

Audited Financial Statements and
Other Financial Information

Town of Waldoboro, Maine

June 30, 2019



Proven Expertise & Integrity

TOWN OF WALDOBORO, MAINE

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JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Selectboard
Town of Waldoboro
Waldoboro, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Waldoboro, Maine, as of and for the year ended June 30, 2019 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 statement.

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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, each major fund and the aggregate remaining fund information of the Town of Waldoboro, Maine as of June 30, 2019 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.

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 information, pension and OPEB information on pages 4 through 11 and 66 through 72 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 Waldoboro, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2020, on our consideration of the Town of Waldoboro, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 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 Waldoboro, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
June 10, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(UNAUDITED)

The following management's discussion and analysis of the Town of Waldoboro, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Waldoboro, Maine'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, pension and OPEB schedules and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information 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 separate columns for the two different types of Town activities. The types of activities presented for the Town of Waldoboro are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, Town services and public safety, public works, health and welfare, community services, planning and development, insurance and employee benefits, county tax, education and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Waldoboro include the Water Fund.

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 Waldoboro, 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 Waldoboro can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Most 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 Waldoboro presents four 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 funds are the general fund, the transfer station fund and the capital projects funds. 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.

Proprietary Funds: The Town of Waldoboro maintains one proprietary fund, the water fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

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 Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on net position and the changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$616,727 from \$9,086,455 to \$9,703,182. The Town's total net position for business-type activities decreased by \$8,701 from \$2,874,869 to \$2,866,168.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$2,896,912 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$25,194.

Table 1
Town of Waldoboro, Maine
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018 (Restated)</u>	<u>2019</u>	<u>2018</u>
Assets:				
Current Assets	\$ 5,029,459	\$ 4,756,238	\$ 68,838	\$ 97,655
Noncurrent Assets	8,000,225	6,978,517	4,112,896	4,192,047
Total Assets	<u>13,029,684</u>	<u>11,734,755</u>	<u>4,181,734</u>	<u>4,289,702</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	258,276	585,147	-	-
Deferred Outflows Related to OPEB	73,304	84,076	-	-
Total Deferred Outflows of Resources	<u>331,580</u>	<u>669,223</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	228,960	216,173	142,759	144,160
Noncurrent Liabilities	<u>2,429,978</u>	<u>2,016,507</u>	<u>1,172,807</u>	<u>1,270,673</u>
Total Liabilities	<u>2,658,938</u>	<u>2,232,680</u>	<u>1,315,566</u>	<u>1,414,833</u>
Deferred Inflows of Resources:				
Prepaid Taxes	16,363	27,699	-	-
Deferred Ambulance Revenue	762,922	594,963	-	-
Deferred Inflows Related to Pensions	196,283	462,181	-	-
Deferred Inflows Related to OPEB	23,576	-	-	-
Total Deferred Inflows of Resources	<u>999,144</u>	<u>1,084,843</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	6,764,350	6,582,817	2,840,974	2,823,674
Restricted: General fund	21,492	37,949	-	-
Special revenue funds	3,881	4,521	-	-
Unrestricted	<u>2,913,459</u>	<u>2,461,168</u>	<u>25,194</u>	<u>51,195</u>
Total Net Position	<u>\$ 9,703,182</u>	<u>\$ 9,086,455</u>	<u>\$ 2,866,168</u>	<u>\$ 2,874,869</u>

Table 2
Town of Waldoboro, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 775,892	\$ 845,011	\$ 228,780	\$ 229,300
Operating grants and contributions	144,306	138,177	-	-
<i>General Revenues:</i>				
Taxes	9,530,678	9,120,984	-	-
Grants and contributions not restricted to specific programs	962,626	689,878	-	-
Interest income, net of unrealized gains/(losses)	43,772	6,316	-	-
Other revenue	209,852	174,608	-	858
Total Revenues	<u>11,667,126</u>	<u>10,974,974</u>	<u>228,780</u>	<u>230,158</u>
Expenses				
General government	422,257	749,838	-	-
Town services and public safety	1,905,154	1,819,053	-	-
Public works	1,017,448	965,164	-	-
Health and welfare	38,830	31,946	-	-
Community services	232,400	205,001	-	-
Planning and development	127,889	78,085	-	-
Insurance and employee benefits	68,997	49,555	-	-
County tax	648,381	655,441	-	-
Education	5,901,364	5,267,256	-	-
Program expenses	636,906	559,879	237,481	237,155
Overlay/abatements	9,594	16,832	-	-
Capital outlay	20,617	83,401	-	-
Interest on long-term debt	15,923	18,472	-	-
Unallocated depreciation (Note 4)	4,639	4,737	-	-
Total Expenses	<u>11,050,399</u>	<u>10,504,660</u>	<u>237,481</u>	<u>237,155</u>
Change in Net Position	616,727	470,314	(8,701)	(6,997)
Net Position - July 1, Restated	<u>9,086,455</u>	<u>8,616,141</u>	<u>2,874,869</u>	<u>2,881,866</u>
Net Position - June 30	<u>\$ 9,703,182</u>	<u>\$ 9,086,455</u>	<u>\$ 2,866,168</u>	<u>\$ 2,874,869</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.31%, while total expenses increased by 5.20%. The largest increase in revenues was in taxes. The largest increase in expenses was in education.

Revenues for the Town's business-type activities decreased by 0.60%, while total expenses increased by 0.14%.

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 Waldoboro, Maine
Fund Balances - Governmental Funds
June 30,

	2019	2018 (Restated)
Major Funds:		
General Fund:		
Restricted	\$ 21,492	\$ 37,949
Assigned	255,000	166,000
Unassigned	1,101,592	1,124,741
Total General Fund	1,378,084	1,328,690
Transfer Station:		
Assigned	376,738	408,007
Total Transfer Station	376,738	408,007
Capital Projects Fund:		
Committed	1,856,792	1,698,076
Unassigned	(6,128)	-
Total Capital Projects Fund	1,850,664	1,698,076
 Total Major Funds	 \$ 3,605,486	 \$ 3,434,773
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 3,881	\$ -
Assigned	75,874	79,567
Unassigned	(11,766)	(11,766)
Total Nonmajor Funds	\$ 67,989	\$ 67,801

The general fund total fund balance increased by \$46,428 from the prior fiscal year primarily due to revenues exceeding expenditures. The transfer station total fund balance decreased by \$31,269 primarily due to a budgeted use of fund balance. The capital projects fund total fund balance increased by \$155,554, primarily due to transfers from other funds. The nonmajor funds total fund balance increased by \$188 from the prior fiscal year primarily due revenue exceeding expenditures and transfers to other funds.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water fund, a proprietary fund, had net position for the current year of \$2,866,168. This was a decrease of \$8,701 from the prior year.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$70,138. This was due to all revenue categories being receipted in excess of budgeted amounts with the exception of licenses and permits, charges for services and transfers from other funds.

The general fund actual expenditures were under budgeted amounts by \$164,290. All expenditure categories were within or under budgeted amounts with the exception of community services and insurance and employee benefits.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$896,499 when compared to the prior year. This increase is the result of capital additions of \$1,550,607 less net disposals of \$43,778 and current year depreciation expense of \$610,330.

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

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 377,597	\$ 654,685
Buildings and improvements	3,126,419	2,709,433
Machinery and equipment	172,903	215,211
Vehicles	1,706,738	685,406
Infrastructure	2,616,568	2,759,840
Water department	4,107,176	4,186,327
Total	<u>\$ 12,107,401</u>	<u>\$ 11,210,902</u>

Debt

At June 30, 2019, the Town had \$2,486,921 in bonds and notes from direct borrowings outstanding versus \$1,787,357 last year, an increase of 39.14%. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

Waldoboro's economy continues to be strong with a 2.7% unemployment rate (June 2019), below the State of Maine average of 3.0%. Estimated median income based on the 2010 census for Waldoboro's 5075 residents was \$34,834.

During 2018/2019, as a result of new construction, the Town's tax base increased by 0.45%. The value of the Town's largest taxpayer, Central Maine Power Company represents approximately 2.30% of the total assessed valuation, followed by Baxter Holdings Trust I & II at 1.30% of assessed valuation.

The 2019/2020 budget allows for an overall increase in municipal expenditures of 6.64% with a projected increase in revenues of 3.82%. The property tax bill's mil rate set at \$18.20 is an increase of \$0.50 over 2018/2019.

Requests for Information

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 any questions about this report or need additional financial information, contact the Town Manager, P.O. Box J, Waldoboro, ME 04572, phone 207-832-5369 or e-mail: townmgr@waldoboromaine.org.

