURCES (USES):									
Operating Transfers - In	\$ 3,000	\$ 7,000	\$ -	\$ -	\$ -	\$ 1,832	\$ (1,832)	\$ 10,000	\$ 22,248
Operating Transfers - Out	(7,000)					(3,000)		(10,000)	(22,248)
Total Other Financing Sources (Uses)	\$ (4,000)	\$ 7,000	\$ -	\$ -	\$ -	\$ (1,168)	\$ (1,832)	\$ -	\$ -
Excess of Revenues and Other Sources Over (Under)									
Expenditures and Other Uses	\$ 237,269	\$ (111,564)	\$ 306	\$ -	\$ -	\$ (180)	\$ -	\$ 125,831	\$ (3,705,226)
Fund Balance, July 1	926,530	141,668	3,937	134,779	57,149	12,643	22,040	1,298,746	1,134,069
Transfers - Out	134,779			(134,779)					
Fund Balance, June 30	\$ 1,298,578	\$ 30,104	\$ 4,243	\$ -	\$ 57,149	\$ 12,463	\$ 22,040	\$ 1,424,577	\$ (2,571,157)

TOWN OF HOPE
 STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION - PROPRIETARY FUND TYPE
 ENTERPRISE - SCHOOL LUNCH PROGRAM
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Daily Sales	\$ 337	\$ 27,135
OPERATING EXPENSES:		
Food and Supplies	\$ 41,410	\$ 32,919
Labor	39,268	38,443
Other Expenses	1,956	3,467
Total Operating Expenses	\$ 82,634	\$ 74,829
Net Income (Loss)	\$ (82,297)	\$ (47,694)
NON-OPERATING REVENUES:		
School Nutrition Subsidy	\$ 87,451	\$ 53,554
Local Grants and Donations	9,000	
Donated Commodities (Note K)	4,475	4,648
Total Non-Operating Revenues	\$ 100,926	\$ 58,202
Changes in Net Position	\$ 18,629	\$ 10,508
Net Position, July 1	19,917	9,409
Net Position, June 30	\$ 38,546	\$ 19,917

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE
 ENTERPRISE - SCHOOL LUNCH PROGRAM
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from Customers	\$ 785	\$ 30,410
Received from the State and Other Organizations	73,900	42,855
Payments to Suppliers for Goods and Services	(40,464)	(30,046)
Payments to Employees	(38,207)	(38,443)
Net Amount Transferred From (To) Town	3,986	(4,776)
Net Cash Provided by Operating Activities	\$ -	\$ -

TOWN OF HOPE
STATEMENTS OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

STUDENT ACTIVITY FUND

	2021	2020
ASSETS:		
Cash (Note B)	\$ 19,845	\$ 19,768
Total Assets	\$ 19,845	\$ 19,768
LIABILITIES:		
Accounts Payable	\$ -	\$ -
NET POSITION		
Held in Trust	19,845	19,768
Total net position	\$ 19,845	\$ 19,768

TOWN OF HOPE
 STATEMENTS OF CHANGES IN
 FIDUCIARY NET POSITION - CUSTODIAL FUNDS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

STUDENT ACTIVITY FUND

	2021	2020
REVENUES:		
Donations and Fundraisers	\$ 23,296	\$ 36,308
EXPENSES:		
Student Activities	23,219	37,327
Change in Net Position	\$ 77	\$ (1,019)
Net Position, July 1	19,768	20,787
Net Position, June 30	\$ 19,845	\$ 19,768

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Town of Hope conform to generally accepted accounting principles as applicable to governmental units.

1. Financial Reporting Entity

The Town of Hope was incorporated in 1804. The Town operates under a town meeting form of government.

In evaluating the Town of Hope as a reporting entity, management has addressed all potential component units. The primary criteria for including a component reporting entity is the exercise of financial accountability by the Town of Hope's municipal officials.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

2. Basic Financial Statements - Government-Wide 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 governmental. The Town's fire protection, recreation, public works, and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource 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 invested in capital assets; restricted; and unrestricted. 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 and business-type activities (fire, public works, administrative, etc.). The functions are also supported by general government revenues (property, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants. Program revenues must be directly associated with the function (fire, public works, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, intergovernmental revenues, interest income, etc.).

This 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.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

3. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in 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, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

a. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in 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:

1. 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.

2. Capital Projects Fund:

This fund is used to segregate resources for major capital acquisitions or construction.

3. Special Revenue Funds:

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. The Town has special revenue funds for federal and state educational grants, the Pre-K program, other private grants, and cemetery maintenance.

4. Permanent Funds:

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Cemetery Perpetual Care Fund is the Town's only permanent fund.

b. Proprietary Funds:

Proprietary funds are used to account for a government's business-type activities. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School Lunch Program is the Town's only proprietary fund.

c. Fiduciary Funds:

Fiduciary Funds are used to account for resources that are held by a government in a trustee or custodial capacity for others and therefore are not available to support the government's own programs. The Town's only fiduciary fund is the Student Activity Fund.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

4. Basis of Accounting

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

a. Accrual:

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

b. Modified Accrual:

The governmental funds 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 within 60 days after year end. 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.

