

Audited Financial Statements and
Other Financial Information

Town of Stow, Maine

December 31, 2022



Proven Expertise & Integrity

TOWN OF STOW, MAINE

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Stow
Stow, Maine

Report on Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stow, Maine, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stow, Maine as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 5 through 11 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stow, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023, on our consideration of the Town of Stow, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Stow, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stow, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
May 1, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

(UNAUDITED)

The following management's discussion and analysis of the Town of Stow, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The Town of Stow presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$148,481 from \$742,721 to \$891,202.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$469,690 at the end of this year.

Table 1
Town of Stow, Maine
Net Position
December 31,

	2022	2021
Assets:		
Current Assets	\$ 545,196	\$ 461,602
Noncurrent Assets - Capital Assets	471,764	420,230
Total Assets	1,016,960	881,832
Liabilities:		
Current Liabilities	13,140	15,963
Noncurrent Liabilities	88,483	97,834
Total Liabilities	101,623	113,797
Deferred Inflows of Resources:		
Prepaid Taxes	26	1,234
Deferred Revenue	24,109	24,080
Total Deferred Inflows of Resources	24,135	25,314
Net Position:		
Net Investment in Capital Assets	373,930	313,137
Restricted	47,582	33,673
Unrestricted	469,690	395,911
Total Net Position	\$ 891,202	\$ 742,721

Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.73%, while total expenses increased by 6.55%. The largest increases in revenues were in taxes and grants and contributions not restricted to specific programs, while the biggest increase in expenses was in capital outlays.

Table 2
Town of Stow, Maine
Change in Net Position
For The Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 2,680	\$ 2,858
Operating grants and contributions	38,602	38,140
<i>General Revenues:</i>		
Taxes	990,957	937,184
Grants and contributions not restricted to specific programs	124,915	100,779
Miscellaneous	15,083	9,117
Total Revenues	<u>1,172,237</u>	<u>1,088,078</u>
Expenses		
Current:		
General government	113,899	101,546
Public safety	26,992	22,745
Health and sanitation	56,456	53,244
Public works	87,453	86,854
Welfare and community agencies	7,529	5,392
Education	485,944	493,848
County tax	55,702	52,830
Unclassified	17,953	133,359
Capital outlay	158,252	-
Unallocated depreciation (Note 5)*	13,576	11,026
Total Expenses	<u>1,023,756</u>	<u>960,844</u>
Change in Net Position	148,481	127,234
Net Position - January 1	<u>742,721</u>	<u>615,487</u>
Net Position - December 31	<u>\$ 891,202</u>	<u>\$ 742,721</u>

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Stow, Maine
Fund Balances - Governmental Funds
December 31,

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 3,796	\$ 3,796	\$ -
Assigned	26,100	25,227	873
Unassigned	180,999	187,500	(6,501)
Total General Fund	<u>\$ 210,895</u>	<u>\$ 216,523</u>	<u>\$ (5,628)</u>
Nonmajor Funds:			
Special Revenue Funds			
Restricted	\$ 42,808	\$ 28,899	\$ 13,909
Committed	10,000	5,000	5,000
Unassigned	5,969	-	5,969
Capital Projects Funds:			
Committed	69,832	75,595	(5,763)
Assigned	62	62	-
Permanent Funds:			
Restricted	4,774	4,774	-
Total Nonmajor Funds	<u>\$ 133,445</u>	<u>\$ 114,330</u>	<u>\$ 19,115</u>

The changes to total fund balances for the general fund and other governmental funds occurred due to the regular activity of operations.

Budgetary Highlights

The only difference between the original and final budget for the general fund was due to the use of assigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$75,723. This was the result of all revenues categories being receipted within or in excess of budgeted amounts with the exception of property taxes and intergovernmental - BETE reimbursement.

The general fund actual expenditures were under budgeted amounts by \$139,735. All expenditure categories were within or under budgeted amounts with the exception of public works.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2022, the net book value of capital assets recorded by the Town increased by \$51,534 from the prior year. This was due to current year additions of \$65,110 less current year depreciation expense of \$13,576. Refer to Note 5 of Notes to Financial Statements for additional information.

