

Audited Financial Statements and  
Other Financial Information

Town of Waldoboro, Maine

June 30, 2018



*Proven Expertise and Integrity*

TOWN OF WALDOBORO, MAINE

CONTENTS

JUNE 30, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 65
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	66
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	67

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	68
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	69
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	70
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	71
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	72
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	73
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	74
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	75
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	76 - 77
CAPITAL PROJECTS FUNDS DESCRIPTION	78
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS	79 - 82
SPECIAL REVENUE FUNDS DESCRIPTION	83
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	84 - 85
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	86 - 87
PRIVATE - PURPOSE TRUST FUNDS DESCRIPTION	88
SCHEDULE F - COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS PRIVATE - PURPOSE TRUST FUNDS	89 - 90
SCHEDULE G - COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - PRIVATE - PURPOSE TRUST FUNDS	91 - 92
GENERAL CAPITAL ASSETS DESCRIPTION	93
SCHEDULE H - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	94

SCHEDULE I - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS  
BY FUNCTION

95

FEDERAL COMPLIANCE

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*

96 - 97



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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
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, 2018, 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.

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, 2018, 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 67 through 73 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 December 9, 2019, 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  
December 9, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**(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, 2018. 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 three 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 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 Cash Flows - Proprietary 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 \$470,314 from \$8,667,577 to \$9,137,891. The Town's total net position for business-type activities decreased by \$6,997 from \$2,881,866 to \$2,874,869.

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 \$2,517,035 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$51,195.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017 (Restated)</u>	<u>2018</u>	<u>2017 (Restated)</u>
<b>Assets:</b>				
Current Assets	\$ 4,756,238	\$ 4,103,994	\$ 97,655	\$ 116,200
Capital Assets	7,024,575	7,072,500	4,192,047	4,061,854
Total Assets	<u>11,780,813</u>	<u>11,176,494</u>	<u>4,289,702</u>	<u>4,178,054</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to OPEB	84,076	-	-	-
Deferred Outflows Related to Pensions	585,147	740,010	-	-
Total Deferred Outflows of Resources	<u>669,223</u>	<u>740,010</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>				
Current Liabilities	210,795	181,673	144,160	125,663
Long-term Debt Outstanding	2,016,507	2,175,349	1,270,673	1,170,525
Total Liabilities	<u>2,227,302</u>	<u>2,357,022</u>	<u>1,414,833</u>	<u>1,296,188</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	27,699	21,893	-	-
Deferred Ambulance Revenue	594,963	506,002	-	-
Deferred Inflows Related to Pensions	462,181	364,010	-	-
Total Deferred Inflows of Resources	<u>1,084,843</u>	<u>891,905</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	6,582,817	6,777,195	2,823,674	2,804,878
Restricted: Nonspendable Principal	37,949	52,885	-	-
Unrestricted	2,517,125	1,837,497	51,195	76,988
Total Net Position	<u>\$ 9,137,891</u>	<u>\$ 8,667,577</u>	<u>\$ 2,874,869</u>	<u>\$ 2,881,866</u>

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 845,011	\$ 765,644	229,300	227,539
Operating grants and contributions	138,177	-	-	23,446
<i>General Revenues:</i>				
Taxes	9,120,984	8,745,012	-	-
Grants and contributions not restricted to specific programs	689,878	63,684	-	-
Interest income, net of unrealized gains/(losses)	6,316	5,428	-	-
Other revenue	174,608	82,207	858	507
<b>Total Revenues</b>	<b>10,974,975</b>	<b>9,661,975</b>	<b>230,158</b>	<b>251,492</b>
<b>Expenses</b>				
General government	749,838	602,864	-	-
Town services and public safety	1,819,053	1,214,465	-	-
Public works	965,164	838,765	-	-
Health and welfare	31,946	24,886	-	-
Community services	205,001	232,901	-	-
Planning and development	78,085	73,364	-	-
Insurance and employee benefits	49,555	50,530	-	-
County tax	655,441	629,111	-	-
Education	5,267,256	5,088,889	-	-
Program expenses	559,879	401,572	237,155	209,238
Overlay/abatements	16,832	9,352	-	-
Capital outlay	83,401	129,894	-	-
Interest on long-term debt	18,472	21,273	-	26,342
Unallocated depreciation (Note 4)	4,737	4,737	-	-
<b>Total Expenses</b>	<b>10,504,660</b>	<b>9,322,603</b>	<b>237,155</b>	<b>235,580</b>
<b>Change in Net Position</b>	<b>470,314</b>	<b>339,372</b>	<b>(6,997)</b>	<b>15,912</b>
<b>Net Position - January 1, Restated</b>	<b>8,667,577</b>	<b>8,328,205</b>	<b>2,881,866</b>	<b>2,865,954</b>
<b>Net Position - December 31</b>	<b>\$ 9,137,891</b>	<b>\$ 8,667,577</b>	<b>\$ 2,874,869</b>	<b>\$ 2,881,866</b>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 13.59%, while total expenses increased by 12.68%. The largest increase in revenues was in grants and contributions not restricted to specific programs. The largest increase in expenses was in Town services and public safety.