5. Financial Statement Amounts

a. Cash and Cash Equivalents:

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Statutes authorize the Treasurer of the Town, as directed by the municipal officers, to invest all municipal funds, including reserve and trust funds, to the extent that the terms of the instrument, order, or article creating the fund do not prohibit the investment, in financial institutions as described in Section 5706 MRSA and securities as described in Sections 5711 through 5717 MRSA.

b. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value (quoted market price or the best available estimate).

c. Capital Assets:

Capital assets purchased or acquired with an original cost of \$20,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50-75 Years
Machinery and Equipment	10-30 Years
Improvements	25-40 Years
Other Infrastructure	50 Years

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

5. Financial Statement Amounts (Cont'd)

d. Revenues:

Substantially, all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

e. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

f. Fund Balance:

The Town's unrestricted net position is maintained to lessen the need for borrowing, protect the Town's credit rating, and provide the funds necessary to meet the Town's financial operating obligations. It is the Town's policy that the unassigned fund balance shall be an amount equal to at least 9% of the total annual budget comprising the proposed operating budget to be voted on at town meeting, the County assessment, the school assessments, and the estimated property tax abatements and overlay. Subject to approval by the voters, excess funds may be used to stabilize the tax rate, fund capital reserve accounts, or to fund a contingency reserve fund for non-recurring or extraordinary unanticipated expenditures.

In accordance with GASB Statement No. 54, the Town employs terminology and classifications for fund balance items as follows:

Nonspendable fund balances include amounts that are not expected to be converted to cash, or that are legally required to be maintained intact. The fund balance of the Town's Cemetery Perpetual Care Fund is classified as nonspendable.

Restricted fund balances are amounts that can be used only for specific purposes because of legislation or restrictions imposed by donors. The school budget carryforward amount and the fund balances of the Special Revenue Funds are classified as restricted.

Committed fund balances are amounts that can be used only for specific purposes because of a formal action taken by town government. Budget carryforward amounts (other than the school budget) and the fund balances in the Capital Projects Fund and the Cemetery Maintenance Fund are in this category.

Assigned fund balances are resources that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned fund balance is all amounts in the General Fund that are not assigned to another category. Only the General Fund can have an unassigned fund balance.

g. Compensated Absences:

The Town accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

5. Financial Statements Amounts (Cont'd)

h. Deferred Inflows and Outflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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) until that time. The deferred outflows relate to the net pension liability, and include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 deferred inflows relate to the net pension liability, and include the differences between expected and actual experience and changes in proportion and differences between Town contributions and proportionate share of contributions, which is deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

i. Use of Estimates:

The presentation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. Implementation of New Accounting Standards

- a. Statement No. 90, "Majority Equity Interests", an amendment of GASB Statements No. 14 and No. 61 is effective for the fiscal year ending June 30, 2021. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management has determined that the impact of this statement is not material to the financial statements.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

7. Future Accounting Pronouncements

- a. Statement No 87, “Leases” effective for the fiscal year ending June 30, 2022. 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 that the impact of this statement is not material to the financial statements.
- b. Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”, effective for the fiscal year ending June 30, 2022. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify 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. Management has determined that the impact of this statement is not material to the financial statements.
- c. Statement No. 91, “Conduit Debt Obligations” is effective for the fiscal year ending June 30, 2022. The objective of the statement is 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 disclosures. Management has determined that this statement is not applicable.
- d. Statement No. 93, “Replacement of Interbank Offered Rates” is effective for the fiscal year ending June 30, 2022. The objective of this statement is to improve guidance regarding the governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Management has determined that this statement is not applicable.
- e. Statement No. 94, “Public Private Partnerships” is effective for the fiscal year ending June 30, 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Management has determined that this statement is not applicable.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

7. Future Accounting Pronouncements (Cont'd)

- f. Statement No. 96, "Subscription-Based Information Technology Arrangements" is effective for the fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined that this statement is not applicable.

- g. Statement No. 97, "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" is effective for the fiscal year ending June 30, 2022. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 Plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. Management has determined that this statement is not applicable.

8. Accounts Receivable

Accounts Receivable is stated at gross value. At June 30, 2021 it was determined there were no uncollectible accounts receivable and the allowance for uncollectible accounts was zero.

9. Inventory

Inventory consists of school lunch food and is recorded at cost on the first-in, first-out basis.

10. 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.

NOTE B - CASH:

The Town's cash is categorized to give an indication of the level of risk assumed by the Town at year end. These Categories are defined as follows:

Category #1 - Insured or collateralized with securities held by the Town or by its agent in the Town's name.

Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE B - CASH (CONT'D):

Category #3 - Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name.)

ACCOUNT TYPE	CARRYING AMOUNT	BANK BALANCE	CATEGORY		
			#1	#2	#3
Interest Bearing Accounts	\$ 997,464	\$ 1,013,815	\$ 250,000	\$ 763,815	\$
Non-Interest Bearing Accounts	350	350			350
	<u>\$ 997,814</u>	<u>\$ 1,014,165</u>	<u>\$ 250,000</u>	<u>\$ 763,815</u>	<u>\$ 350</u>

First National Bank provides daily confirmation of collateral specifying which securities have been assigned to collateralize deposits in excess of the FDIC limit of \$250,000.