STATEMENT A

TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,286,006	\$ 28,669	\$ 3,314,675
Investments	20,531	-	20,531
Accounts receivable (net of allowance for uncollectibles):			
Taxes	479,866	-	479,866
Liens	152,878	-	152,878
Other	933,921	12,728	946,649
Due from other governments	156,257	-	156,257
Unbilled revenue	-	27,441	27,441
Total current assets	<u>5,029,459</u>	<u>68,838</u>	<u>5,098,297</u>
Noncurrent assets:			
Debt issuance costs, net of amortization	-	5,720	5,720
Capital assets:			
Land, infrastructure, and other assets not being depreciated	377,597	337,472	715,069
Buildings and vehicles net of accumulated depreciation	<u>7,622,628</u>	<u>3,769,704</u>	<u>11,392,332</u>
Total noncurrent assets	<u>8,000,225</u>	<u>4,112,896</u>	<u>12,113,121</u>
TOTAL ASSETS	<u>13,029,684</u>	<u>4,181,734</u>	<u>17,211,418</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	73,304	-	73,304
Deferred outflows related to pensions	258,276	-	258,276
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>331,580</u>	<u>-</u>	<u>331,580</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,361,264</u>	<u>\$ 4,181,734</u>	<u>\$ 17,542,998</u>

STATEMENT A (CONTINUED)
TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 73,207	\$ 7,398	\$ 80,605
Due to other governments	25,966	-	25,966
Accrued expenses	-	36,246	36,246
Other liabilities	20,083	-	20,083
Current portion of long-term obligations	109,704	99,115	208,819
Total current liabilities	<u>228,960</u>	<u>142,759</u>	<u>371,719</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	229,211	1,172,807	1,402,018
Notes from direct borrowings payable	896,960	-	896,960
Landfill closure costs	256,200	-	256,200
Accrued compensated absences	115,882	-	115,882
Net OPEB liability	275,025	-	275,025
Net pension liability	656,700	-	656,700
Total noncurrent liabilities	<u>2,429,978</u>	<u>1,172,807</u>	<u>3,602,785</u>
TOTAL LIABILITIES	<u>2,658,938</u>	<u>1,315,566</u>	<u>3,974,504</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	16,363	-	16,363
Deferred ambulance revenue	762,922	-	762,922
Deferred inflows related to OPEB	23,576	-	23,576
Deferred inflows related to pensions	196,283	-	196,283
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>999,144</u>	<u>-</u>	<u>999,144</u>
NET POSITION			
Net investment in capital assets	6,764,350	2,840,974	9,605,324
Restricted: General fund	21,492	-	21,492
Special revenue funds	3,881	-	3,881
Unrestricted	2,913,459	25,194	2,938,653
TOTAL NET POSITION	<u>9,703,182</u>	<u>2,866,168</u>	<u>12,569,350</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 13,361,264</u>	<u>\$ 4,181,734</u>	<u>\$ 17,542,998</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 422,257	\$ 45,765	\$ -	\$ -	\$ (376,492)	\$ -	\$ (376,492)
Town services and public safety	1,905,154	589,317	-	-	(1,315,837)	-	(1,315,837)
Public works	1,017,448	-	72,672	-	(944,776)	-	(944,776)
Health and welfare	38,830	-	11,806	-	(27,024)	-	(27,024)
Community services	232,400	-	-	-	(232,400)	-	(232,400)
Planning and development	127,889	-	-	-	(127,889)	-	(127,889)
Insurance and employee benefits	68,997	-	-	-	(68,997)	-	(68,997)
County tax	648,381	-	-	-	(648,381)	-	(648,381)
Education	5,901,364	-	-	-	(5,901,364)	-	(5,901,364)
Program expenses	636,906	140,810	-	-	(496,096)	-	(496,096)
Overlay/abatements	9,594	-	-	-	(9,594)	-	(9,594)
Capital outlay	20,617	-	-	-	(20,617)	-	(20,617)
Interest on long-term debt	15,923	-	-	-	(15,923)	-	(15,923)
Unallocated depreciation (Note 4)*	4,639	-	-	-	(4,639)	-	(4,639)
Total governmental activities	<u>11,050,399</u>	<u>775,892</u>	<u>84,478</u>	<u>-</u>	<u>(10,190,029)</u>	<u>-</u>	<u>(10,190,029)</u>
Business-type activities:							
Water department	<u>237,481</u>	<u>228,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,701)</u>	<u>(8,701)</u>
Total business-type activities	<u>237,481</u>	<u>228,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,701)</u>	<u>(8,701)</u>
Total government	<u>\$ 11,287,880</u>	<u>\$ 1,004,672</u>	<u>\$ 84,478</u>	<u>\$ -</u>	<u>(10,190,029)</u>	<u>(8,701)</u>	<u>(10,198,730)</u>

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

TOWN OF WALDOBORO, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities	Business- type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Changes in net position:			
Net (expense) revenue	<u>(10,190,029)</u>	<u>(8,701)</u>	<u>(10,198,730)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,477,348	-	8,477,348
Excise taxes and interest on taxes	1,053,330	-	1,053,330
Licenses and permits	57,088	-	57,088
Fees and fines	2,740	-	2,740
Grants and contributions not restricted to specific programs	962,626	-	962,626
Investment income	43,772	-	43,772
Miscellaneous	<u>209,852</u>	<u>-</u>	<u>209,852</u>
Total general revenues	<u>10,806,756</u>	<u>-</u>	<u>10,806,756</u>
Change in net position	616,727	(8,701)	608,026
NET POSITION - JULY 1, RESTATED	<u>9,086,455</u>	<u>2,874,869</u>	<u>11,961,324</u>
NET POSITION - JUNE 30	<u>\$ 9,703,182</u>	<u>\$ 2,866,168</u>	<u>\$ 12,569,350</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Transfer Station	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,281,455	\$ -	\$ 1,004,551	\$ -	\$ 3,286,006
Investments	20,531	-	-	-	20,531
Accounts receivable (net of allowance for uncollectibles):					
Taxes	479,866	-	-	-	479,866
Liens	152,878	-	-	-	152,878
Other	933,921	-	-	-	933,921
Due from other governments	156,257	-	-	-	156,257
Due from other funds	11,766	376,738	846,113	79,755	1,314,372
TOTAL ASSETS	\$ 4,036,674	\$ 376,738	\$ 1,850,664	\$ 79,755	\$ 6,343,831
LIABILITIES					
Accounts payable	\$ 73,207	\$ -	\$ -	\$ -	\$ 73,207
Due to other governments	25,966	-	-	-	25,966
Other liabilities	20,083	-	-	-	20,083
Due to other funds	1,302,606	-	-	11,766	1,314,372
TOTAL LIABILITIES	1,421,862	-	-	11,766	1,433,628
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	16,363	-	-	-	16,363
Deferred tax revenues	457,443	-	-	-	457,443
Deferred ambulance revenue	762,922	-	-	-	762,922
TOTAL DEFERRED INFLOWS OF RESOURCES	1,236,728	-	-	-	1,236,728
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	21,492	-	-	3,881	25,373
Committed	-	-	1,856,792	-	1,856,792
Assigned	255,000	376,738	-	75,874	707,612
Unassigned	1,101,592	-	(6,128)	(11,766)	1,083,698
TOTAL FUND BALANCES (DEFICITS)	1,378,084	376,738	1,850,664	67,989	3,673,475
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 4,036,674	\$ 376,738	\$ 1,850,664	\$ 79,755	\$ 6,343,831

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 3,673,475
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	8,000,225
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	457,443
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	331,580
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(279,700)
Notes from direct borrowings payable	(935,299)
Landfill closure costs	(264,200)
Accrued compensated absences	(128,758)
Net OPEB liability	(275,025)
Net pension liability	(656,700)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(219,859)
Net position of governmental activities	\$ 9,703,182

See accompanying independent auditors' report and notes to financial statements.