Table 4
Town of Stow, Maine
Capital Assets (Net of Depreciation)
December 31,

	<u>2022</u>	<u>2021</u>
Land	\$ 62,954	\$ 62,954
Buildings and improvements	239,506	237,741
Machinery and Equipment	2,738	3,453
Infrastructure	166,566	116,082
Total	<u>\$ 471,764</u>	<u>\$ 420,230</u>

Debt

At December 31, 2022, the Town had \$97,834 in a bond payable versus \$107,093 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 710 Stow Road, Stow, Maine 04037.

TOWN OF STOW, MAINE
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 431,637
Accounts receivable (net of allowance for uncollectibles):	
Taxes	99,138
Other	4,625
Prepaid items	6,000
Tax acquired property	3,796
Total current assets	545,196
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	62,954
Depreciable assets, net of accumulated depreciation	408,810
Total noncurrent assets	471,764
TOTAL ASSETS	\$ 1,016,960
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 996
Due to other governments	2,793
Current portion of long-term obligations	9,351
Total current liabilities	13,140
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	88,483
Total noncurrent liabilities	88,483
TOTAL LIABILITIES	101,623
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	26
Deferred revenue	24,109
TOTAL DEFERRED INFLOWS OF RESOURCES	24,135
NET POSITION	
Net investment in capital assets	373,930
Restricted	47,582
Unrestricted	469,690
TOTAL NET POSITION	891,202
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,016,960

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

TOWN OF STOW, MAINE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities					
General government	\$ 113,899	\$ 2,680	\$ -	\$ -	\$ (111,219)
Public safety	26,992	-	-	-	(26,992)
Health and sanitation	56,456	-	-	-	(56,456)
Public works	87,453	-	-	-	(87,453)
Welfare and community agencies	7,529	-	-	-	(7,529)
Education	485,944	-	-	-	(485,944)
County tax	55,702	-	-	-	(55,702)
Unclassified	17,953	-	38,602	-	20,649
Capital outlay	158,252	-	-	-	(158,252)
Unallocated depreciation (Note 5)	13,576	-	-	-	(13,576)
Total governmental activities	<u>\$ 1,023,756</u>	<u>\$ 2,680</u>	<u>\$ 38,602</u>	<u>\$ -</u>	<u>(982,474)</u>

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF STOW, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>\$ (982,474)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	904,529
Excise taxes	86,428
Grants and contributions not restricted to specific programs	124,915
Miscellaneous	<u>15,083</u>
Total general revenues	<u>1,130,955</u>
Change in net position	148,481
NET POSITION - JANUARY 1	<u>742,721</u>
NET POSITION - DECEMBER 31	<u><u>\$ 891,202</u></u>

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

TOWN OF STOW, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 431,637	\$ -	\$ 431,637
Accounts receivable (net of allowance for uncollectibles):			
Taxes	99,138	-	99,138
Other	4,625	-	4,625
Prepaid items	-	6,000	6,000
Tax acquired property	3,796	-	3,796
Due from other funds	-	151,554	151,554
TOTAL ASSETS	\$ 539,196	\$ 157,554	\$ 696,750
LIABILITIES			
Accounts payable	\$ 996	\$ -	\$ 996
Due to other governments	2,793	-	2,793
Due to other funds	151,554	-	151,554
TOTAL LIABILITIES	155,343	-	155,343
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	26	-	26
Deferred revenue	-	24,109	24,109
Deferred tax revenues	172,932	-	172,932
TOTAL DEFERRED INFLOWS OF RESOURCES	172,958	24,109	197,067
FUND BALANCES			
Nonspendable	3,796	-	3,796
Restricted	-	47,582	47,582
Committed	-	79,832	79,832
Assigned	26,100	62	26,162
Unassigned (deficit)	180,999	5,969	186,968
TOTAL FUND BALANCES	210,895	133,445	344,340
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 539,196	\$ 157,554	\$ 696,750

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

TOWN OF STOW, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 344,340
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	471,764
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	172,932
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bond payable	<u>(97,834)</u>
Net position of governmental activities	<u>\$ 891,202</u>