NOTE C - ACCOUNTS RECEIVABLE:

Accounts Receivable at June 30, 2021 consists of the following:

Due from Other Governments	\$ 205,763
Miscellaneous	10,439
	<u>\$ 216,202</u>

NOTE D - NOTES AND BONDS PAYABLE:

Notes and Bonds Payable at June 30, 2021 consists of the following:

	BALANCE JULY 1, 2020	INCREASES	DECREASES	BALANCE JUNE 30, 2021
First National Bank	\$ 184,155	\$	\$ 36,831	\$ 147,324

	INTEREST RATE	MATURITY DATE	BALANCE JUNE 30, 2021
Construction Bond for Fire Station	1.766%	7/15/2024	\$ 147,324

	PRINCIPAL	INTEREST
Annual Amortization:		
Fiscal Year 2022	\$ 36,831	\$ 2,579
2023	36,831	1,945
2024	36,831	1,296
2025	36,831	650
	<u>\$ 147,324</u>	<u>\$ 6,470</u>

NOTE E - GENERAL FUND BUDGET:

The Town operates on a net budget as compared with a gross budget. All revenues are not estimated, but are credited to the particular operating account.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F - ASSIGNED FOR OTHER PURPOSES:

Historically, the townspeople vote to authorize the Selectmen to carry certain departmental unexpended balances forward to the following year for expenditure. This is usually in lieu of additional appropriations in any particular account. There were no amounts carried forward to FY 2022.

NOTE G - REVENUE RECOGNITION - PROPERTY TAXES:

The Town's property tax for the current year was levied July 28, 2020 on the assessed value listed as of April 1, 2020 for all taxable real and personal property located in the Town. Taxes were due September 30, 2020 and April 3, 2021. Interest accrued at 8.0% on October 1, 2020 and April 4, 2021.

Tax liens are filed against delinquent real estate taxpayers after eight months but within one year of the original tax commitment. If the tax, interest, and costs have not been paid eighteen months after the filing of a lien certificate then the lien is automatically foreclosed.

The National Council on Governmental Accounting (N.C.G.A.) Interpretation No. 3 requires that property tax revenue be recognized only to the extent it will be collected within sixty days following the year end. The deferred tax revenue shown on the balance sheet represents property taxes not collected within sixty days after the year end.

Property taxes are recognized when they become available. Available includes those taxes expected to be collected within sixty days after year end as stated above. The amount of property taxes outstanding in excess of sixty days totals \$103,728.

NOTE H - PROPERTY, PLANT, AND EQUIPMENT:

The following is a summary of changes in fixed assets for the year ended June 30, 2021:

	BALANCE JULY 1, 2020	ADDITIONS	DISPOSALS	BALANCE JUNE 30, 2021
Non-Depreciable Assets:				
Land	\$ 110,338	\$	\$	\$ 110,338
Depreciable Assets:				
Land Improvements	230,981			230,981
Infrastructure	3,437,941			3,437,941
Buildings and Improvements	5,030,640	90,834		5,121,474
Vehicles and Equipment	492,513	120,000	(226,135)	386,378
	<u>\$ 9,302,413</u>	<u>\$ 210,834</u>	<u>\$ (226,135)</u>	<u>\$ 9,287,112</u>
Accumulated Depreciation	<u>(5,723,047)</u>	<u>(204,309)</u>	<u>130,028</u>	<u>(5,797,328)</u>
Net Property, Plant, and Equipment	<u>\$ 3,579,366</u>	<u>\$ 6,525</u>	<u>\$ (96,107)</u>	<u>\$ 3,489,784</u>

Depreciation expense for the period totaled \$204,309. The expense for the period is broken down as follows:

General Government	\$ 10,553
Public Safety	\$ 36,635
Public Works	\$ 70,795
Education	\$ 86,326

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE I - 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; injuries to employees; and natural disasters. All significant losses are covered by commercial insurance. There has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE J - OVERLAPPING DEBT:

The Town of Hope is situated in Knox County and is therefore subject to annual assessment of its proportional share of county expenses. Long-term debt outstanding in Knox County for which the Town of Hope would be proportionally responsible in the event the County defaulted amounted to \$ 3,077,989 at December 31, 2020. The Town of Hope's share would be 2.82% or approximately \$86,812.

The Town of Hope participates in the Mid-Coast Solid Waste Corporation and is subject to annual assessment of its proportional share of the Corporation's expenses. Long-term debt outstanding for which the Town of Hope would be proportionally responsible in the event the Corporation defaulted amounted to \$72,737 at June 30, 2020, the most recent financial information available. The Town of Hope's share would be 9.81% or approximately \$7,135.

The Town of Hope participates in the Five Town Community School District. As of June 30, 2020, the outstanding debt of the District was \$1,882,882. The Town of Hope's proportionate share would be 7.32% or \$137,827.

NOTE K - DONATED COMMODITIES:

The School Lunch Program received food with a value of \$4,475 from the U.S. Department of Agriculture during the year. This amount has been reflected in revenues and food expense.

NOTE L - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM:

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Maine Public Employees Retirement System

General Information about the Pension Plan

Plan Description - Teaching-certified employees of the Town of Hope are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

TOWN OF HOPE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE L - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D):

Benefits Provided - The SET Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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 her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by statute.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town of Hope's contractually required contribution rate for the year ended June 30, 2021, was 18.49% of annual payroll of which 4.16% of payroll was required from the Town and 14.33% was required from the State. Contributions to the pension plan from the Town were \$65,2721 for the year ended June 30, 2021.