Revenues for the Town's business-type activities decreased by 8.48%, while total expenses increased by 0.67%.

### **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,**

	<b>2018</b>	<b>2017</b>
Major Funds:		
General Fund:		
Nonspendable	\$ -	\$ 2,129
Restricted	37,949	52,885
Assigned	166,000	150,000
Unassigned	1,176,177	1,042,935
Total General Fund	1,380,126	1,247,949
Capital Projects Fund:		
Committed	1,698,076	1,414,519
Total Capital Projects Fund	1,698,076	1,414,519
 Total Major Funds	 \$ 3,078,202	 \$ 2,662,468
Nonmajor Funds:		
Special Revenue Funds:		
Assigned	\$ 487,574	\$ 405,574
Unassigned	(11,766)	(11,546)
Total Nonmajor Funds	\$ 475,808	\$ 394,028

The general fund total fund balance increased by \$132,177 from the prior fiscal year primarily due to revenues exceeding expenditures. The capital projects fund total fund balance increased by \$283,557, primarily due to transfers from other funds. The nonmajor funds total fund balance increased by \$81,780 from the prior fiscal year primarily due to transfers from 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 \$2,874,869. This was a decrease of \$6,997 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 were over budget by \$157,074. This was due to all revenue categories being received within or in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$125,103. All expenditure categories were within or under budgeted amounts.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town increased by \$82,590 when compared to the prior year. This increase is the result of capital additions of \$653,805 less current year depreciation expense of \$571,215.

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

	<b>2018</b>	<b>2017</b> <b>(Restated)</b>
Land and land improvements	\$ 654,685	\$ 687,447
Buildings and improvements	2,709,433	2,796,071
Machinery and equipment	215,211	175,687
Vehicles	685,406	850,105
Infrastructure	2,759,840	2,563,190
Water department	4,186,327	4,055,812
Total	<u>\$ 11,210,902</u>	<u>\$ 11,128,312</u>

### Debt

At June 30, 2018, the Town had \$1,696,288 in bonds outstanding versus \$1,631,145 last year, an increase of 3.84%. Other obligations include capital leases payable, landfill closure costs, accrued compensated absences, net OPEB liability and net pension liability. 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 2.9 percent unemployment rate (June 2018), below the State of Maine average of 3.3 percent. Estimated median income based on the 2010 census for Waldoboro's 5075 residents was \$34,834.

During 2017/2018, as a result of new construction, the Town's tax base increased by 6.0%. The value of the Town's largest taxpayer, Central Maine Power Company represents approximately 2.35% of the total assessed valuation, followed by Baxter Holdings Trust I & II at 1.34% of assessed valuation.

The 2018/2019 budget allows for an overall increase in municipal expenditures of 1.31 percent with a projected increase in revenues of 10.32 percent. The property tax bill's mil rate set at \$17.70 is an increase of \$1.50 over 2016/2017.

### **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](mailto:townmgr@waldoboromaine.org).

## STATEMENT A

## TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,126,380	\$ 62,648	\$ 3,189,028
Investments	20,119	-	20,119
Accounts receivable (net of allowance for uncollectibles):			
Taxes	514,827	-	514,827
Liens	169,585	-	169,585
Other	696,944	7,187	704,131
Due from other governments	228,383	-	228,383
Unbilled revenue	-	27,820	27,820
Total current assets	<u>4,756,238</u>	<u>97,655</u>	<u>4,853,893</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	351,058	728,655
Buildings and vehicles net of accumulated depreciation	6,646,978	3,835,269	10,482,247
Total noncurrent assets	<u>7,024,575</u>	<u>4,192,047</u>	<u>11,216,622</u>
<b>TOTAL ASSETS</b>	<u>11,780,813</u>	<u>4,289,702</u>	<u>16,070,515</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	84,076	-	84,076
Deferred outflows related to pensions	585,147	-	585,147
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>669,223</u>	<u>-</u>	<u>669,223</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 12,450,036</u>	<u>\$ 4,289,702</u>	<u>\$ 16,739,738</u>



STATEMENT A (CONTINUED)  
TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 77,573	\$ 12,266	\$ 89,839
Due to other governments	3,039	-	3,039
Accrued expenses	-	34,194	34,194
Other liabilities	20,855	-	20,855
Current portion of long-term obligations	109,328	97,700	207,028
<b>Total current liabilities</b>	<b>210,795</b>	<b>144,160</b>	<b>354,955</b>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	279,700	1,270,673	1,550,373
Capital leases payable	52,730	-	52,730
Landfill closure costs	264,200	-	264,200
Accrued compensated absences	132,962	-	132,962
Net OPEB liability	284,154	-	284,154
Net pension liability	1,002,761	-	1,002,761
<b>Total noncurrent liabilities</b>	<b>2,016,507</b>	<b>1,270,673</b>	<b>3,287,180</b>
<b>TOTAL LIABILITIES</b>	<b>2,227,302</b>	<b>1,414,833</b>	<b>3,642,135</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	27,699	-	27,699
Deferred ambulance revenue	594,963	-	594,963
Deferred inflows related to pensions	462,181	-	462,181
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,084,843</b>	<b>-</b>	<b>1,084,843</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,582,817	2,823,674	9,406,491
Restricted - General fund	37,949	-	37,949
Unrestricted	2,517,125	51,195	2,568,320
<b>TOTAL NET POSITION</b>	<b>9,137,891</b>	<b>2,874,869</b>	<b>12,012,760</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 12,450,036</b>	<b>\$ 4,289,702</b>	<b>\$ 16,739,738</b>