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

TOWN OF STOW, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 830,328	\$ -	\$ 830,328
Excise taxes	86,428	-	86,428
Intergovernmental	124,915	38,602	163,517
Charges for services	2,680	-	2,680
Miscellaneous revenues	14,933	150	15,083
TOTAL REVENUES	1,059,284	38,752	1,098,036
EXPENDITURES			
Current:			
General government	113,899	-	113,899
Public safety	26,992	-	26,992
Health and sanitation	56,456	-	56,456
Public works	87,453	-	87,453
Welfare and community agencies	7,529	-	7,529
Education	485,944	-	485,944
County tax	55,702	-	55,702
Unclassified	937	26,275	27,212
Capital outlay	-	223,362	223,362
TOTAL EXPENDITURES	834,912	249,637	1,084,549
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	224,372	(210,885)	13,487
OTHER FINANCING SOURCES (USES)			
Transfers in	-	230,000	230,000
Transfers (out)	(230,000)	-	(230,000)
TOTAL OTHER FINANCING SOURCES (USES)	(230,000)	230,000	-
NET CHANGE IN FUND BALANCES	(5,628)	19,115	13,487
FUND BALANCES - JANUARY 1	216,523	114,330	330,853
FUND BALANCES - DECEMBER 31	\$ 210,895	\$ 133,445	\$ 344,340

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

TOWN OF STOW, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 13,487</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	65,110
Depreciation expense	<u>(13,576)</u>
	<u>51,534</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>74,201</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>9,259</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 148,481</u></u>

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Stow was incorporated under the laws of the State of Maine. The Town operates under the Selectboard-treasurer form of government and provides the following services: general government, public safety, health and sanitation, public works, welfare and community agencies, education and unclassified.

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

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

Implementation of New Accounting Standards

During the year ended December 31, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 98 "The Annual Comprehensive Financial Report". This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management has determined the impact of this Statement is not material to the financial statements.

Government -Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. All activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

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

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

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

Basis of Accounting

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

1. Accrual

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

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

Deposits and Investments

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

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town of Stow has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables include amounts due for ambulance and other Town services provided. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$4,625 for the year ended December 31, 2022.

Tax Acquired Property

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

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of the Town charter.

Interfund Receivables and Payables

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

Transactions Between Funds

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

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

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

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

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently does not have any deferred outflows of resources.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied October 13, 2022 on the assessed value listed as of April 1, 2022, for all real located in the Town. Taxes were due on December 1, 2022. Interest on unpaid taxes commenced on December 2, 2022, at 4% per annum.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$25,868 for the year ended December 31, 2022.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town follows state statutes for the investment of funds, which authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These apply to all Town funds.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At December 31, 2022, the Town's cash balance of \$431,635 was comprised of bank deposits amounting to \$479,246. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these deposits, \$301,537 was insured by federal depository insurance and was not exposed to custodial credit risk and deposits of \$177,709 were collateralized by an irrevocable standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 51,537
Money market account	427,709
	<u>\$ 479,246</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

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

At December 31, 2022, the Town did not have any investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2022 consisted of the following individual fund receivables and payables.

	Receivables (Due From)	Payables (Due To)
General fund	\$ -	\$ 151,554
Nonmajor special revenue funds	76,886	-
Nonmajor capital projects funds	69,894	-
Nonmajor permanent funds	4,774	-
	<u>\$ 151,554</u>	<u>\$ 151,554</u>

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

NOTE 4 - INTERFUND TRANSFERS

At December 31, 2022, the Town had the following interfund transfers:

	Transfers In	Transfers Out
General fund	\$ -	\$ 230,000
Nonmajor special revenue funds	5,000	-
Nonmajor capital projects funds	225,000	-
	<u>\$ 230,000</u>	<u>\$ 230,000</u>