STATEMENT E

TOWN OF WALDOBORO, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Transfer Station	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,551,334	\$ -	\$ -	\$ -	\$ 9,551,334
Licenses and permits	57,088	-	-	-	57,088
Intergovernmental	675,313	148,917	150,202	72,672	1,047,104
Charges for services	635,082	112,078	-	28,732	775,892
Fees and fines	2,740	-	-	-	2,740
Interest income	29,251	-	14,521	-	43,772
Unclassified	125,806	-	83,546	500	209,852
TOTAL REVENUES	11,076,614	260,995	248,269	101,904	11,687,782
EXPENDITURES					
Current:					
General government	638,906	-	-	-	638,906
Town services and public safety	1,731,100	-	-	-	1,731,100
Public works	790,073	-	-	-	790,073
Health and welfare	38,830	-	-	-	38,830
Community services	206,819	-	-	-	206,819
Planning and development	127,889	-	-	-	127,889
Insurance and employee benefits	68,997	-	-	-	68,997
County tax	648,381	-	-	-	648,381
Education	5,901,364	-	-	-	5,901,364
Program expenses	-	555,105	18,219	28,404	601,728
Overlay/abatements	9,594	-	-	-	9,594
Capital outlay	-	-	548,848	-	548,848
Debt service					
Principal	78,429	-	110,000	-	188,429
Interest	15,923	-	-	-	15,923
TOTAL EXPENDITURES	10,256,305	555,105	677,067	28,404	11,516,881
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	820,309	(294,110)	(428,798)	73,500	170,901
OTHER FINANCING SOURCES					
Transfers in	73,312	262,841	584,352	-	920,505
Transfers (out)	(847,193)	-	-	(73,312)	(920,505)
TOTAL OTHER FINANCING SOURCES (USES)	(773,881)	262,841	584,352	(73,312)	-
NET CHANGE IN FUND BALANCES	46,428	(31,269)	155,554	188	170,901
FUND BALANCES - JULY 1, RESTATED	1,331,656	408,007	1,695,110	67,801	3,502,574
FUND BALANCES - JUNE 30	\$ 1,378,084	\$ 376,738	\$ 1,850,664	\$ 67,989	\$ 3,673,475

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 170,901</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	1,518,824
Capital asset disposals, net	(22,595)
Depreciation expense	<u>(520,579)</u>
	<u>975,650</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(20,656)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(337,643)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(990,593)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>194,578</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Landfill closure costs	8,000
Accrued compensated absences	18,978
Net OPEB liability	9,129
Net pension liability	<u>346,061</u>
	<u>382,168</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>242,322</u>
Change in net position of governmental activities (Statement B)	<u>\$ 616,727</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Enterprise</u> <u>Water</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 28,669
Accounts receivable (net of allowance for uncollectibles)	12,728
Unbilled revenue	<u>27,441</u>
Total current assets	<u>68,838</u>
Noncurrent assets:	
Debt issuance costs (net of amortization)	5,720
Capital assets:	
Land and other non-depreciated assets	337,472
Buildings	779,471
Vehicles and equipment	364,811
Plant/infrastructure	3,956,640
Less: accumulated depreciation	(1,331,218)
Net capital assets	<u>4,107,176</u>
Total noncurrent assets	<u>4,112,896</u>
TOTAL ASSETS	<u><u>\$ 4,181,734</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,398
Accrued interest	4,295
Accrued rate case	31,951
Current portion of long-term obligations	<u>99,115</u>
Total current liabilities	<u>142,759</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	<u>1,172,807</u>
Total noncurrent liabilities	<u>1,172,807</u>
TOTAL LIABILITIES	<u><u>1,315,566</u></u>
NET POSITION	
Net investment in capital assets	2,840,974
Unrestricted	<u>25,194</u>
TOTAL NET POSITION	<u><u>2,866,168</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,181,734</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Enterprise</u> <u>Water</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 228,780
TOTAL OPERATING REVENUES	<u>228,780</u>
OPERATING EXPENSES	
Outside services	84,543
Enterprise reimbursements	9,688
Power	12,960
Supplies	2,013
Administration	3,938
Regulatory	1,488
Rate case	2,260
Depreciation and amortization	89,751
Other	4,653
TOTAL OPERATING EXPENSES	<u>211,294</u>
OPERATING INCOME (LOSS)	<u>17,486</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	(26,187)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(26,187)</u>
CHANGE IN NET POSITION	(8,701)
NET POSITION - JULY 1	<u>2,874,869</u>
NET POSITION - JUNE 30	<u>\$ 2,866,168</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 223,239
Other receipts	379
Payments to suppliers	(124,359)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>99,259</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bonds payable	(26,187)
Payments for purchases of capital assets	(10,600)
Principal payments on bonds payable	(96,451)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(133,238)</u>
NET INCREASE (DECREASE) IN CASH	(33,979)
CASH AND CASH EQUIVALENTS - JULY 1	<u>62,648</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 28,669</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 17,486
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	89,751
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(5,541)
(Increase) decrease in unbilled revenue	379
(Decrease) increase in accounts payable	(4,868)
(Decrease) increase in accrued interest	(208)
(Decrease) increase in other liabilities	2,260
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 99,259</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds	Total Private-Purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$ 3,080	\$ 90,857
Investments	64,787	2,175,428
Due from other governments	3,040	18,938
TOTAL ASSETS	<u>\$ 70,907</u>	<u>\$ 2,285,223</u>
LIABILITIES		
Due to other governments	\$ -	\$ 156,257
Deposits held for others	70,907	-
TOTAL LIABILITIES	<u>\$ 70,907</u>	<u>156,257</u>
NET POSITION		
Held in trust for special purposes		2,128,966
TOTAL NET POSITION		<u>2,128,966</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$ 2,285,223</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Total Private-Purpose Trust Funds</u>
ADDITIONS	
Investment income	\$ 7,269
Investment income net of unrealized gains (losses)	94,410
Principal additions	<u>5,000</u>
TOTAL ADDITIONS	<u>106,679</u>
DEDUCTIONS	
Cemetery maintenance	23,375
Charitable relief	5,623
Scholarship awards	<u>9,000</u>
TOTAL DEDUCTIONS	<u>37,998</u>
CHANGE IN NET POSITION	68,681
NET POSITION - JULY 1, RESTATED	<u>2,060,285</u>
NET POSITION - JUNE 30	<u><u>\$ 2,128,966</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Waldoboro was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, town services and public safety, public works, health and welfare, community services, planning and development, insurance and employee benefits, county tax, education and program expenses.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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).

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water department is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (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 or a business-type activity. 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,

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 & 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:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Transfer Station fund is used to account for the operating activity of the Transfer Station.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type 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.

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.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 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:

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

Receivables

Receivables include amounts due from governmental agencies and ambulance receivables. 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. Allowances for uncollectible accounts netted with accounts receivable were \$1,102,906 for the year ended June 30, 2019. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2019.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Transactions Between Funds

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

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. 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. 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 fixed assets are valued at their estimated fair market value on the date received. All asset 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	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 debt consist of bonds payable, notes from direct borrowings payable, landfill closure costs, accrued compensated absences, net OPEB liability and net pension liability.

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

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 Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. 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.

OPEB

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 position invested in 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 expressed by the Selectboard.

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. Deferred outflows related to pensions and deferred outflows related to OPEB qualify for reporting in this category. These items are reported in the statement of net position.

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 1, 2018 on the assessed value listed as of June 10, 2018, for all real and personal property located in the Town. Taxes were due in two installments on November 15, 2018 and May 15, 2019. Interest on unpaid taxes commenced on November 16, 2018 and May 16, 2019, at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$67,607 for the year ended June 30, 2019.

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).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

TOWN OF WALDOBORO, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

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

At June 30, 2019, the Town’s cash and cash equivalents balance of \$3,405,532 was comprised of bank deposits and cash equivalents amounting to \$3,463,748. Of this amount, \$343,937 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$3,119,811 were collateralized with securities held by a financial institution in the Town’s name.

Account Type	Bank Balance
Checking accounts	\$ 3,369,811
Cash equivalents	93,937
	\$ 3,463,748

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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. However, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. Of the Town's investments of \$20,531 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and the remaining \$2,240,215 was uncollateralized and uninsured and therefore exposed to custodial credit risk.

At June 30, 2019, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Certificate of deposit	\$ 20,531	\$ -	\$ -	\$ 20,531	\$ -
Corporate bonds	351,667	-	100,238	124,954	126,475
Mutual funds:					
Equity	1,225,491	1,225,491	-	-	-
Fixed income	663,057	663,057	-	-	-
	<u>\$ 2,260,746</u>	<u>\$ 1,888,548</u>	<u>\$ 100,238</u>	<u>\$ 145,485</u>	<u>\$ 126,475</u>

Fair Value Hierarchy:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2019:

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2019 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	351,667	\$ -	\$ 351,667	\$ -
Total debt securities	351,667	-	351,667	-
Equity securities:				
Mutual funds - domestic and foreign	1,888,548	1,888,548	-	-
Total equity securities	1,888,548	1,888,548	-	-
Total investments by fair value level	2,240,215	\$ 1,888,548	\$ 351,667	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	93,937			
Total cash equivalents measured at the NAV	93,937			
Total investments and cash equivalents measured at fair value	\$ 2,334,152			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2019 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in repurchase agreements, savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2019, the Town's investments in corporate bonds were rated A (\$99,315) and BBB+ (\$51,728) by Standard & Poor's Rating Service. The remainder of the bonds of \$200,624 were not rated and/or the ratings were unavailable. Certificates of deposit held with local financial institutions for \$20,531 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 11,766	\$ 1,302,606
Transfer station	376,738	-
Capital reserve fund	846,113	-
Nonmajor special revenue funds	79,755	11,766
	<u>\$ 1,314,372</u>	<u>\$ 1,314,372</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land and other non depreciable property	\$ 377,597	\$ -	\$ -	\$ 377,597
	<u>377,597</u>	<u>-</u>	<u>-</u>	<u>377,597</u>
Depreciated assets:				
Land improvements	641,743	-	-	641,743
Buildings and improvements	4,501,898	287,500	-	4,789,398
Machinery and equipment	701,134	14,690	(21,884)	693,940
Vehicles	3,501,905	1,216,634	(586,833)	4,131,706
Infrastructure	3,811,364	-	-	3,811,364
	13,158,044	1,518,824	(608,717)	14,068,151
Less: accumulated depreciation	(6,511,066)	(520,579)	586,122	(6,445,523)
	<u>6,646,978</u>	<u>998,245</u>	<u>(22,595)</u>	<u>7,622,628</u>
Net governmental capital assets	<u>\$ 7,024,575</u>	<u>\$ 998,245</u>	<u>\$ (22,595)</u>	<u>\$ 8,000,225</u>