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

## TOWN OF WALDOBORO, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 749,838	\$ 10,398	\$ -	\$ -	\$ (739,440)	\$ -	\$ (739,440)
Town services and public safety	1,819,053	676,848	-	-	(1,142,205)	-	(1,142,205)
Public works	965,164	-	73,312	-	(891,852)	-	(891,852)
Health and welfare	31,946	-	6,109	-	(25,837)	-	(25,837)
Community services	205,001	-	-	-	(205,001)	-	(205,001)
Planning and development	78,085	-	-	-	(78,085)	-	(78,085)
Insurance and employee benefits	49,555	-	-	-	(49,555)	-	(49,555)
County tax	655,441	-	-	-	(655,441)	-	(655,441)
Education	5,267,256	-	-	-	(5,267,256)	-	(5,267,256)
Program expenses	559,879	157,765	-	-	(402,114)	-	(402,114)
Overlay/abatements	16,832	-	-	-	(16,832)	-	(16,832)
Capital outlay	83,401	-	-	-	(83,401)	-	(83,401)
Interest on long-term debt	18,472	-	-	-	(18,472)	-	(18,472)
Unallocated depreciation (Note 4)*	4,737	-	-	-	(4,737)	-	(4,737)
Total governmental activities	<u>10,504,660</u>	<u>845,011</u>	<u>79,421</u>	<u>-</u>	<u>(9,580,228)</u>	<u>-</u>	<u>(9,580,228)</u>
Business-type activities:							
Water department	<u>237,155</u>	<u>229,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,855)</u>	<u>(7,855)</u>
Total business-type activities	<u>237,155</u>	<u>229,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,855)</u>	<u>(7,855)</u>
Total government	<u>\$ 10,741,815</u>	<u>\$ 1,074,311</u>	<u>\$ 79,421</u>	<u>\$ -</u>	<u>(9,580,228)</u>	<u>(7,855)</u>	<u>(9,588,083)</u>

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

## STATEMENT B (CONTINUED)

## TOWN OF WALDOBORO, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business- type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Changes in net position:			
Net (expense) revenue	<u>(9,580,228)</u>	<u>(7,855)</u>	<u>(9,588,083)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,087,050	-	8,087,050
Excise taxes and interest on taxes	1,033,934	-	1,033,934
Licenses and permits	43,570	-	43,570
Fees and fines	15,186	-	15,186
Grants and contributions not restricted to specific programs	689,878	-	689,878
Investment income	6,316	-	6,316
Miscellaneous	174,608	858	175,466
Total general revenues	<u>10,050,543</u>	<u>858</u>	<u>10,051,401</u>
Change in net position	470,314	(6,997)	463,317
NET POSITION - JULY 1, RESTATED	<u>8,667,577</u>	<u>2,881,866</u>	<u>11,549,443</u>
NET POSITION - JUNE 30	<u>\$ 9,137,891</u>	<u>\$ 2,874,869</u>	<u>\$ 12,012,760</u>

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

## TOWN OF WALDOBORO, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,136,348	\$ 990,032	\$ -	\$ 3,126,380
Investments	20,119	-	-	20,119
Accounts receivable (net of allowance for uncollectibles):				
Taxes	514,827	-	-	514,827
Liens	169,585	-	-	169,585
Other	696,944	-	-	696,944
Due from other governments	228,383	-	-	228,383
Due from other funds	11,766	708,044	487,574	1,207,384
<b>TOTAL ASSETS</b>	<b>\$ 3,777,972</b>	<b>\$ 1,698,076</b>	<b>\$ 487,574</b>	<b>\$ 5,963,622</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 77,573	\$ -	\$ -	\$ 77,573
Due to other governments	3,039	-	-	3,039
Other liabilities	20,855	-	-	20,855
Due to other funds	1,195,618	-	11,766	1,207,384
<b>TOTAL LIABILITIES</b>	<b>1,297,085</b>	<b>-</b>	<b>11,766</b>	<b>1,308,851</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	27,699	-	-	27,699
Deferred tax revenues	478,099	-	-	478,099
Deferred ambulance revenue	594,963	-	-	594,963
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,100,761</b>	<b>-</b>	<b>-</b>	<b>1,100,761</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	37,949	-	-	37,949
Committed	-	1,698,076	-	1,698,076
Assigned	166,000	-	487,574	653,574
Unassigned	1,176,177	-	(11,766)	1,164,411
<b>TOTAL FUND BALANCES</b>	<b>1,380,126</b>	<b>1,698,076</b>	<b>475,808</b>	<b>3,554,010</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,777,972</b>	<b>\$ 1,698,076</b>	<b>\$ 487,574</b>	<b>\$ 5,963,622</b>