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town's proportion of the net pension liability was based on projections of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Administrative Units and the State (SET Plan), actuarially determined.

SET Plan - At June 30, 2021, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town of Hope's Proportionate Share of the Net Pension Liability	\$ 62,597
State's Proportionate Share of the Net Pension Liability Associated with the Town of Hope	<u>1,617,489</u>
Total	<u><u>\$ 1,680,086</u></u>

At June 30, 2021, the Town of Hope's proportion of the SET Plan was 0.003835%.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE L - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D):

For the year ended June 30, 2021, the Town recognized pension expense of \$292,086 and revenue of \$224,840 for support provided by the State for the SET Plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience Changes in Assumptions	\$ 676	\$
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,595	
Changes in Proportion and Differences between Town Contributions and Proportionate Share of Contributions		2,513
Town Contributions Subsequent to the Measurement Date	65,272	
Total	\$ 68,543	\$ 2,513

\$65,272 reported as deferred outflows of resources related to pensions resulting from the Town of Hope's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ (895)
2023	\$ (2,932)
2024	\$ 2,304
2025	\$ 2,281

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SET Plan
Salary Increases (Inflation), per year	2.75% plus merit
Investment return, per annum, compounded annually	6.75%
Cost of living benefit increases, per annum	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for Males and Females.

The actuarial assumptions used in the June 30, 2015 valuation were based on an actuarial cost method which takes into consideration the normal cost rate and the unfunded actuarial liability.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE L - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D):

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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 as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	10.0%	5.9%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the SET Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to 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.

Sensitivity of the Town of Hope's proportionate share of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using the discount rate that is 1 percentage-point lower, or 5.75%, or 1 percentage-point higher, or 7.75%, than the current rate:

<u>SET Plan</u>	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Town of Hope's Proportionate Share of the Net Pension Liability	\$ 108,561	\$ 62,597	\$ 24,286

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2021.

Changes of Benefit Terms - None

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE L - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D):

Changes of Assumptions - Changes in actuarial assumptions in the most recent valuation are summarized below:

	<u>2021</u>	<u>2020</u>	<u>2018</u>
Discount rate	6.75%	6.75%	6.75%
Inflation rate	2.75%	2.75%	2.75%
Salary increases - SET Plan	2.75% plus merit	2.75% to 14.5%	2.75% to 14.5%
Cost of living increase	2.20%	2.20%	2.20%
Long-term expected real rate of return on assets:			
Real Estate	5.2%	5.2%	5.2%
Infrastructure	5.3%	5.3%	5.3%

NOTE M - INVESTMENTS:

The Town's investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the Statements of Net Position. Realized and unrealized gains and losses are included in the change in net assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Town uses various methods including market, income, and cost approaches.

Based on these approaches, the Town often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumption about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Town utilizes valuation on the observability of the inputs used in the valuation techniques. The Town is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Pricing inputs are quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is derived principally from observable market data or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant judgment or

The following table summarizes the levels in the ASC 820-10 fair value hierarchy into which the Town's financial instruments fall as of June 30, 2021:

Investments at Fair Value as of June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash/Money Market	\$ 48,430	\$	\$	\$ 48,430
Mutual Funds	173,819			173,819
Fixed Income	418,642			418,642
	<u>\$ 640,891</u>	<u>\$</u>	<u>\$</u>	<u>\$ 640,891</u>

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE M - INVESTMENTS (CONT'D):

Investments at Fair Value as of June 30, 2020

	Level 1	Level 2	Level 3	Total
Cash/Money Market	\$ 79,876	\$	\$	\$ 79,876
Mutual Funds	156,648			156,648
Fixed Income	457,105			457,105
	<u>\$ 693,629</u>	<u>\$</u>	<u>\$</u>	<u>\$ 693,629</u>

The Town's investments as of June 30, 2021 and 2020 are stated at fair value. Shares of the investment account are valued at quoted market prices, which represent the net value of the shares held by the Town at year end.

Investments as of June 30, 2021 consists of the Town's

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Cash/Money Market	\$ 48,430	\$ 48,430	\$
Mutual Funds	131,959	173,819	41,860
Fixed Income	426,228	418,642	(7,586)
	<u>\$ 606,617</u>	<u>\$ 640,891</u>	<u>\$ 34,274</u>

Investments as of June 30, 2020 consists of the Town's

	COST	FAIR VALUE	UNREALIZED APPRECIATION
Cash/Money Market	\$ 79,876	\$ 79,876	\$ 2,934
Mutual Funds	153,714	156,648	
Fixed Income	452,344	457,105	4,761
	<u>\$ 685,934</u>	<u>\$ 693,629</u>	<u>\$ 7,695</u>

NOTE N - OTHER POST EMPLOYMENT BENEFITS:

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with post employment benefits through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), a multiple-employer cost sharing plan with a special funding situation, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.mainepepers.org.

Additional Financial and Actuarial Information

Additional financial and actuarial information with respect to the Plans can be found in the System's 2020 Comprehensive Annual Financial Report available online at www.mainepepers.org or by contacting the System at (207) 512-3100.