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	Balance, 1/1/22	Additions	Disposals	Balance, 12/31/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 62,954	\$ -	\$ -	\$ 62,954
Depreciated assets:				
Buildings and improvements	332,748	10,271	-	343,019
Machinery and equipment	5,000	-	-	5,000
Infrastructure	117,886	54,839	-	172,725
	<u>455,634</u>	<u>65,110</u>	<u>-</u>	<u>520,744</u>
Less: accumulated depreciation				
Buildings and improvements	(95,007)	(8,506)	-	(103,513)
Machinery and equipment	(1,547)	(715)	-	(2,262)
Infrastructure	(1,804)	(4,355)	-	(6,159)
	<u>(98,358)</u>	<u>(13,576)</u>	<u>-</u>	<u>(111,934)</u>
Net depreciated assets	<u>357,276</u>	<u>51,534</u>	<u>-</u>	<u>408,810</u>
Net capital assets	<u>\$ 420,230</u>	<u>\$ 51,534</u>	<u>\$ -</u>	<u>\$ 471,764</u>

NOTE 6 - SHORT-TERM DEBT

The following is a summary of changes in the short-term debt for the year ended December 31, 2022:

	Balance 1/1/22	Additions	Deletions	Balance 12/31/22
Tax anticipation note	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ (300,000)</u>	<u>\$ -</u>

On June 1, 2022, the Town issued a tax anticipation note to provide liquidity for governmental operations financed by property taxes. The tax anticipation note allowed principal draws up to \$300,000 at 2.65% interest per annum with a maturity date of December 31, 2022. As of December 5, 2022 the tax anticipation note was paid in full. Interest for the year ended December 31, 2022 was \$3,525.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2022:

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Current Year Portion
Bond payable	\$ 107,093	\$ -	\$ (9,259)	\$ 97,834	\$ 9,351

The following is a summary of the outstanding bonds payable:

Bond payable for the construction of a new sand and salt shed with the Maine Municipal Bond Bank, due in annual payments of \$10,846, through August of 2032. Interest is charged at a fixed rate of 1.0% per annum.

\$ 97,834

The following is a summary of outstanding bond payable principal and interest requirements for the following fiscal years ending December 31:

	Principal	Interest	Total Debt Service
2023	\$ 9,351	\$ 1,495	\$ 10,846
2024	9,444	1,401	10,845
2025	9,540	1,307	10,847
2026	9,634	1,211	10,845
2027	9,731	1,115	10,846
2028-2032	50,134	4,097	54,231
	<u>\$ 97,834</u>	<u>\$ 10,626</u>	<u>\$ 108,460</u>

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at December 31, 2022:

Invested in capital assets	\$ 583,698
Accumulated depreciation	(111,934)
Outstanding capital related debt	<u>(97,834)</u>
	<u>\$ 373,930</u>

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

At December 31, 2022, the Town had the following restricted net position and fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 42,808
Nonmajor permanent funds (Schedule I)	<u>4,774</u>
	<u>\$ 47,582</u>

NOTE 10 - NONSPENDABLE FUND BALANCE

At December 31, 2022, the Town had the following nonspendable fund balance:

General fund:	
Tax acquired property	<u>\$ 3,796</u>

NOTE 11 - COMMITTED FUND BALANCES

At December 31, 2022, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 10,000
Nonmajor capital projects funds (Schedule G)	<u>69,832</u>
	<u>\$ 79,832</u>

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - ASSIGNED FUND BALANCES

At December 31, 2022, the Town had the following assigned fund balances:

General fund:	
Municipal office	\$ 10,117
Planning Board	3,810
Conservation Committee	964
Rubbish and recycling	5,919
Cemeteries	5,290
Nonmajor capital projects funds (Schedule G)	62
	<u>\$ 26,162</u>

NOTE 13 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. The County of Oxford and RSU No. 72 had the following long-term debt as of December 31, 2022:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Oxford	\$ 44,218	0.69%	\$ 305
RSU No. 72	14,506,319	3.82%	554,141
			<u>\$ 554,446</u>

NOTE 14 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at December 31, 2022.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met. Under the

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14 - RISK MANAGEMENT (CONTINUED)

general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$2,500 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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

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

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 16 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