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, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 3,554,010
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	7,024,575
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	478,099
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	669,223
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(327,915)
Capital leases payable	(91,069)
Landfill closure costs	(272,200)
Accrued compensated absences	(147,736)
Net OPEB liability	(284,154)
Net pension liability	(1,002,761)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(462,181)</u>
Net position of governmental activities	<u><u>\$ 9,137,891</u></u>

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

## TOWN OF WALDOBORO, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 9,093,260	\$ -	\$ -	\$ 9,093,260
Licenses and permits	43,570	-	-	43,570
Intergovernmental	520,046	14,687	234,566	769,299
Charges for services	687,246	-	157,765	845,011
Fees and fines	15,186	-	-	15,186
Unclassified	124,095	49,933	580	174,608
Interest income	4,022	2,294	-	6,316
<b>TOTAL REVENUES</b>	<b>10,487,425</b>	<b>66,915</b>	<b>392,911</b>	<b>10,947,251</b>
<b>EXPENDITURES</b>				
Current:				
General government	589,383	-	-	589,383
Town services and public safety	1,662,530	-	-	1,662,530
Public works	778,930	-	-	778,930
Health and welfare	31,946	-	-	31,946
Community services	179,420	-	-	179,420
Planning and development	78,085	-	-	78,085
Insurance and employee benefits	49,555	-	-	49,555
County tax	655,441	-	-	655,441
Education	5,267,256	-	-	5,267,256
Program expenses	-	-	524,779	524,779
Overlay/abatements	16,832	-	-	16,832
Capital outlay	-	491,475	-	491,475
Debt service				
Principal	105,632	-	-	105,632
Interest	18,472	-	-	18,472
<b>TOTAL EXPENDITURES</b>	<b>9,433,482</b>	<b>491,475</b>	<b>524,779</b>	<b>10,449,736</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,053,943</b>	<b>(424,561)</b>	<b>(131,868)</b>	<b>497,514</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	72,160	708,118	285,808	1,066,086
Transfers (out)	(993,926)	-	(72,160)	(1,066,086)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(921,766)</b>	<b>708,118</b>	<b>213,648</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>132,177</b>	<b>283,557</b>	<b>81,780</b>	<b>497,514</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,247,949</b>	<b>1,414,519</b>	<b>394,028</b>	<b>3,056,496</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,380,126</b>	<b>\$ 1,698,076</b>	<b>\$ 475,808</b>	<b>\$ 3,554,010</b>

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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 497,514</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	437,833
Depreciation expense	<u>(485,758)</u>
	<u>(47,925)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>27,724</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>(70,787)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(29,759)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>105,277</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	(63,796)
Net OPEB liability	(111,976)
Net pension liability	254,213
	<u>86,441</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>(98,171)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 470,314</u></u>

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

## TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2018

	<u>Enterprise Water Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 62,648
Accounts receivable (net of allowance for uncollectibles)	7,187
Unbilled revenue	<u>27,820</u>
Total current assets	<u>97,655</u>
Noncurrent assets:	
Debt issuance costs (net of amortization)	5,720
Capital assets:	
Land and other non-depreciated assets	351,058
Buildings	779,471
Vehicles and equipment	352,448
Plant/infrastructure	3,944,817
Less: accumulated depreciation	(1,241,467)
Net capital assets	<u>4,186,327</u>
Total noncurrent assets	<u>4,192,047</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,289,702</u></b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 12,266
Accrued interest	4,503
Accrued rate case	29,691
Current portion of long-term obligations	<u>97,700</u>
Total current liabilities	<u>144,160</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	<u>1,270,673</u>
Total noncurrent liabilities	<u>1,270,673</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,414,833</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	2,823,674
Unrestricted	<u>51,195</u>
<b>TOTAL NET POSITION</b>	<b><u>2,874,869</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 4,289,702</u></b>

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, 2018

	<u>Enterprise Water Fund</u>
OPERATING REVENUES	
Charges for services	\$ 229,300
Other	858
TOTAL OPERATING REVENUES	<u>230,158</u>
OPERATING EXPENSES	
Outside services	89,315
Enterprise reimbursements	10,212
Power	15,950
Supplies	3,317
Administration	4,475
Regulatory	1,439
Rate case	2,260
Depreciation and amortization	83,809
TOTAL OPERATING EXPENSES	<u>210,777</u>
OPERATING INCOME (LOSS)	<u>19,381</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>(26,378)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(26,378)</u>
CHANGE IN NET POSITION	(6,997)
NET POSITION - JULY 1, RESTATED	<u>2,881,866</u>
NET POSITION - JUNE 30	<u>\$ 2,874,869</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, 2018

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 256,558
Other receipts	(26,962)
Payments to suppliers	(119,720)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>109,876</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bonds payable	(26,378)
Disposals of capital assets	1,970
Payments for purchases of capital assets	(215,972)
Principal payments on bonds payable	(86,452)
Bond proceeds	197,849
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(128,983)</u>
NET INCREASE (DECREASE) IN CASH	(19,107)
CASH AND CASH EQUIVALENTS - JULY 1	<u>81,755</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 62,648</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 19,381
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	83,809
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	27,258
(Increase) decrease in unbilled revenue	(27,820)
(Decrease) increase in accounts payable	4,828
(Decrease) increase in accrued interest	160
(Decrease) increase in other liabilities	2,260
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 109,876</u>

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

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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:

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Nonmajor Funds

- c. 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.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2018

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. 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 \$929,475 for the year ended June 30, 2018. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2018.



TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

The accounting treatment of long-term debt 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 debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases 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.

**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 debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is \$147,736.

**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

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net 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.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Board of Selectmen.

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, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. 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, 2018

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 December 9, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due in two installments on November 15, 2017 and May 15, 2018. Interest on unpaid taxes commenced on November 16, 2017 and May 16, 2018, at 7% 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 \$39,220 for the year ended June 30, 2018.

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, 2018

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, 2018, the Town’s cash and cash equivalents balance of \$3,273,520 was comprised of bank deposits and cash equivalents amounting to \$3,194,953. Of this amount, \$500,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$2,382,582 were collateralized with securities held by a financial institution in the Town’s name and the remaining \$312,371 was uncollateralized and uninsured.

Account Type	Bank Balance
Checking accounts	\$ 147,870
Money market account	990,032
Savings account	1,969,716
Cash equivalents	87,335
	\$ 3,194,953

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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 \$2,169,780, was uncollateralized and uninsured and therefore exposed to custodial credit risk.

At June 30, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years	Over 5 Years
Certificate of deposit	\$ 20,118	\$ -	\$ -	\$ 20,118	\$ -
Corporate bonds	973,340	973,340	-	-	-
Mutual funds	1,176,322	1,176,322	-	-	-
	<u>\$ 2,169,780</u>	<u>\$ 2,149,662</u>	<u>\$ -</u>	<u>\$ 20,118</u>	<u>\$ -</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, 2018:

	June 30, 2018 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	\$ 973,340	\$ -	\$ 973,340	\$ -
Total debt securities	<u>973,340</u>	<u>-</u>	<u>973,340</u>	<u>-</u>
Equity securities:				
Mutual funds - domestic and foreign	1,176,322	1,176,322	-	-
Total equity securities	<u>1,176,322</u>	<u>1,176,322</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>2,149,662</u>	<u>\$ 1,176,322</u>	<u>\$ 973,340</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	87,335			
Total cash equivalents measured at the NAV	<u>87,335</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,236,997</u>			

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 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 3 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, 2018 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, 2018, the Town's investments in corporate bonds were rated A (\$93,592) and BBB+ (\$48,284) by Standard & Poor's Rating Service. The remainder of the bonds of \$831,464 were not rated and/or the ratings were unavailable. Certificates of deposit held with local financial institutions for \$20,118 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

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.



TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 11,766	\$ 1,195,618
Capital reserve fund	708,044	-
Nonmajor special revenue funds	487,574	11,766
	\$ 1,207,384	\$ 1,207,384

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17 (Restated)	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land and other non depreciable property	\$ 377,597	\$ -	\$ -	\$ 377,597
	377,597	-	-	377,597
Depreciated assets:				
Land improvements	641,743	-	-	641,743
Buildings and improvements	4,477,223	24,675	-	4,501,898
Machinery and equipment	666,672	34,462	-	701,134
Vehicles	3,484,174	60,928	(43,197)	3,501,905
Infrastructure	3,493,596	317,768	-	3,811,364
	12,763,408	437,833	(43,197)	13,158,044
Less: accumulated depreciation	(6,068,505)	(485,758)	43,197	(6,511,066)
	6,694,903	(47,925)	-	6,646,978
Net governmental capital assets	\$ 7,072,500	\$ (47,925)	\$ -	\$ 7,024,575

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<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>337,472</u>	<u>13,586</u>	<u>-</u>	<u>351,058</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	-	-	54,682
Water treatment equipment	144,501	-	-	144,501
Distribution reservoirs and standpipes	480,303	-	-	480,303
Mains	2,368,238	168,077	-	2,536,315
Services	386,385	30,309	-	416,694
Meters	42,232	-	(1,970)	40,262
Hydrants	129,106	4,000	-	133,106
Communication equipment	114,832	-	-	114,832
Miscellaneous equipment	5,083	-	-	5,083
	<u>4,876,320</u>	<u>202,386</u>	<u>(1,970)</u>	<u>5,076,736</u>
Less: accumulated depreciation	<u>(1,157,980)</u>	<u>(85,457)</u>	<u>1,970</u>	<u>(1,241,467)</u>
	<u>3,718,340</u>	<u>116,929</u>	<u>-</u>	<u>3,835,269</u>
Net business-type capital assets	<u>\$ 4,055,812</u>	<u>\$ 130,515</u>	<u>\$ -</u>	<u>\$ 4,186,327</u>
<u>Current year depreciation</u>				
General government				\$ 69,583
Public safety				156,523
Public works				194,234
Community services				25,581
Transfer station				35,100
Town-wide				4,737
Total governmental activities depreciation				<u>485,758</u>
Water department				85,457
Total depreciation expense				<u>\$ 571,215</u>

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2018 is as follows:

	Balance, 7/1/17 (Restated)	Additions	Deletions	Balance, 6/30/18	Current Portion
<i>Governmental activities:</i>					
Bond payable	\$ 374,169	\$ -	\$ (46,254)	\$ 327,915	\$ 48,215
Capital leases payable	120,333	29,759	(59,023)	91,069	38,339
Landfill closure costs	280,200	-	(8,000)	272,200	8,000
Accrued compensated absences	83,940	63,796	-	147,736	14,774
Net OPEB liability	172,178	113,657	(1,681)	284,154	-
Net pension liability	1,256,974	131,513	(385,726)	1,002,761	-
Total governmental activities	<u>\$ 2,287,794</u>	<u>\$ 338,725</u>	<u>\$ (500,684)</u>	<u>\$ 2,125,835</u>	<u>\$ 109,328</u>
<i>Business-type activities:</i>					
Bonds payable	<u>\$ 1,256,976</u>	<u>\$ 197,849</u>	<u>\$ (86,452)</u>	<u>\$ 1,368,373</u>	<u>\$ 97,700</u>
Total business-type activities	<u>\$ 1,256,976</u>	<u>\$ 197,849</u>	<u>\$ (86,452)</u>	<u>\$ 1,368,373</u>	<u>\$ 97,700</u>

Payments under landfill closure costs have been made by the general fund. Accrued compensated absences typically have been liquidated in the general and other governmental funds.

The following is a summary of bonds outstanding as of June 30, 2018:

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 rate from 2.0% to 5.085% per annum. Annual principal installments range from \$31,217 to \$61,670. \$ 327,915

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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.	\$ 296,778
\$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.	89,423
\$1,084,653, 2012 Bond due in annual installments through November 2028. Interest is charged at a rate of 0.86% - 4.26%. Annual principal installments are varied.	784,323
\$208,262, (\$10,413 forgiven at closing) 2017 Bond due in annual installments through July 2037. Interest is charged at a rate of 0.84%. Annual principal installments are varied.	<u>197,849</u>
Total business-type activities bonds payable	<u><u>\$ 1,368,373</u></u>

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities		
	Principal	Interest	Total Debt Service
2019	\$ 48,215	\$ 15,256	\$ 63,471
2020	50,489	12,939	63,428
2021	53,079	10,306	63,385
2022	55,800	7,537	63,337
2023	58,662	4,627	63,289
2024-2028	61,670	1,568	63,238
	<u>\$ 327,915</u>	<u>\$ 52,233</u>	<u>\$ 380,148</u>

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

	Business-type Activities		
	Principal	Interest	Total Debt Service
2019	\$ 97,700	\$ 25,771	\$ 123,471
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
2024-2028	561,347	56,004	617,351
2029-2033	215,879	3,683	219,562
2034-2038	86,703	1,075	87,778
	\$ 1,368,373	\$ 173,670	\$ 1,542,043

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, 2018 was \$26,378.

The following is a description of the Town's capital leases payable:

Capital lease with Oshkosh Capital for 8 years, 2.90% variable interest rate, annual payments of \$32,004 until February of 2020.

Capital lease with Rockland Savings Bank, FSB. for 5 years, 2.85% fixed interest rate, annual payments of \$6,335 until July of 2022.

The following is a summary of outstanding capital lease requirements for the fiscal years ending June 30:

Year Ending June 30:	
2019	\$ 38,339
2020	38,339
2021	6,335
2022	6,336
2023	6,335
Total minimum lease payments	95,684
Less amount representing interest	(4,615)
Present value of future minimum lease payments	\$ 91,069

TOWN OF WALDOBORO, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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 - 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.

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

Year Ending June 30:		
2019	\$	2,212
2020		2,212
2021		2,212
2022		2,212
2023		1,681
Present value of future minimum lease payments	\$	10,529

NOTE 7 - 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, 2018, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
MSAD #40	\$ 9,530,394	35.52%	\$ 3,384,719
County of Lincoln	5,560,000	6.62%	368,072
			\$ 3,752,791

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 8 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2018:

General Fund:	
HRA account	<u><u>\$ 37,949</u></u>

NOTE 9 - COMMITTED FUND BALANCE

The Town has the following committed fund balance at June 30, 2018:

Capital Reserve Fund	<u><u>\$ 1,698,076</u></u>
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NOTE 10 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2018:

General Fund:	
FY 2019 budget	\$ 166,000
Nonmajor Special Revenue Funds (Schedule C)	<u>487,574</u>
	<u><u>\$ 653,574</u></u>

NOTE 11 - 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, 2018.

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

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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 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, 2018. 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.



TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - 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.mainebers.org](http://www.mainebers.org) or by contacting the System at (800) 451-9800.

**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 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.

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 2.45% as of June 30, 2017.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**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 10.1% of special plan "2C" members' covered payroll and 9.6% 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, 2018, 2017 and 2016 were \$132,692, \$125,528 and \$111,010, respectively.