TOWN OF HOPE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE N - OTHER POST EMPLOYMENT BENEFITS (CONT'D):

Other Post-Employment Benefits (OPEB)

The Group Life Insurance Plans (the Plans) provide basic group life insurance benefits during retirement, to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.00.

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000.00 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000.00 of coverage per month during the post-employment retired period.

On-Behalf Payments

As mentioned above, contributions are made by the System for participating retired teachers. The summary below provides the School Department's allocation of these contributions as well as the proportionate share of the net OPEB liability. The net OPEB liability is not recorded on the School financial statements since it is a liability of the State of Maine and not a liability of the School Department.

	<u>On-Behalf Payments</u>	Allocation of: <u>Benefits Expense</u>	<u>Net OPEB Liability</u>
2021	\$ 3,948.00	\$ 3,894.00	\$ 35,165.00

NOTE O - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - OTHER POST EMPLOYMENT BENEFITS:

General Information about the Other Post Employment Benefit Plan

Plan Description - Employees of the School are provided with post-employment benefits through the Maine Municipal Employees Health Trust, a single employer plan with a special funding situation, administered by the Municipal Employees Health Trust.

Other Post-Employment Benefits (OPEB)

The Maine Municipal Employee Health Trust (the Trust) provide insurance benefits during retirement, to retirees who participated in the Plan prior to retirement.

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. For school employees, the premiums for retiree insurance coverage are factored into the premiums paid for basic coverage while participants are active members.

TOWN OF HOPE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 0 - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - OTHER POST EMPLOYMENT BENEFITS (CONT'D):

Revenue Recognition

The Schedule of Employer Allocations for the Plan reflects current year employer and non-employer contributing entity premium contributions to the Plan.

Collective Net OPEB Liability

The collective net OPEB liability for the SET Plan, measured as of December 31, 2021, is as follows:

	Total Plan
Collective Total OPEB Liability	\$ 13,309.00
Less: Plan Net Fiduciary Position	-0-
Collective Net OPEB Liability	\$ 13,309.00

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plans was determined by an actuarial valuation as of December 31, 2021 using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the funding methodologies.

Costs are developed using the individual entry age normal cost method based on a level percentage of payroll.

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$	\$
Changes in Assumptions	357.00	
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Proportionate Share of Allocable Plan Benefits Expense		
School Contributions Subsequent to the Measurement Date		
Total	\$ 357.00	\$

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 0 - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - OTHER POST EMPLOYMENT BENEFITS (CONT'D):

Asset Valuation Method

Investments are reported at fair value.

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 20-year period on a closed basis. As of December 31, 2021, there were 25 years remaining in the amortization schedule for the Plan.

Year End June 30:		
2021	\$	357.00
2022	\$	-0-
2023	\$	-0-
2024	\$	-0-
2025	\$	-0-
Thereafter	\$	-0-

Discount Rate

The discount rate used to measure the collective total OPEB liability was 2.12% for 2021 for the Plan. 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 and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on SET Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Collective Net OPEB Liability

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of December 31, 2021 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended December 31, 2021 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors 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. There were no differences between expected and actual experience as of December 31, 2021.

Differences between Projected and Actual Investment Earnings

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

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 0 - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - OTHER POST EMPLOYMENT BENEFITS (CONT'D):

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic 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 June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. 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. For 2020, the amortization period was seven years for the State Employee portion of the SET Plan and nine years for the Teacher portion. The amortization period for the PLD Plan was six years for 2019. For the fiscal year ended June 30, 2020 there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions 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. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2021.

Components of Schedules of OPEB Amounts by Employer

Allocable Collective OPEB Expense

The calculation of collective OPEB expense for the year ended December 31, 2021 is as follows:

	OPEB Plan
Service Cost	\$ 727.00
Interest Cost	337.00
Cost of Benefit Changes	
Amortization of Differences in Actual and Expected Experience	
Amortization of Changes of Assumptions	715.00
Employer Contributions	(66.00)
Plan Administrative Expenses	
Benefit Payments	
Allocable OPEB Expense	\$ 1,713.00

Each employer's proportionate share of the collective OPEB expense is equal to the total collective OPEB expense multiplied by the employer's proportionate share percentage as of December 31, 2021.

TOWN OF HOPE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 0 - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - OTHER POST EMPLOYMENT BENEFITS (CONT'D):

Allocable Collective OPEB Expense

The calculation of collective OPEB expense for the year ended December 31, 2021 is as follows:

	OPEB Plan
Service Cost (BOY)	\$ 727.00
Interest Cost	337.00
Changes in Benefits	
Amortization of Differences in Actual and Expected Experience	
Plan Expenses	
Changes in Assumptions	715.00
Benefit Payments including Refunds of Member Contributions	(66.00)
Allocable OPEB Expense (Income)	\$ 1,713.00
Total OPEB Liability - Beginning	11,596.00
Total OPEB Liability - Ending	\$ 13,309.00

Plan Fiduciary Net Position

Contributions - Employer	\$ (66.00)
Contributions - Member	
Net Investment Income	
Benefit Payments, Including Refunds of Member Contributions	(66.00)
Administrative Expense	
Net Change in Plan Fiduciary Net Position	\$ -0-
Plan Fiduciary Net Position - Beginning	\$ -0-
Plan Fiduciary Net Position - Ending	-0-
Net OPEB Liability - Ending	\$ 13,309.00
Plan Fiduciary Net Position as a Percentage of The Total OPEB Liability	0.0%
Covered Employee Payroll	\$ 29,498.00
Net OPEB Liability as a Percentage of Covered Employee Payroll	45.1%

Each employer's proportionate share of the collective OPEB expense is equal to the total collective OPEB expense multiplied by the employer's proportionate share percentage as of December 31, 2021.