TOWN OF STOW, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 216,523	\$ 216,523	\$ 216,523	\$ -
Resources (Inflows):				
Property taxes	896,373	896,373	830,328	(66,045)
Excise taxes	-	-	86,428	86,428
Intergovernmental:				
State revenue sharing	62,483	62,483	71,409	8,926
Homestead reimbursement	24,694	24,694	25,221	527
Tree growth	-	-	28,285	28,285
BETE reimbursement	11	11	-	(11)
Charges for service	-	-	2,680	2,680
Interest income	-	-	4,664	4,664
Miscellaneous revenues	-	-	10,269	10,269
Amounts Available for Appropriation	<u>1,200,084</u>	<u>1,200,084</u>	<u>1,275,807</u>	<u>75,723</u>
Charges to Appropriations (Outflows):				
General government	138,300	151,925	113,899	38,026
Public safety	28,617	28,617	26,992	1,625
Health and sanitation	54,000	62,375	56,456	5,919
Public works	85,000	85,062	87,453	(2,391)
Welfare and community agencies	10,270	10,270	7,529	2,741
Education	485,944	485,944	485,944	-
County tax	55,702	55,702	55,702	-
Unclassified	28,868	32,095	937	31,158
Transfers to other funds	230,000	292,657	230,000	62,657
Total Charges to Appropriations	<u>1,116,701</u>	<u>1,204,647</u>	<u>1,064,912</u>	<u>139,735</u>
Budgetary Fund Balance, December 31	<u>\$ 83,383</u>	<u>\$ (4,563)</u>	<u>\$ 210,895</u>	<u>\$ 215,458</u>
Utilization of unassigned fund balance	\$ 110,000	\$ 110,000	\$ -	\$ (110,000)
Utilization of assigned fund balance	23,140	111,086	-	(111,086)
	<u>\$ 133,140</u>	<u>\$ 221,086</u>	<u>\$ -</u>	<u>\$ (221,086)</u>

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

Other Supplementary Information

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

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

TOWN OF STOW, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 896,373	\$ 896,373	\$ 830,328	\$ (66,045)
Auto/boat excise	-	-	86,428	86,428
Intergovernmental revenues:				
State revenue sharing	62,483	62,483	71,409	8,926
Homestead reimbursement	24,694	24,694	25,221	527
Tree growth	-	-	28,285	28,285
BETE reimbursement	11	11	-	(11)
Charges for services:				
Clerk fees	-	-	2,193	2,193
Dog licenses	-	-	181	181
Vital fees	-	-	306	306
Interest income:				
Tax interest	-	-	4,003	4,003
Interest income	-	-	661	661
Miscellaneous revenues	-	-	10,269	10,269
Amounts Available for Appropriation	<u>\$ 983,561</u>	<u>\$ 983,561</u>	<u>\$ 1,059,284</u>	<u>\$ 75,723</u>

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

TOWN OF STOW, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Town officers	\$ 125,000	\$ -	\$ 125,000	\$ 99,450	\$ 25,550
Municipal offices	12,000	10,117	22,117	10,890	11,227
Planning Board	1,000	2,844	3,844	34	3,810
Conservation committee	300	664	964	-	964
TAN interest	-	-	-	3,525	(3,525)
Total	138,300	13,625	151,925	113,899	38,026
PUBLIC SAFETY					
Rescue	8,129	-	8,129	8,129	-
Fire department	20,488	-	20,488	18,863	1,625
Total	28,617	-	28,617	26,992	1,625
HEALTH AND SANITATION					
	54,000	8,375	62,375	56,456	5,919
PUBLIC WORKS					
Snow	85,000	62	85,062	87,453	(2,391)
Total	85,000	62	85,062	87,453	(2,391)
WELFARE AND COMMUNITY AGENCIES					
Social services	7,270	-	7,270	7,020	250
General assistance	3,000	-	3,000	509	2,491
Total	10,270	-	10,270	7,529	2,741

TOWN OF STOW, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
EDUCATION	485,944	-	485,944	485,944	-
COUNTY TAX	55,702	-	55,702	55,702	-
UNCLASSIFIED					
Cemeteries	3,000	3,227	6,227	937	5,290
Overlay	25,868	-	25,868	-	25,868
Total	28,868	3,227	32,095	937	31,158
TRANSFERS TO OTHER FUNDS					
Special revenue funds	5,000	8,600	13,600	5,000	8,600
Capital projects funds	225,000	54,057	279,057	225,000	54,057
Total	230,000	62,657	292,657	230,000	62,657
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 1,116,701</u>	<u>\$ 87,946</u>	<u>\$ 1,204,647</u>	<u>\$ 1,064,912</u>	<u>\$ 139,735</u>