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

At June 30, 2018, the Town reported a liability of \$1,002,761 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.24491%, which was a decrease of 0.0195% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized total pension revenue of \$194,847. At June 30, 2018, 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, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 345,580	\$ 48,176
Changes of assumptions	85,329	-
Net difference between projected and actual earnings on pension plan investments	-	373,154
Changes in proportion and differences between contributions and proportionate share of contributions	21,546	40,851
Contributions subsequent to the measurement date	132,692	-
Total	<u>\$ 585,147</u>	<u>\$ 462,181</u>

\$132,692 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, 2019. 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:	
2018	\$ (32,666)
2019	84,486
2020	6,727
2021	(68,272)
2022	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - 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, 2017 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.875% per annum, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Mortality Rates* - For participating local districts, 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* - 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, 2017 are summarized in the following table. Assets for the defined benefit plan are comingled 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%

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.875% for 2017. 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2017 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 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 243,076	\$ 1,002,761	\$ 2,011,846

**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, 2017 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, 2017 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 resources. For 2017, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Differences between Projected and Actual Investment Earnings on Pension Plan Investments*

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.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are 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, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. 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. There were no changes in assumptions for the fiscal year ended June 30, 2017.

*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](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. 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, 2018, the following employees were covered by the benefit terms:

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



TOWN OF WALDOBORO, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Contributions**

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

**Retiree Premium Amounts:**

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 2500	\$734.38	\$1,647.35
<u>Medicare</u>		
Medicare-Eligible Retirees	\$527.65	\$1,055.29

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

At June 30, 2018, the Town reported a liability of \$284,154 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 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, 2018, the Town recognized OPEB expense of \$27,900. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,007	\$ -
Changes of assumptions	42,069	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
<b>Total</b>	<b>\$ 84,076</b>	<b>\$ -</b>

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

	MMEHT
Plan year ended December 31:	
2019	\$ 14,012
2020	14,012
2021	14,012
2022	14,012
2023	14,012
Thereafter	14,016

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as 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 3.44% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 332,252	\$ 284,154	\$ 245,107
Plan fiduciary net position	-	-	-
<b>Net OPEB liability</b>	<b>\$ 332,252</b>	<b>\$ 284,154</b>	<b>\$ 245,107</b>

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
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TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Healthcare Trend**

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 243,250	\$ 284,154	\$ 335,267
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 243,250</u>	<u>\$ 284,154</u>	<u>\$ 335,267</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2016, 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.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*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.

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 - 3.44% 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.

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weight as listed below.

FYE	Non-Medicare		Medicare		Non-Medicare	Medicare
	Medical	Drug	Medical	Drug	Blended	Blended
2018	8.20%	9.60%	4.93%	9.60%	8.46%	8.27%
2019	7.90%	9.20%	4.87%	9.20%	8.15%	8.00%
2020	7.60%	8.80%	4.80%	8.80%	7.83%	7.72%
2021	7.30%	8.40%	4.73%	8.40%	7.51%	7.44%
2022	7.00%	8.00%	4.67%	8.00%	7.20%	7.15%
2023	6.70%	7.60%	4.60%	7.60%	6.88%	6.85%
2024	6.40%	7.20%	4.53%	7.20%	6.56%	6.55%
2025	6.10%	6.80%	4.47%	6.80%	6.24%	6.24%
2026	5.80%	6.40%	4.40%	6.40%	5.92%	5.93%
2027	5.50%	6.00%	4.33%	6.00%	5.60%	5.61%
2028	5.20%	5.60%	4.27%	5.60%	5.28%	5.29%
2029	4.90%	5.20%	4.20%	5.20%	4.96%	4.97%
2030	4.60%	4.80%	4.13%	4.80%	4.64%	4.65%
2031	4.30%	4.40%	4.07%	4.40%	4.32%	4.33%
2032	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

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.

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	Tier 1 (Those hired before 7/1/14)		Tier 2 (Those hired on or after 7/1/14)	
	No Additional Employer Payment	With Additional Employer Payment	No Additional Employer Payment	With Additional Employer Payment
55	5%	5%	5%	5.5%
56	5%	5%	5%	5.5%
57	5%	5%	5%	5.5%
58	5%	5%	5%	5.5%
59	20%	20%	5%	5.5%
60	20%	25%	5%	5.5%
61	20%	25%	5%	5.5%
62	20%	25%	5%	5.5%
63	20%	25%	5%	5.5%
64	20%	25%	20%	25%
65	25%	45%	20%	40%
66	25%	30%	20%	25%
67	25%	30%	20%	25%
68	25%	30%	20%	25%
69	25%	30%	20%	25%
70	100%	100%	100%	100%

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.

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

Administrative expenses - Included in the per capita claims cost.

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF WALDOBORO, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Years of Service	Revised
0	25.0%
1	20.0%
2	15.0%
3	12.0%
4	10.0%
5	9.0%
6	6.0%
7+	4.0%

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.

Participation Rates –

Age	No Additional Employer Payment	With Additional Employer Payment
55	5%	80%
56	8%	80%
57	11%	80%
58	14%	80%
59	17%	80%
60	20%	80%
61	22%	90%
62	24%	90%
63	26%	90%
64	29%	90%

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	No Additional Employer Payment	With Additional Employer Payment
65	32%	90%
66	34%	90%
67	36%	90%
68	38%	90%
69	40%	90%
70	50%	90%

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

Significant actuarial assumptions employed by the actuary for Claim and Expense Assumptions as of January 1, 2018 are as follows:

Monthly Per Capita Claims and Expense Cost - For all medical and prescription drug benefits for the year 2018 is expressed per adult covered beneficiary.