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 278,557	\$ -	\$ -	\$ 278,557
Organization costs	58,915	-	-	58,915
Utility plant acq adj/CIP	13,586	-	(13,586)	-
	<u>351,058</u>	<u>-</u>	<u>(13,586)</u>	<u>337,472</u>
Depreciated assets:				
Buildings	779,471	-	-	779,471
Wells and springs	338,137	-	-	338,137
Power generating equipment	33,350	-	-	33,350
Pumping equipment	54,682	-	(7,597)	47,085
Water treatment equipment	144,501	2,592	-	147,093
Distribution reservoirs and standpipes	480,303	-	-	480,303
Mains	2,536,315	3,343	-	2,539,658
Services	416,694	5,221	-	421,915
Meters	40,262	3,259	-	43,521
Hydrants	133,106	-	-	133,106
Communication equipment	114,832	-	-	114,832
Miscellaneous equipment	5,083	17,368	-	22,451
	<u>5,076,736</u>	<u>31,783</u>	<u>(7,597)</u>	<u>5,100,922</u>
Less: accumulated depreciation	<u>(1,241,467)</u>	<u>(89,751)</u>	<u>-</u>	<u>(1,331,218)</u>
	<u>3,835,269</u>	<u>(57,968)</u>	<u>(7,597)</u>	<u>3,769,704</u>
Net business-type capital assets	<u>\$ 4,186,327</u>	<u>\$ (57,968)</u>	<u>\$ (21,183)</u>	<u>\$ 4,107,176</u>
<u>Current year depreciation</u>				
General government				\$ 68,347
Public safety				151,459
Public works				235,375
Community services				25,581
Transfer station				35,178
Town-wide				4,639
Total governmental activities depreciation				<u>520,579</u>
Water department				89,751
Total depreciation expense				<u>\$ 610,330</u>

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<i>Governmental activities:</i>					
Bond payable	\$ 327,915	\$ -	\$ (48,215)	\$ 279,700	\$ 50,489
Notes from direct borrowings payable	91,069	990,593	(146,363)	935,299	38,339
Total governmental activities	<u>\$ 418,984</u>	<u>\$ 990,593</u>	<u>\$ (194,578)</u>	<u>\$ 1,214,999</u>	<u>\$ 88,828</u>
<i>Business-type activities:</i>					
Bonds payable	\$ 1,368,373	\$ -	\$ (96,451)	\$ 1,271,922	\$ 99,115
Total business-type activities	<u>\$ 1,368,373</u>	<u>\$ -</u>	<u>\$ (96,451)</u>	<u>\$ 1,271,922</u>	<u>\$ 99,115</u>

The following is a summary of bonds outstanding as of June 30, 2019:

Governmental activities bond payable:

\$850,000, 2003 Series E Bond due in annual installments and semiannual interest installments through November 2023. Interest is charged at a fixed rate from 2.0% to 5.085% per annum. Annual principal installments range from \$31,217 to \$61,670.	<u>\$ 279,700</u>
Total governmental activities bonds payable	<u>\$ 279,700</u>

Business-type activities bonds payable:

\$2,025,000, (\$1,518,150 forgiven at closing) Bond due in annual installments through November 2035. Interest is charged at a rate of 0%. Annual principal installments are \$17,456.	\$ 279,322
\$775,000, (\$581,250 forgiven at closing) 2000 Bond due in annual installments through November 2030. Interest is charged at a rate of 0%. Annual principal installments are \$7,452.	81,971
\$1,084,653, 2012 Bond due in annual installments through November 2028. Interest is charged at a fixed rate of 0.86% to 4.26%. Annual principal installments are varied.	721,765
\$208,262, (\$10,413 forgiven at closing) 2017 Bond due in annual installments through July 2037. Interest is charged at a fixed rate of 0.84%. Annual principal installments are varied.	<u>188,864</u>
Total business-type activities bonds payable	<u>\$ 1,271,922</u>

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of notes from direct borrowings outstanding as of June 30, 2019:

\$990,593, Lease purchase agreement for a ladder truck. After an initial principal payment of \$110,000, payments are due in annual principal and interest installments of \$84,666 through December 2033. Interest is charged at a fixed rate of 4.47%.	\$ 880,593
\$279,998, Lease purchase agreement for a Pierce responder. After an initial principal payment of \$80,000, payments are due in annual principal and interest installments of \$32,004 through February 2020. Interest is charged at a fixed rate of 2.90%.	31,096
\$29,759, Lease purchase agreement for a shellfish truck. Payments are due in annual principal and interest installments of \$6,335 through July 2022. Interest is charged at a fixed rate of 2.85%.	<u>23,610</u>
Total notes from direct borrowings payable	<u><u>\$ 935,299</u></u>

The following is a summary of outstanding bonds and notes from direct borrowings principal and interest requirements for the following fiscal years ending June 30:

GOVERNMENTAL ACTIVITIES

	BONDS PAYABLE			NOTES FROM DIRECT BORROWINGS PAYABLE		
	Principal	Interest	Total	Principal	Interest	Total
			Debt Service			Debt Service
2020	\$ 50,489	\$ 12,939	\$ 63,428	\$ 77,650	\$ 45,355	\$ 123,005
2021	53,079	10,306	63,385	48,749	43,161	91,910
2022	55,800	7,537	63,337	51,052	39,951	91,003
2023	58,662	4,627	63,289	53,465	37,537	91,002
2024	61,670	1,568	63,238	49,659	35,008	84,667
2025-2029	-	-	-	287,860	135,472	423,332
2030-2034	-	-	-	366,864	56,467	423,331
	<u>\$ 279,700</u>	<u>\$ 36,977</u>	<u>\$ 316,677</u>	<u>\$ 935,299</u>	<u>\$ 392,951</u>	<u>\$ 1,328,250</u>

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

BUSINESS-TYPE ACTIVITIES

	BONDS PAYABLE		
	Principal	Interest	Total Debt Service
2020	\$ 99,115	\$ 24,355	\$ 123,470
2021	100,722	22,748	123,470
2022	102,492	20,978	123,470
2023	104,415	19,056	123,471
2024	106,492	16,979	123,471
2025-2029	489,788	39,964	529,752
2030-2034	146,379	3,172	149,551
2035-2039	122,519	647	123,166
	\$ 1,271,922	\$ 147,899	\$ 1,419,821

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2019 was \$26,187.

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

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<i>Governmental activities:</i>					
Landfill closure costs	\$ 272,200	\$ -	\$ (8,000)	\$ 264,200	\$ 8,000
Accrued compensated absences	147,736	-	(18,978)	128,758	12,876
Net OPEB liability	284,154	21,616	(30,745)	275,025	-
Net pension liability	1,002,761	265,898	(611,959)	656,700	-
Total governmental activities	\$ 1,706,851	\$ 287,514	\$ (669,682)	\$ 1,324,683	\$ 20,876

Please see Notes 8, 14, 15 and 19 for detailed information on other long-term obligations.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - OPERATING LEASES

The Town leases a copier through US Bank. The term of the lease is for a five-year period ending in 2023. Annual payments are \$1,272.

The Town leases a postage meter from Sourcewell under a non-cancellable lease agreement. The term of the lease is for a five-year period ending in 2023. Annual payments are \$940.

The annual costs to amortize the operating leases for the years ended June 30 are as follows:

<p>Year Ending <u>June 30:</u></p> <p>2020</p> <p>2021</p> <p>2022</p> <p>2023</p> <p>Present value of future minimum lease payments</p>	<p>\$ 2,212</p> <p>2,212</p> <p>2,212</p> <p>1,681</p> <p><u>\$ 8,317</u></p>
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Leasing arrangement where the Town is the Lessor

On July 13, 2018, the Town entered into an agreement with Midcoast Maine Community Action for lease of the Friendship Street Community Center. The terms of the lease were from September of 2018 to August of 2019 for an annual amount of \$29,250, payable in monthly payments of \$3,000 from September of 2018 through May of 2019 and \$750 from June 2019 through August of 2019. This lease is renewable annually if all parties are in agreement.

Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the Town’s capital assets. The lessees are responsible for paying all executor costs such as maintenance and insurance.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town’s policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation time. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, typically in the general and other governmental funds. As of June 30, 2019, the Town’s liability for compensated absences is \$128,758.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2019:

General Fund:	
HRA Account	\$ 21,492
Nonmajor Special Revenue Funds (Schedule E)	3,881
	<u>\$ 25,373</u>

NOTE 10 - COMMITTED FUND BALANCE

The Town has the following committed fund balance at June 30, 2019:

Capital Reserve Fund	<u>\$ 1,856,792</u>
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NOTE 11 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2019:

General Fund:	
FY 2020 Budget	\$ 255,000
Transfer Station	376,738
Nonmajor Special Revenue Funds (Schedule E)	75,874
	<u>\$ 707,612</u>

NOTE 12 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of debt for the County and School District it belongs to. As of June 30, 2019, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
MSAD #40	\$ 7,281,439	35.06%	\$ 2,553,160
County of Lincoln	5,108,450	6.52%	333,191
			<u>\$ 2,886,351</u>

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2019.

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

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

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Re-imbusement Employers. In other

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - RISK MANAGEMENT (CONTINUED)

words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2019. 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 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

retirement age is 60. 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. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2018, there were 304 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

Contributions

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. The Town's police department employees are part of special plan "2C" with cost-of-living adjustment and are required to contribute 8.0% of their annual salary. The town manager, department heads, office workers, highway, transfer station and sewer department employees are part of regular plan "AC" and are required to contribute 8.0% of their annual salary. The Town is required to contribute 10.5% of special plan "2C" members' covered payroll and 10.0% of regular plan "AC" members' covered payroll annually to the system. The Town's contributions to the plan including employee contributions for the fiscal years ended June 30, 2019 were \$140,634.

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

At June 30, 2019, the Town reported a liability of \$656,700 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the Town's proportion was 0.239954%, which was a decrease of 0.00456% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized total pension revenue of \$285,088. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,056	\$ 7,213
Changes of assumptions	104,813	-
Net difference between projected and actual earnings on pension plan investments	-	158,566
Changes in proportion and differences between contributions and proportionate share of contributions	10,773	30,504
Contributions subsequent to the measurement date	140,634	-
Total	\$ 258,276	\$ 196,283

\$140,634 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2019	\$ 73,136
2020	(2,921)
2021	(107,872)
2022	(40,983)
2023	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

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

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

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Cost of Living Benefit Increases - 1.91%; in 2017 the rate was 2.20%

The long-term expected rate of return on pension plan assets 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 class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2018 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 pension plan's 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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 1,547,754	\$ 656,700	\$ (176,192)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension 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 pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension 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 for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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 were recognized in pension 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 pension 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.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	26
Retirees and spouses	<u>1</u>
Total	<u><u>27</u></u>

Contributions

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 2500	\$734	\$1,647
<u>Medicare</u>		
Medicare-Eligible Retirees	\$528	\$1,055

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

At June 30, 2019, the Town reported a liability of \$275,025 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$25,219. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,006	\$ -
Changes of assumptions	35,058	23,576
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	3,240	-
Total	<u>\$ 73,304</u>	<u>\$ 23,576</u>

\$3,240 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

	MMEHT	
Plan year ended December 31:		
2020	\$	10,083
2021		10,083
2022		10,083
2023		10,083
2024		10,087
Thereafter		(3,931)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 318,220	\$ 275,025	\$ 239,702
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 318,220	\$ 275,025	\$ 239,702

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
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Healthcare Trend

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 235,955	\$ 275,025	\$ 323,588
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 235,955</u>	<u>\$ 275,025</u>	<u>\$ 323,588</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
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Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2018, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 was \$35,006.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through 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. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at P.O. Box J, Waldoboro, ME 04572.

NOTE 16 - DEFERRED COMPENSATION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by the Maine Public Employees Retirement System. The plan, available to employees who are in certain employee groups, permits them to defer a portion of their salary until future

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFERRED COMPENSATION PLAN (CONTINUED)

years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

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

Funding Policy

Under the defined contribution plan, employees may elect to participate. The Town does not offer any match.

NOTE 17 - JOINT VENTURE

The Town of Waldoboro is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, PERC and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of June 30, 2019 (the most recent data available), the Town of Waldoboro's share of the Joint Venture's net position was \$348,506 (apportioned to Waldoboro as 65.39% of its share of \$532,966 for the Waldoboro Group). Complete financial statements may be obtained from the Municipal Review Committee, 395 State Street, Ellsworth, Maine 04455.

NOTE 18 - INTERLOCAL AGREEMENTS

On July 1, 2018, the Town of Waldoboro entered into a shared services agreement with the Town of Damariscotta for Code Enforcement Services. This agreement requires the services of the Code Enforcement Officer of Waldoboro be shared with Damariscotta for 20 hours per week. The terms of the agreement were from July of 2018 to June of 2019 for an annual amount of \$40,685 payable in monthly payments of \$3,390.

On January 24, 1989, the Towns of Waldoboro, Cushing and Friendship entered into a municipal services agreement (which was amended on August 16, 2012). This agreement details the coordination of services for these towns concerning disposal of solid waste (including landfill creation, closure and post-closure requirements), use of the Cushing Friendship Waldoboro Transfer Station (CFWTS), as well as the creation of the

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18 - INTERLOCAL AGREEMENTS (CONTINUED)

CFWTS Management Board whose members consist of the Town Managers of the Towns and their Selectboard appointed members. This agreement expired on June 10, 2018. On June 109, 2018, the Towns entered into another shared services agreement for continuation of the coordination of the same services. The terms of this agreement remain in effect under the same terms as the towns agreed to for the Joint Venture.

NOTE 19 - LANDFILL CLOSURE COSTS

The Town of Waldoboro, Maine has two landfills for which it is responsible. One received solid waste through June 105, 1989 and was closed and capped in October 1991 to Maine Department of Environmental Protection (MDEP) standards. Post-closure monitoring currently costs approximately \$8,000 per year for approximately the next 2 years or \$16,000. Post-closure monitoring for this site will be funded annually through the operating budget of the general fund.

To facilitate the disposal of construction and demolition debris, a 4.5-acre construction and demolition debris (CDD) landfill was licensed by the MDEP adjacent to the transfer station on August 23, 1988. Phase I (1.65 acres) was constructed and opened in the fall of 1991 and was closed and capped in July of 2002. Phase II (1.47 acres) was constructed and opened on August 1, 2002. Its useful life should be good until August of 2020. Closure costs for Phase II of the CDD landfill are expected to approximate \$400,000 (1.47 acres x \$272,108/acre). Post-closure monitoring of this site approximates \$51,000 (\$1,700 for 30 years). Neighboring towns of Friendship and Cushing are contractually required to participate in financing the closure and post-closure costs. The Town has established a reserve to fund the closure and post-closure care costs of these landfills. As of June 30, 2019, the Town had reserved \$99,835 for the Phase II closure. Currently, the Town of Waldoboro, Maine's share of these costs is 65.39% and the other towns' shares are 34.61%. The Town has recognized the estimated liability for landfill closure and post-closure care costs in the entity-wide financial statements.

Estimated liability for landfill closure and post-closure costs:

	Old Landfill	CDD Landfill	Total
Closure	\$ -	\$ 400,000	\$ 400,000
Monitoring	16,000	51,000	67,000
Total	\$ 16,000	\$ 451,000	\$ 467,000

The actual cost of post-closure care may be higher or lower due to inflation, changes in technology, engineering estimates or changes in landfill laws and regulations.

TOWN OF WALDOBORO, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 19 - OVERSPENT APPROPRIATIONS

The following warrant article lines were exceeded by actual expenditures:

Administration (Article 5)	\$	3,956
Municipal building (Article 9)		1,744
Animal control (Article 14)		2,334
Parks and cemeteries (Article 19)		400
Friendship Street School program (Article 23)		5,524
Property and liability (Article 26)		16,985
	<u>\$</u>	<u>30,943</u>

On June 11, 2019, the taxpayers approved Article 40 which allowed all overdrafts of the fiscal year 2019 operating budget to be taken from fund balance.