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

TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Prepaid items	\$ 6,000	\$ -	\$ -	\$ 6,000
Due from other funds	76,886	69,894	4,774	151,554
TOTAL ASSETS	<u>\$ 82,886</u>	<u>\$ 69,894</u>	<u>\$ 4,774</u>	<u>\$ 157,554</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	24,109	-	-	24,109
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>24,109</u>	<u>-</u>	<u>-</u>	<u>24,109</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	42,808	-	4,774	47,582
Committed	10,000	69,832	-	79,832
Assigned	-	62	-	62
Unassigned (deficit)	5,969	-	-	5,969
TOTAL FUND BALANCES	<u>58,777</u>	<u>69,894</u>	<u>4,774</u>	<u>133,445</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 82,886</u>	<u>\$ 69,894</u>	<u>\$ 4,774</u>	<u>\$ 157,554</u>

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

TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 38,602	\$ -	\$ -	\$ 38,602
Other	150	-	-	150
TOTAL REVENUES	38,752	-	-	38,752
EXPENDITURES				
Capital outlay	-	223,362	-	223,362
Other	18,874	7,401	-	26,275
TOTAL EXPENDITURES	18,874	230,763	-	249,637
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	19,878	(230,763)	-	(210,885)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	225,000	-	230,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	225,000	-	230,000
NET CHANGE IN FUND BALANCES	24,878	(5,763)	-	19,115
FUND BALANCES - JANUARY 1	33,899	75,657	4,774	114,330
FUND BALANCES - DECEMBER 31	\$ 58,777	\$ 69,894	\$ 4,774	\$ 133,445

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

Special Revenue Funds

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

TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2022

	Local Roads	National Forest Highway	Fuel for Neighbors	Elderly Tax Relief	Friends of Lovell Recreation	American Rescue Plan Act	Revaluation	Total
ASSETS								
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ 6,000
Due from other funds	19,780	14,882	6,875	1,240	31	24,078	10,000	76,886
TOTAL ASSETS	\$ 19,780	\$ 14,882	\$ 6,875	\$ 1,240	\$ 31	\$ 30,078	\$ 10,000	\$ 82,886
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	-	-	-	24,109	-	24,109
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	24,109	-	24,109
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	19,780	14,882	6,875	1,240	31	-	-	42,808
Committed	-	-	-	-	-	-	10,000	10,000
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	5,969	-	5,969
TOTAL FUND BALANCES	19,780	14,882	6,875	1,240	31	5,969	10,000	58,777
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
	\$ 19,780	\$ 14,882	\$ 6,875	\$ 1,240	\$ 31	\$ 30,078	\$ 10,000	\$ 82,886

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

TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Local Roads	National Forest Highway	Fuel for Neighbors	Elderly Tax Relief	Friends of Lovell Recreation	American Rescue Plan Act	Revaluation	Total
REVENUES								
Intergovernmental	\$ 9,864	\$ 4,658	\$ -	\$ -	-	\$ 24,080	\$ -	\$ 38,602
Other	-	-	150	-	-	-	-	150
TOTAL REVENUES	<u>9,864</u>	<u>4,658</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>24,080</u>	<u>-</u>	<u>38,752</u>
EXPENDITURES								
Other	-	-	763	-	-	18,111	-	18,874
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>763</u>	<u>-</u>	<u>-</u>	<u>18,111</u>	<u>-</u>	<u>18,874</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,864</u>	<u>4,658</u>	<u>(613)</u>	<u>-</u>	<u>-</u>	<u>5,969</u>	<u>-</u>	<u>19,878</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	5,000	5,000
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	9,864	4,658	(613)	-	-	5,969	5,000	24,878
FUND BALANCES - JANUARY 1	<u>9,916</u>	<u>10,224</u>	<u>7,488</u>	<u>1,240</u>	<u>31</u>	<u>-</u>	<u>5,000</u>	<u>33,899</u>
FUND BALANCES - DECEMBER 31	<u>\$ 19,780</u>	<u>\$ 14,882</u>	<u>\$ 6,875</u>	<u>\$ 1,240</u>	<u>\$ 31</u>	<u>\$ 5,969</u>	<u>\$ 10,000</u>	<u>\$ 58,777</u>