Collective Deferred Outflows (Inflows) of Resources

Differences between expected and actual experience with regard to economic and demographic assumptions are recognized in OPEB expense over a closed period equal to the expected remaining services lives of both active and inactive members, beginning in the period in which the difference arose. Differences between actual and expected investment income is recognized over a closed five-year period. Amounts not recognized in the current period are reflected in collective deferred outflows and inflows of resources related to OPEB.

TOWN OF HOPE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 0 - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST - OTHER POST EMPLOYMENT BENEFITS (CONT'D):

Sensitivity of the Town of Hope's proportionate share of the net pension liabilities to changes in the discount rate - The following presents the Town of Hope's proportionate share of the net pension liability calculated using the discount rate of 2.12% for the Plans, as well as what Town of Hope's proportionate share of the net OPEB liability would be if it were calculated using the discount rate that is 1 percentage-point lower (1.12% for SET Plan) or 1 percentage-point higher (3.12% for SET Plan) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
School's Proportionate share of the net pension liability	\$ 15,013.00	\$ 13,309.00	\$ 11,862.00

TOWN OF HOPE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	CARRIED FORWARD	ACTUAL	LAPSED VARIANCE FAVORABLE (UNFAVORABLE)	CARRIED VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
General Property Taxes	\$ 3,299,492	\$ 3,299,492	\$ -	\$ 3,294,093	\$ (5,399)	\$ -
Abatements	(53,683)	(53,683)		(8,240)	45,443	
Excise Taxes - Automobile	318,000	318,000		397,222	79,222	
Excise Taxes - Boats				3,867	3,867	
Dog Licenses				1,616	1,616	
Building and Plumbing Permits				13,812	13,812	
Intergovernmental:						
Education Subsidy	1,018,192	1,018,192		1,014,079	(4,113)	
Revenue Sharing	100,000	100,000		166,790	66,790	
Local Road Assistance	27,200	27,200		33,144	5,944	
Homestead Exemption Reimbursement	145,780	145,780		145,780		
Burn Permit Revenue Sharing	-	-		136	136	
BETE Reimbursement	60	60		60		
Veterans' Reimbursement				1,234	1,234	
Tree Growth Reimbursement				7,038	7,038	
General Assistance Reimbursement	750	750		312	(438)	
Interest:						
Delinquent Taxes	-	-		14,853	14,853	
Operating Funds	-	-		4,671	4,671	
Investment Earnings	-	-		45,360	45,360	
Charges for Services	-	-		13,517	13,517	
Miscellaneous	58,000	58,000		8,718	(49,282)	
Total Revenues	\$ 4,913,791	\$ 4,913,791	\$ -	\$ 5,158,062	\$ 244,271	\$ -
EXPENDITURES:						
ADMINISTRATION:						
Town Administration - Salaries and Benefits	\$ 160,717	\$ 160,717	\$ -	\$ 141,079	\$ 19,638	\$ -
General Administration	59,339	61,339		61,984	(645)	
Municipal Building	18,550	18,550		16,157	2,393	
Professional Services	38,160	38,160	15,000	51,301	1,859	
General Assistance	750	1,250		445	805	
PUBLIC SAFETY:						
Animal Control	7,188	7,188		6,481	707	
Fire Department	76,420	76,420	1,500	71,988	5,932	
Ambulance Services	38,659	38,659		38,851	(192)	
PUBLIC WORKS:						
Recreation Department	12,600	12,600		11,928	672	
Street Lights	11,405	11,405		11,162	243	
Roads	548,845	548,845		548,023	822	
Sanitation	59,143	59,143		59,143		
Cemeteries	9,577	9,577		4,344	5,233	
COUNTY TAX	288,262	288,262		288,225	37	
EDUCATION - ELEMENTARY	3,049,372	3,049,372	154,944	2,766,539		437,777
EDUCATION - SECONDARY AND ADULT ED	795,528	795,528		795,528		
DEBT SERVICE	45,055	45,055		43,615	1,440	
Total Expenditures	\$ 5,219,570	\$ 5,222,070	\$ 171,444	\$ 4,916,793	\$ 38,944	\$ 437,777
Excess of Revenues Over (Under) Expenditures	\$ (305,779)	\$ (308,279)	\$ 171,444	\$ 241,269	\$ 283,215	\$ 437,777
OTHER FINANCING SOURCES (USES):						
Transfers In	\$ 137,779	\$ 137,779	\$ -	\$ 137,779	-	\$ -
Transfers Out	(7,000)	(7,000)		(7,000)		
Total Other Financing Sources (Uses)	\$ 130,779	\$ 130,779	\$ -	\$ 130,779	\$ -	\$ -
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (175,000)	\$ (177,500)	\$ 171,444	\$ 372,048	\$ 283,215	\$ 437,777
Fund Balance, July 1, 2020	(194,408)	(254,408)		926,530		
Fund Balance (Deficit), June 30, 2021	\$ (369,408)	\$ (431,908)	\$ 171,444	\$ 1,298,578	\$ 283,215	\$ 437,777