NOTE 20 - DEFICIT FUND BALANCES

The Town has the following deficit fund balances at June 30, 2019:

Capital Projects Funds:		
Public Landing	\$	6,128
DEP Wastewater		7,685
Emergency Management		4,081
	<u>\$</u>	<u>17,894</u>

NOTE 21 - CONTINGENCIES AND COMMITMENTS

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

NOTE 22 - RESTATEMENTS

In 2019, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, a restatement to the 2018 government-wide and fund financial statements were required. The beginning net position for governmental activities, fiduciary funds and fund balance for the general fund were restated by \$51,436 to correct errors in investment activity and other liabilities for the 2018 fiscal year. The beginning general fund fund balance and the capital projects fund balance were both restated by \$2,966 to correct an error in the Transfer Station Equipment Fund from the

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 22 - RESTATEMENTS (CONTINUED)

prior year. The resulting restatements decreased governmental activities net position from \$9,137,891 to \$9,086,455, increased fiduciary funds net position from \$2,060,285 to \$2,128,966, decreased the Transfer Station Equipment fund from \$70,859 to \$67,893 and decreased the general fund total fund balance from \$1,380,126 to \$1,331,656.

NOTE 23 - SUBSEQUENT EVENTS

The Town of Waldoboro issued a proposal for engineering services for the Dutch Neck Landing Renewal Project. The engineering phase of this project will be funded through a Maine Coastal Program Grant awarded by the Department of Agriculture, Conservation and Forestry in the amount of \$18,000 and a required local share of \$8,000. This phase of the project is scheduled to be completed by July 31, 2019.

Required Supplementary Information

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

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

TOWN OF WALDOBORO, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 1,331,656	\$ 1,331,656	\$ 1,331,656	\$ -
Resources (Inflows):				
Taxes	9,425,187	9,425,187	9,551,334	126,147
Licenses and permits	61,487	61,487	57,088	(4,399)
Intergovernmental	622,729	622,729	675,313	52,584
Charges for services	797,896	797,896	635,082	(162,814)
Fees and fines	-	-	2,740	2,740
Unclassified	81,426	81,426	125,806	44,380
Interest earned	3,300	3,300	29,251	25,951
Transfers from other funds	87,763	87,763	73,312	(14,451)
Amounts Available for Appropriation	<u>12,411,444</u>	<u>12,411,444</u>	<u>12,481,582</u>	<u>70,138</u>
Charges to Appropriation (Outflows):				
General government	650,999	650,999	638,906	12,093
Town services and public safety	1,793,103	1,793,103	1,731,100	62,003
Public works	808,336	808,336	790,073	18,263
Health and welfare	42,101	42,101	38,830	3,271
Community services	203,840	203,840	206,819	(2,979)
Planning and development	151,576	151,576	127,889	23,687
Insurance and employee benefits	52,012	52,012	68,997	(16,985)
County tax	648,381	648,381	648,381	-
Education	5,901,364	5,901,364	5,901,364	-
Overlay / abatements	67,607	67,607	9,594	58,013
Debt service	94,354	94,354	94,352	2
Transfers to other funds	854,115	854,115	847,193	6,922
Total Charges to Appropriations	<u>11,267,788</u>	<u>11,267,788</u>	<u>11,103,498</u>	<u>164,290</u>
Budgetary Fund Balance, June 30	<u>\$ 1,143,656</u>	<u>\$ 1,143,656</u>	<u>\$ 1,378,084</u>	<u>\$ 234,428</u>
Utilization of assigned fund balance	\$ 166,000	\$ 166,000	\$ -	\$ (166,000)
Utilization of unassigned fund balance	22,000	22,000	-	(22,000)
	<u>\$ 188,000</u>	<u>\$ 188,000</u>	<u>\$ -</u>	<u>\$ (188,000)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Proportion of the net pension liability (asset)	0.24%	0.24%	0.24%	0.26%	0.26%
Proportionate share of the net pension liability (asset)	\$ 656,700	\$ 1,002,761	\$ 1,256,974	\$ 816,941	\$ 407,764
Covered payroll	\$ 1,276,902	\$ 1,231,985	\$ 1,133,889	\$ 1,144,795	\$ 835,700
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.43%	81.39%	110.86%	71.36%	48.79%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	86.40%	81.61%	88.30%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Contractually required contribution	\$ 140,634	\$ 132,692	\$ 125,528	\$ 111,010	\$ 104,667
Contributions in relation to the contractually required contribution	<u>(140,634)</u>	<u>(132,692)</u>	<u>(125,528)</u>	<u>(111,010)</u>	<u>(104,667)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,325,881	\$ 1,276,902	\$ 1,231,985	\$ 1,133,889	\$ 1,144,795
Contributions as a percentage of covered payroll	10.61%	10.39%	10.19%	9.79%	9.14%

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

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDD JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 284,154	\$ -	\$ 284,154
Changes for the year:			
Service cost	11,501	-	11,501
Interest	10,115	-	10,115
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(27,505)	-	(27,505)
Contributions - employer	-	3,240	(3,240)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(3,240)	(3,240)	-
Administrative expense	-	-	-
Net changes	<u>(9,129)</u>	<u>-</u>	<u>(9,129)</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 275,025</u>	<u>\$ -</u>	<u>\$ 275,025</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

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

	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	11,501	8,761
Interest (includes interest on service cost)	10,115	6,808
Changes of benefit terms	-	-
Differences between expected and actual experience	-	49,008
Changes of assumptions	(27,505)	49,080
Benefit payments, including refunds of member contributions	(3,240)	(1,681)
Net change in total OPEB liability	<u>\$ (9,129)</u>	<u>\$ 111,976</u>
Total OPEB liability - beginning	\$ 284,154	\$ 172,178
Total OPEB liability - ending	\$ 275,025	\$ 284,154
<u>Plan fiduciary net position</u>		
Contributions - employer	3,240	1,681
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(3,240)	(1,681)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 275,025</u>	<u>\$ 284,154</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 172,215	\$ 172,215
Net OPEB liability as a percentage of covered payroll	23.5%	24.2%

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

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ 3,240	\$ 1,681
Benefit payments	<u>(3,240)</u>	<u>(1,681)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 172,215	\$ 172,215
Contributions as a percentage of covered payroll	0.00%	0.00%

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

TOWN OF WALDOBORO, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

For the MMEHT OPEB Plan, there was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

See accompanying independent auditors' 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 - Budget Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Schedule of Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Combining Schedule of Changes in Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF WALDOBORO, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 8,477,348	\$ 8,477,348	\$ 8,498,004	\$ 20,656
Excise taxes	895,160	895,160	988,988	93,828
Interest and penalties	52,679	52,679	64,342	11,663
Intergovernmental revenues:				
Municipal revenue sharing	228,209	228,209	266,730	38,521
Homestead/BETE	365,158	365,158	365,584	426
General assistance	5,740	5,740	11,806	6,066
Tree growth revenue	5,513	5,513	7,180	1,667
Veteran's assistance	7,078	7,078	12,707	5,629
Snowmobile registrations	794	794	1,079	285
Other	10,237	10,237	10,227	(10)
Charges for services:				
General government	8,380	8,380	8,756	376
Emergency medical services	692,169	692,169	535,213	(156,956)
Police/fire services	50,062	50,062	54,104	4,042
Planning/code	47,285	47,285	37,009	(10,276)
Licenses and permits	61,487	61,487	57,088	(4,399)
Investment income	3,300	3,300	29,251	25,951
Fees and fines	-	-	2,740	2,740
Unclassified:				
Registration fees	18,850	18,850	19,350	500
Rental income	29,250	29,250	30,000	750
Other revenue	33,326	33,326	76,456	43,130
Transfers from other funds	87,763	87,763	73,312	(14,451)
Total revenues	<u>\$ 11,079,788</u>	<u>\$ 11,079,788</u>	<u>\$ 11,149,926</u>	<u>\$ 70,138</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Office of the selectmen	\$ 35,542	\$ -	\$ 35,542	\$ 32,697	\$ 2,845
Administration	159,375	-	159,375	163,331	(3,956)
Assessment	106,024	-	106,024	102,794	3,230
Finance	194,207	-	194,207	193,151	1,056
Town clerk	99,494	-	99,494	88,832	10,662
Municipal building	56,357	-	56,357	58,101	(1,744)
	<u>650,999</u>	<u>-</u>	<u>650,999</u>	<u>638,906</u>	<u>12,093</u>
Town services and public safety:					
Emergency medical	759,920	-	759,920	759,469	451
Fire	166,508	-	166,508	163,151	3,357
Police	699,244	-	699,244	640,323	58,921
Shellfish management	44,974	-	44,974	43,626	1,348
Animal control	17,390	-	17,390	19,724	(2,334)
EMA	5,076	-	5,076	5,020	56
Fire hydrants	80,160	-	80,160	80,160	-
Street lights	19,831	-	19,831	19,627	204
	<u>1,793,103</u>	<u>-</u>	<u>1,793,103</u>	<u>1,731,100</u>	<u>62,003</u>