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

Capital Projects Funds

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

TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022

	<u>Roads and Bridges</u>	<u>Ezra Heald Bridge Repair</u>	<u>Stow Bridge Repair</u>	<u>Highway Equipment</u>	<u>Salt Sand Shed</u>	<u>Tar Account</u>	<u>Computer Reserve</u>	<u>Total</u>
ASSETS								
Due from other funds	\$ 7,376	\$ 29,447	\$ 15,000	\$ 4,312	\$ 2,595	\$ 9,151	\$ 2,013	\$ 69,894
TOTAL ASSETS	<u>\$ 7,376</u>	<u>\$ 29,447</u>	<u>\$ 15,000</u>	<u>\$ 4,312</u>	<u>\$ 2,595</u>	<u>\$ 9,151</u>	<u>\$ 2,013</u>	<u>\$ 69,894</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	7,314	29,447	15,000	4,312	2,595	9,151	2,013	69,832
Assigned	62	-	-	-	-	-	-	62
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,376</u>	<u>29,447</u>	<u>15,000</u>	<u>4,312</u>	<u>2,595</u>	<u>9,151</u>	<u>2,013</u>	<u>69,894</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,376</u>	<u>\$ 29,447</u>	<u>\$ 15,000</u>	<u>\$ 4,312</u>	<u>\$ 2,595</u>	<u>\$ 9,151</u>	<u>\$ 2,013</u>	<u>\$ 69,894</u>

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

TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Roads and Bridges	Ezra Heald Bridge Repair	Stow Bridge Repair	Highway Equipment	Salt Sand Shed	Tar Account	Computer Reserve	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Capital outlay	201,672	-	-	-	21,690	-	-	223,362
Other	-	-	-	-	-	2,814	4,587	7,401
TOTAL EXPENDITURES	<u>201,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,690</u>	<u>2,814</u>	<u>4,587</u>	<u>230,763</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(201,672)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,690)</u>	<u>(2,814)</u>	<u>(4,587)</u>	<u>(230,763)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	177,000	-	15,000	-	20,000	10,000	3,000	225,000
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>177,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>20,000</u>	<u>10,000</u>	<u>3,000</u>	<u>225,000</u>
NET CHANGE IN FUND BALANCES	(24,672)	-	15,000	-	(1,690)	7,186	(1,587)	(5,763)
FUND BALANCES - JANUARY 1	<u>32,048</u>	<u>29,447</u>	<u>-</u>	<u>4,312</u>	<u>4,285</u>	<u>1,965</u>	<u>3,600</u>	<u>75,657</u>
FUND BALANCES - DECEMBER 31	<u>\$ 7,376</u>	<u>\$ 29,447</u>	<u>\$ 15,000</u>	<u>\$ 4,312</u>	<u>\$ 2,595</u>	<u>\$ 9,151</u>	<u>\$ 2,013</u>	<u>\$ 69,894</u>

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

Permanent Funds

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

TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2022

	<u>Cemeteries</u>	<u>Total</u>
ASSETS		
Due from other funds	\$ 4,774	\$ 4,774
TOTAL ASSETS	<u>\$ 4,774</u>	<u>\$ 4,774</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	4,774	4,774
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>4,774</u>	<u>4,774</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,774</u>	<u>\$ 4,774</u>

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

TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Cemeteries</u>	<u>Total</u>
REVENUES		
Interest income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Other		-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES - JANUARY 1	<u>4,774</u>	<u>4,774</u>
FUND BALANCES - DECEMBER 31	<u>\$ 4,774</u>	<u>\$ 4,774</u>

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



Proven Expertise & Integrity

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

Selectboard
Town of Stow
Stow, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stow, Maine as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Town of Stow, Maine's basic financial statements and have issued our report thereon dated May 1, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Stow, Maine in a separate letter dated April 24, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
May 1, 2023