TOWN OF HOPE
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM CONSOLIDATED PLAN
LAST 10 FISCAL YEARS*

	<u>2021**</u>	<u>2020**</u>	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
Town's Proportion of the Net Pension Liability	.003835%	.0044382%	.003735%	.001557%	.003949%	.004718%	.003680%
Town's Proportionate Share of the Net Pension Liability	\$ 62,597	\$ 64,235	\$ 50,402	\$ 22,616	\$ 69,765	\$ 63,699	\$ 39,756
Town's Covered-Employee Payroll	\$ 1,569,018	\$ 1,331,738	\$ 1,336,384	\$ 1,228,265	\$ 1,193,316	\$ 1,051,375	\$ 1,022,914
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	3.99%	4.82%	3.77%	1.84%	5.85%	6.06%	3.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.03%	82.73%	85.17%	83.35%	79.05%	83.55%	86.46%

* Only seven years of information available.

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

SCHEDULE OF TOWN CONTRIBUTIONS
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM CONSOLIDATED PLAN
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 65,272	\$ 55,400	\$ 53,054	\$ 48,762	\$ 40,095	\$ 35,326	\$ 27,107
Contributions in Relation to the Contractually Required Contribution	<u>(65,272)</u>	<u>(55,400)</u>	<u>(53,054)</u>	<u>(48,762)</u>	<u>(40,095)</u>	<u>(35,326)</u>	<u>(27,107)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 1,569,018	\$ 1,331,738	\$ 1,336,384	\$ 1,228,265	\$ 1,193,316	\$ 1,051,375	\$ 1,022,914
Contributions as a percent of Covered-Employee Payroll	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

* Only seven years of information available.

TOWN OF HOPE
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

Unassigned Fund Balance, July 1, 2020		\$ 575,618
INCREASES:		
Actual over Estimated Revenue (Schedule A-1)	\$ 244,271	
Operating Account Balances Lapsed (Schedule A-1)	38,944	
		283,215
DECREASES:		
Change in prepaid expenditures	\$ 68,867	
Appropriated at Special Town Meeting	2,500	
Appropriated at Town Meeting	161,200	
		232,567
Unassigned Fund Balance, June 30, 2021		\$ 626,266

TOWN OF HOPE
VALUATION, ASSESSMENT, AND COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2021

VALUATION:		
Real Estate	\$ 197,330,080	
Personal Property	<u>244,300</u>	
Total		<u><u>\$ 197,574,380</u></u>
ASSESSMENT:		
Valuation x Rate (\$197,574,380 x .01670)	\$ 3,299,492	
Supplemental Taxes	<u>13,850</u>	
		\$ 3,313,342
COLLECTIONS AND CREDITS:		
Cash Collections	\$ 3,080,989	
Abatements	4,180	
Uncollectible Personal Property Taxes Written-Off	<u>4,060</u>	
		3,089,229
2020-2021 Taxes Receivable, June 30, 2021		<u><u>\$ 224,113</u></u>

COMPUTATION OF ASSESSMENT

Tax Commitment	\$ 3,299,492	
Homestead Reimbursement	145,780	
BETE Reimbursement	60	
Local Road Assistance	27,200	
State Revenue Sharing	100,000	
Use of Fund Balance	175,000	
Miscellaneous	61,000	
Excise Taxes	318,000	
General Assistance Reimbursement	<u>750</u>	
		\$ 4,127,282
REQUIREMENTS:		
Appropriations	\$ 3,785,337	
County Tax	<u>288,262</u>	
		4,073,599
OVERLAY		<u><u>\$ 53,683</u></u>

TOWN OF HOPE
RECONCILIATION OF TREASURER'S CASH BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND CHECKING:

First National Bank - General Fund

Balance Per Bank Statement	\$ 997,531	
Add: Deposits in Transit	16,009	
Less: Outstanding Checks	<u>17,276</u>	
Balance, June 30, 2021		\$ 996,264

First National Bank - School Checking Account

Balance Per Bank Statement	\$ 15,084	
Less: Outstanding Checks	15,056	
Less: Outstanding Transfer	<u>28</u>	
Balance, June 30, 2021		-

First National Bank - Health Reimbursement Account

Balance, June 30, 2021		1,200
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PETTY CASH & CHANGE FUND

350

Cash Balance, June 30, 2021

<u>\$ 997,814</u>

TOWN OF HOPE
 SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUND TYPE - CUSTODIAL
 STUDENT ACTIVITY FUND
 FOR THE YEAR ENDED JUNE 30, 2021