TOWN OF WALDOBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public works:					
Roads and bridges	808,336	-	808,336	790,073	18,263
	<u>808,336</u>	<u>-</u>	<u>808,336</u>	<u>790,073</u>	<u>18,263</u>
Health and welfare:					
Social service agencies	15,646	-	15,646	15,646	-
General assistance	26,455	-	26,455	23,184	3,271
	<u>42,101</u>	<u>-</u>	<u>42,101</u>	<u>38,830</u>	<u>3,271</u>
Community services:					
Recreational programs	82,635	-	82,635	79,690	2,945
Friendship Street School program	15,283	-	15,283	20,807	(5,524)
Community service agencies	95,272	-	95,272	95,272	-
Parks and cemeteries	10,650	-	10,650	11,050	(400)
	<u>203,840</u>	<u>-</u>	<u>203,840</u>	<u>206,819</u>	<u>(2,979)</u>
Planning and development:					
Planning / code administration	151,576	-	151,576	127,889	23,687
	<u>151,576</u>	<u>-</u>	<u>151,576</u>	<u>127,889</u>	<u>23,687</u>

TOWN OF WALDOBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Insurance and employee benefits:					
Property and liability	52,012	-	52,012	68,997	(16,985)
	<u>52,012</u>	<u>-</u>	<u>52,012</u>	<u>68,997</u>	<u>(16,985)</u>
Education	5,901,364	-	5,901,364	5,901,364	-
County tax	648,381	-	648,381	648,381	-
Debt service:					
Principal	78,429	-	78,429	78,429	-
Interest	15,925	-	15,925	15,923	2
	<u>94,354</u>	<u>-</u>	<u>94,354</u>	<u>94,352</u>	<u>2</u>
Overlay/abatements	67,607	-	67,607	9,594	58,013
Transfers:					
Transfer station	262,841	-	262,841	262,841	-
Capital reserves	591,274	-	591,274	584,352	6,922
	<u>854,115</u>	<u>-</u>	<u>854,115</u>	<u>847,193</u>	<u>6,922</u>
Total Departmental Operations	<u>\$ 11,267,788</u>	<u>\$ -</u>	<u>\$ 11,267,788</u>	<u>\$ 11,103,498</u>	<u>\$ 164,290</u>

See accompanying independent auditors' 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 fund.

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Municipal Building	Public Works Building	Friendship Street School	AD Gray Property	EMS Equipment	Fire Equipment
REVENUES						
Intergovernmental revenue	\$ 1,280	\$ -	\$ -	\$ -	\$ 6,000	\$ -
Interest income	409	179	277	-	1,617	658
Other income	-	-	-	-	11,171	7,920
TOTAL REVENUES	<u>1,689</u>	<u>179</u>	<u>277</u>	<u>-</u>	<u>18,788</u>	<u>8,578</u>
EXPENDITURES						
Capital outlay	-	-	-	-	173,978	-
Debt service:						
Principal	-	-	-	-	-	110,000
Other	1,280	-	2,750	2,594	-	2,500
TOTAL EXPENDITURES	<u>1,280</u>	<u>-</u>	<u>2,750</u>	<u>2,594</u>	<u>173,978</u>	<u>112,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>409</u>	<u>179</u>	<u>(2,473)</u>	<u>(2,594)</u>	<u>(155,190)</u>	<u>(103,922)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	-	2,500	2,500	53,504	50,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>53,504</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	25,409	179	27	(94)	(101,686)	(53,922)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>47,916</u>	<u>21,012</u>	<u>32,497</u>	<u>6,386</u>	<u>183,479</u>	<u>77,028</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 73,325</u>	<u>\$ 21,191</u>	<u>\$ 32,524</u>	<u>\$ 6,292</u>	<u>\$ 81,793</u>	<u>\$ 23,106</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Police Equipment	PW-Highway Equipment	EMA Equipment	Administrative Equipment	Transfer Station Equipment	Police Eradication Fund
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 6,922	\$ -
Interest income	286	4,322	-	123	580	-
Other income	18,752	29,648	1,499	-	-	1,055
TOTAL REVENUES	19,038	33,970	1,499	123	7,502	1,055
EXPENDITURES						
Capital outlay	34,041	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Other	-	2,478	189	1,735	1,283	99
TOTAL EXPENDITURES	34,041	2,478	189	1,735	1,283	99
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,003)	31,492	1,310	(1,612)	6,219	956
OTHER FINANCING SOURCES (USES)						
Transfers in	22,000	72,000	-	5,770	13,078	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	22,000	72,000	-	5,770	13,078	-
NET CHANGE IN FUND BALANCES (DEFICITS)	6,997	103,492	1,310	4,158	19,297	956
FUND BALANCES (DEFICITS), JULY 1, RESTATED	33,453	506,350	1,542	14,454	67,893	(228)
FUND BALANCES (DEFICITS), JUNE 30	\$ 40,450	\$ 609,842	\$ 2,852	\$ 18,612	\$ 87,190	\$ 728

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Shellfish Equipment	Surface Paving	Sidewalk	Highway Construction	CDD Landfill Reserve
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 10,000	\$ -
Interest income	308	-	-	2,011	873
Other income	13,501	-	-	-	-
TOTAL REVENUES	<u>13,809</u>	<u>-</u>	<u>-</u>	<u>12,011</u>	<u>873</u>
EXPENDITURES					
Capital outlay	15,204	-	-	43,450	-
Debt service:					
Principal	-	-	-	-	-
Other	-	-	-	-	3,311
TOTAL EXPENDITURES	<u>15,204</u>	<u>-</u>	<u>-</u>	<u>43,450</u>	<u>3,311</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,395)</u>	<u>-</u>	<u>-</u>	<u>(31,439)</u>	<u>(2,438)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	250,000	15,000	30,000	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>250,000</u>	<u>15,000</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,395)	250,000	15,000	(1,439)	(2,438)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>35,994</u>	<u>136,079</u>	<u>40,097</u>	<u>59,479</u>	<u>102,273</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 34,599</u>	<u>\$ 386,079</u>	<u>\$ 55,097</u>	<u>\$ 58,040</u>	<u>\$ 99,835</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Recreational Park	Public Landing	Unemployment Compensation	Gay Bailey YMCA	Total
REVENUES					
Intergovernmental revenue	\$ -	\$ 126,000	\$ -	\$ -	\$ 150,202
Interest income	1,486	1,270	122	-	14,521
Other income	-	-	-	-	83,546
TOTAL REVENUES	1,486	127,270	122	-	248,269
EXPENDITURES					
Capital outlay	-	282,175	-	-	548,848
Debt service:					
Principal	-	-	-	-	110,000
Other	-	-	-	-	18,219
TOTAL EXPENDITURES	-	282,175	-	-	677,067
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,486	(154,905)	122	-	(428,798)
OTHER FINANCING SOURCES (USES)					
Transfers in	40,000	-	3,000	-	584,352
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	40,000	-	3,000	-	584,352
NET CHANGE IN FUND BALANCES (DEFICITS)	41,486	(154,905)	3,122	-	155,554
FUND BALANCES (DEFICITS), JULY 1, RESTATED	33,171	148,777	13,763	133,695	\$ 1,695,110
FUND BALANCES (DEFICITS), JUNE 30	\$ 74,657	\$ (6,128)	\$ 16,885	\$ 133,695	\$ 1,850,664

See accompanying independent auditors' 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 WALDOBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Transfer Station	Highway Block Grant	CDBG Small Cities	DEP Wastewater	Medomak River Quality
ASSETS					
Due from other funds	\$ 408,007	\$ 3,912	\$ 609	\$ -	\$ 399
TOTAL ASSETS	<u>\$ 408,007</u>	<u>\$ 3,912</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 399</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 7,685	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,685</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	408,007	3,912	609	-	399
Unassigned	-	-	-	(7,685)	-
TOTAL FUND BALANCES (DEFICITS)	<u>408,007</u>	<u>3,912</u>	<u>609</u>	<u>(7,685)</u>	<u>399</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 408,007</u>	<u>\$ 3,912</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 399</u>

TOWN OF WALDOBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	<u>Community Services</u>	<u>Comprehensive Plan</u>	<u>Quarry Hill Management</u>	<u>Emergency Management</u>	<u>Total</u>
ASSETS					
Due from other funds	\$ 8,756	\$ 57,150	\$ 9,569	\$ -	\$ 79,755
TOTAL ASSETS	<u>\$ 8,756</u>	<u>\$ 57,150</u>	<u>\$ 9,569</u>	<u>\$ -</u>	<u>\$ 79,755</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 4,081	\$ 11,766
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,081</u>	<u>11,766</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	3,881
Committed	-	-	-	-	-
Assigned	8,756	57,150	9,569	-	75,874
Unassigned	-	-	-	(4,081)	(11,766)
TOTAL FUND BALANCES (DEFICITS)	<u>8,756</u>	<u>57,150</u>	<u>9,569</u>	<u>(4,081)</u>	<u>67,989</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 8,756</u>	<u>\$ 57,150</u>	<u>\$ 9,569</u>	<u>\$ -</u>	<u>\$ 79,755</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

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

	Highway Block Grant	CDBG Small Cities	DEP Wastewater	Medomak River Quality
REVENUES				
Intergovernmental revenue	\$ 72,672	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Other income	-	-	-	-
TOTAL REVENUES	<u>72,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>72,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	(73,312)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(73,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(640)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>3,912</u>	<u>609</u>	<u>(7,685)</u>	<u>399</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,272</u>	<u>\$ 609</u>	<u>\$ (7,685)</u>	<u>\$ 399</u>

TOWN OF WALDOBORO, MAINE

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

	<u>Community Services</u>	<u>Comprehensive Plan</u>	<u>Quarry Hill Management</u>	<u>Emergency Management</u>	<u>Total</u>
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 72,672
Charges for services	28,732	-	-	-	28,732
Other income	-	-	500	-	500
TOTAL REVENUES	<u>28,732</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>101,904</u>
EXPENDITURES					
Other	28,404	-	-	-	28,404
TOTAL EXPENDITURES	<u>28,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,404</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>328</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>73,500</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	(73,312)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,312)</u>
NET CHANGE IN FUND BALANCES	328	-	500	-	188
FUND BALANCE (DEFICITS) - JULY 1	<u>8,428</u>	<u>57,150</u>	<u>9,069</u>	<u>(4,081)</u>	<u>67,801</u>
FUND BALANCE (DEFICITS) - JUNE 30	<u>\$ 8,756</u>	<u>\$ 57,150</u>	<u>\$ 9,569</u>	<u>\$ (4,081)</u>	<u>\$ 67,989</u>

See accompanying independent auditors' report and notes to financial statements.

Private-Purpose Trust Funds

Private-purpose trust funds are established to account for assets received by the Town and held in a fiduciary capacity as trustee or agent.

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2019

	George G. Genthner Scholarship	Mr. and Mrs. Edward E. Philbrook Prize Speaking	Mr. and Mrs. Edward E. Philbrook	Fennelly Fund	Beall-Barend Fund
ASSETS					
Cash and cash equivalents	\$ 39,776	\$ 173	\$ 29,886	\$ 525	\$ 5,980
Investments	836,616	3,635	628,594	11,040	256,003
TOTAL ASSETS	<u>\$ 876,392</u>	<u>\$ 3,808</u>	<u>\$ 658,480</u>	<u>\$ 11,565</u>	<u>\$ 261,983</u>
LIABILITIES					
Due to other governments	\$ 83,800	\$ -	\$ 72,457	\$ -	\$ -
TOTAL LIABILITIES	<u>83,800</u>	<u>-</u>	<u>72,457</u>	<u>-</u>	<u>-</u>
NET POSITION					
Held in trust for special purposes	792,592	3,808	586,023	11,565	261,983
TOTAL NET POSITION	<u>792,592</u>	<u>3,808</u>	<u>586,023</u>	<u>11,565</u>	<u>261,983</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 876,392</u>	<u>\$ 3,808</u>	<u>\$ 658,480</u>	<u>\$ 11,565</u>	<u>\$ 261,983</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2019

	Jonathan Matthews	Standish Fund	Lloyd Davis Fish Fund	Cemetery Care	Total
ASSETS					
Cash and cash equivalents	\$ 1,380	\$ 4,856	\$ 706	\$ 7,575	\$ 90,857
Investments	29,029	102,134	14,844	293,533	2,175,428
Due from other governments	-	-	-	18,938	18,938
TOTAL ASSETS	<u>\$ 30,409</u>	<u>\$ 106,990</u>	<u>\$ 15,550</u>	<u>\$ 320,046</u>	<u>\$ 2,285,223</u>
LIABILITIES					
Due to other governments	\$ -	\$ -	\$ -	\$ -	\$ 156,257
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,257</u>
NET POSITION					
Held in trust for special purposes	30,409	106,990	15,550	320,046	2,128,966
TOTAL NET POSITION	<u>30,409</u>	<u>106,990</u>	<u>15,550</u>	<u>320,046</u>	<u>2,128,966</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 30,409</u>	<u>\$ 106,990</u>	<u>\$ 15,550</u>	<u>\$ 320,046</u>	<u>\$ 2,285,223</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	George G. Genthner Scholarship	Mr. and Mrs. Edward E. Philbrook Prize Speaking	Mr. and Mrs. Edward E. Philbrook	Fennelly Fund	Beall-Barend Fund
ADDITIONS					
Investment income	\$ -	\$ -	\$ 7,269	\$ -	\$ -
Investment income net of unrealized gains (losses)	35,461	154	26,643	468	11,423
Principal contributions	5,000	-	-	-	-
TOTAL ADDITIONS	<u>40,461</u>	<u>154</u>	<u>33,912</u>	<u>468</u>	<u>11,423</u>
DEDUCTIONS					
Scholarships	9,000	-	-	-	-
Charitable relief	-	-	5,623	-	-
Cemetery	-	-	19,284	-	-
TOTAL DEDUCTIONS	<u>9,000</u>	<u>-</u>	<u>24,907</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	31,461	154	9,005	468	11,423
NET POSITION, JULY 1, RESTATED	<u>761,131</u>	<u>3,654</u>	<u>577,018</u>	<u>11,097</u>	<u>250,560</u>
NET POSITION, JUNE 30	<u>\$ 792,592</u>	<u>\$ 3,808</u>	<u>\$ 586,023</u>	<u>\$ 11,565</u>	<u>\$ 261,983</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Jonathan Matthews	Standish Fund	Lloyd Davis Fish Fund	Cemetery Care	Total
ADDITIONS					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 7,269
Investment income net of unrealized gains (losses)	1,230	4,329	629	14,073	94,410
Principal contributions	-	-	-	-	5,000
TOTAL ADDITIONS	<u>1,230</u>	<u>4,329</u>	<u>629</u>	<u>14,073</u>	<u>106,679</u>
DEDUCTIONS					
Scholarships	-	-	-	-	9,000
Charitable relief	-	-	-	-	5,623
Cemetery	-	-	-	4,091	23,375
TOTAL DEDUCTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,091</u>	<u>37,998</u>
CHANGE IN NET POSITION	1,230	4,329	629	9,982	68,681
NET POSITION, JULY 1, RESTATED	<u>29,179</u>	<u>102,661</u>	<u>14,921</u>	<u>310,064</u>	<u>2,060,285</u>
NET POSITION, JUNE 30	<u>\$ 30,409</u>	<u>\$ 106,990</u>	<u>\$ 15,550</u>	<u>\$ 320,046</u>	<u>\$ 2,128,966</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

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

TOWN OF WALDOBORO, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ -	\$ 2,855,034	\$ 103,457	\$ -	\$ 2,958,491
Public safety	-	-	3,207,896	-	3,207,896
Public works	-	1,252,415	1,293,563	3,811,364	6,357,342
Transfer station	-	589,587	220,730	-	810,317
Recreation	-	377,027	-	-	377,027
Town-wide	377,597	357,078	-	-	734,675
Water department	<u>337,472</u>	<u>779,471</u>	<u>4,321,451</u>	<u>-</u>	<u>5,438,394</u>
Total General Capital Assets	715,069	6,210,612	9,147,097	3,811,364	19,884,142
Less: Accumulated Depreciation	<u>-</u>	<u>(2,304,722)</u>	<u>(4,277,223)</u>	<u>(1,194,796)</u>	<u>(7,776,741)</u>
Net General Capital Assets	<u>\$ 715,069</u>	<u>\$ 3,905,890</u>	<u>\$ 4,869,874</u>	<u>\$ 2,616,568</u>	<u>\$ 12,107,401</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WALDOBORO, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
General government	\$ 2,958,491	\$ -	\$ -	\$ 2,958,491
Public safety	2,379,035	1,231,324	(402,463)	3,207,896
Public works	6,501,821	-	(144,479)	6,357,342
Transfer station	872,092	-	(61,775)	810,317
Recreation	377,027	-	-	377,027
Town-wide	447,175	287,500	-	734,675
Water department	5,427,794	31,783	(21,183)	5,438,394
Total General Capital Assets	18,963,435	1,550,607	(629,900)	19,884,142
Less: Accumulated Depreciation	(7,752,533)	(610,330)	586,122	(7,776,741)
Net General Capital Assets	\$ 11,210,902	\$ 940,277	\$ (43,778)	\$ 12,107,401

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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 Waldoboro
Waldoboro, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Waldoboro, Maine as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Waldoboro, Maine's basic financial statements and have issued our report thereon dated June 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Waldoboro, 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 Waldoboro, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waldoboro, Maine's internal control.

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

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of the Town of Waldoboro, Maine in a separate letter dated June 10, 2020.

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
June 10, 2020