Activity Account	NET POSITION 7/1/2020	ADDITIONS	DEDUCTIONS	NET POSITION 6/30/2021
Class of 2021	\$ -	\$ 9,128.82	\$ (8,611.13)	\$ 517.69
Class of 2022		235.56		235.56
Camp Kieve Fund	(576.80)	576.80		
Cheer Fund	371.10	345.00	(311.11)	404.99
Essentials Team	55.65			55.65
Fundraising	3,457.92	2,538.88	(3,992.91)	2,003.89
Guidance	473.52		(44.94)	428.58
Laptop Insurance	4,285.26	1,680.00	(576.80)	5,388.46
Library	1,238.89	21.95	(744.83)	516.01
Math & Science	220.31	500.00	(477.70)	242.61
Laptop Fund	660.43			660.43
Middle School Athletics Fund	26.20			26.20
French	25.00			25.00
Music	1,260.75			1,260.75
Integrated Studies 6+8	7.42			7.42
Replacement Fund	100.00			100.00
Scholarship Fund	1,379.05			1,379.05
Seeds of Hope	425.74			425.74
Student Council	314.98		(39.05)	275.93
Petty Cash		5,487.84	(5,812.43)	(324.59)
Yearbook	475.83	554.00	(13.00)	1,016.83
Pre-K	1,203.75	727.00	(941.74)	989.01
0th Grade	35.97		(27.99)	7.98
1st Grade	643.19	1,500.00	(1,625.12)	518.07
3rd Grade	34.30			34.30
4th Grade	85.24			85.24
5th Grade	13.17			13.17
7th Grade	(76.00)			(76.00)
8th Grade	187.64			187.64
Helperin Camp Scholarship	2,000.00			2,000.00
Camp Kieve Scholarship	666.01			666.01
Lunch Fund	25.00			25.00
Adv Math	148.00			148.00
Middle Level Fund	600.00			600.00
Total	<u>\$ 19,767.52</u>	<u>\$ 23,295.85</u>	<u>\$ (23,218.75)</u>	<u>\$ 19,844.62</u>

TOWN OF HOPE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR NUMBER	FUND BALANCE JULY 1, 2020	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2021
U.S. DEPARTMENT OF AGRICULTURE:						
Passed Through State Department of Education:						
Child Nutrition Cluster:						
Donated Commodities (Note 2)	10.559	N/A	\$ -	\$ 4,475	\$ 4,475	\$ -
Summer Food Program	10.559	13.3016/13.3018		78,166	78,166	
Total Child Nutrition Cluster			<u>\$ -</u>	<u>\$ 82,641</u>	<u>\$ 82,641</u>	<u>\$ -</u>
Fresh Fruits and Veggies Program	10.582	13.3028	<u>\$ -</u>	<u>\$ 8,180</u>	<u>\$ 8,180</u>	<u>\$ -</u>
Subtotal			<u>\$ -</u>	<u>\$ 90,821</u>	<u>\$ 90,821</u>	<u>\$ -</u>
U.S. DEPARTMENT OF TREASURY:						
Passed Through State Department of Education:						
COVID - Coronavirus Relief Funds 1	21.019	22.7010	\$ -	\$ 233,839	\$ 233,839	\$ -
COVID - Coronavirus Relief Funds 2	21.019	22.7015		247,521	247,521	
Subtotal			<u>\$ -</u>	<u>\$ 481,360</u>	<u>\$ 481,360</u>	<u>\$ -</u>
U.S. DEPARTMENT OF EDUCATION:						
Passed Through State Department of Education:						
Special Education Cluster:						
IDEA Special Education - Grant to States (IDEA Part B)	84.027	13.3046	\$ (117)	\$ 44,387	\$ 44,270	\$ -
Preschool	84.173	13.6247		285	285	
Total Special Education Cluster			<u>\$ (117)</u>	<u>\$ 44,672</u>	<u>\$ 44,555</u>	<u>\$ -</u>
COVID - Elementary and Secondary School Emergency Relief Fund #1	84.425D	13.7006	\$ -	\$ 20,906	\$ 20,906	\$ -
COVID - Elementary and Secondary School Emergency Relief Fund #2	84.425D	13.7010		36,100	36,100	
Subtotal ESSER			<u>\$ -</u>	<u>\$ 57,006</u>	<u>\$ 57,006</u>	<u>\$ -</u>
Title I - Basic Disadvantaged Program	84.010	13.3107	\$ 1,772	\$ 10,359	\$ 10,359	\$ 1,772
Rural Education Achievement Program	84.358	N/A	1,170	5,596	5,407	1,359
Title IIA - Supporting Effective Instruction	84.367	13.3042		3,548	3,548	
Student Support and Academic Enrichment - Title IVA	84.424	13.3345		1,287	1,287	
Rural and Low Income - Title V				3,014	3,014	
Subtotal U.S. Department of Education			<u>\$ 2,825</u>	<u>\$ 125,482</u>	<u>\$ 125,176</u>	<u>\$ 3,131</u>
Total			<u>\$ 2,825</u>	<u>\$ 697,663</u>	<u>\$ 697,357</u>	<u>\$ 3,131</u>

TOWN OF HOPE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Town of Hope's Schedule of Expenditures of Federal Awards conforms to generally accepted accounting principles as applicable to governmental units. The modified accrual basis of accounting is followed. This method of accounting is defined as the basis of accounting under which expenditures are recorded as incurred, and revenues are recorded when received in cash except for material and/or available revenues which are accrued to reflect properly the assessments levied and the revenues earned.

NOTE 2 - DONATED COMMODITIES:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities consumed.

NOTE 3 - INDIRECT COST RATE:

Town of Hope has elected not to use the 10% de minimus indirect cost rate allowed under uniformed guidance.

NOTE 4 - SUBRECIPIENTS:

None of the grants received by the Town of Hope in FY 2021 were passed through to subrecipients.