Age	POS A				POS 200			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$311	\$565	\$99	\$122	\$296	\$538	\$95	\$118
45	\$411	\$585	\$128	\$146	\$391	\$557	\$123	\$141
50	\$539	\$674	\$163	\$173	\$513	\$641	\$157	\$166
55	\$694	\$824	\$203	\$202	\$660	\$784	\$195	\$195
60	\$878	\$971	\$248	\$234	\$835	\$923	\$239	\$226
64	\$1,045	\$986	\$288	\$262	\$993	\$938	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432



TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	POS C				PPO 500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$306	\$556	\$99	\$122	\$289	\$524	\$95	\$118
45	\$404	\$575	\$128	\$146	\$381	\$542	\$123	\$141
50	\$530	\$662	\$163	\$173	\$499	\$624	\$157	\$166
55	\$683	\$811	\$203	\$202	\$643	\$764	\$195	\$195
60	\$863	\$955	\$248	\$234	\$813	\$899	\$239	\$226
64	\$1,027	\$969	\$288	\$262	\$968	\$913	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 1000				PPO 1500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$281	\$510	\$95	\$118	\$273	\$495	\$95	\$118
45	\$371	\$528	\$123	\$141	\$360	\$512	\$123	\$141
50	\$486	\$608	\$157	\$166	\$472	\$589	\$157	\$166
55	\$627	\$744	\$195	\$195	\$608	\$722	\$195	\$195
60	\$792	\$876	\$239	\$226	\$768	\$850	\$239	\$226
64	\$943	\$890	\$278	\$253	\$914	\$863	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 2500			
	Medical		Rx	
	Male	Female	Male	Female
40	\$261	\$474	\$95	\$118
45	\$345	\$491	\$123	\$141
50	\$452	\$565	\$157	\$166
55	\$583	\$692	\$195	\$195
60	\$737	\$815	\$239	\$226
64	\$877	\$828	\$278	\$253
65	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432

TOWN OF WALDOBORO, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Claims reflect all medical and prescription plans offered based on completed incurred experience through June 30, 2017 and projected to 2018 and associate enrollment in the various program options offered.

Annual administrative and claims adjudication expenses are assumed to be \$430 per period for the year 2018.

Claims below age 65 have been loaded 4.3% for medical and 2.8% for drugs for the cost of children enrolled as dependent of eligible retirees. This figure is based on the expected cost for children of the current retirees. This assumption implicitly assumes that future retirees will have the same child distribution as current retirees.

No covered persons under 65 are assumed to be on Medicare and participants age 65 or older are assumed to be enrolled in Medicare.

Affordable Care Act (ACA) and Healthcare Marketplace - A 2.5% load has been built in to reflect the potential impact of changes from the ACA and its impact on the marketplace and program costs. Some key items are PCORI fees, the extra government subsidies for Medicare Part D that can be enrolled in through an Employer Group Waiver Program, minimum loss ratio requirements that impacted some fully insured programs, federal premium taxes, taxes and requirements on providers in the healthcare system, dynamics of the marketplace with Exchanges, Accountable Care Organizations, etc, and the potential impact of the Excise Tax associated with high-costs employer sponsored health plans.

Medical Plan Election - employees will continue in their current medical plan for their entire career.

Second-to-Die Spousal Life Insurance - not explicitly valued and was estimated to impact roughly 0.2% of the Plan's total liability.

Dependent Children - no liability assumed for dependent children's benefits.

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB 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 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.

TOWN OF WALDOBORO, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$138,444.

*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 340 Main Street, Waldoboro, Maine 04239.

NOTE 14 - OVERSPENT APPROPRIATIONS

The following warrant article lines were exceeded by actual expenditures:

Selectmen	\$ 1,562
Emergency medical	1,224
Animal control	1,939
EMA	651
Total	<u>\$ 5,376</u>

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - 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 16 - LANDFILL CLOSURE COSTS

The Town of Waldoboro, Maine has two landfills for which it is responsible. One received solid waste through April 15, 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 \$24,000. Post-closure monitoring for this site will be funded annually through the operating budget.

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 \$179,000 (1.47 acres x 121,769/acre). Post-closure monitoring of this site approximates \$51,000 (\$1,700 for 30 years). The Town has established a reserve to fund the closure and post-closure care costs of these landfills. As of June 30, 2018, the Town had reserved \$102,273 for the Phase II closure. Neighboring towns participate in financing the landfill and transfer station costs. Currently, the Town of Waldoboro, Maine's share of these costs is 65.39% and the other communities' 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:

	<u>Old Landfill</u>	<u>CDD Landfill</u>	<u>Total</u>
Closure	\$ -	\$ 179,000	\$ 179,000
Monitoring	24,000	51,000	75,000
Total	<u>\$ 24,000</u>	<u>\$ 230,000</u>	<u>\$ 254,000</u>

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, 2018

NOTE 17 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). As a result, the beginning balance was restated by \$172,178.

In 2018, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, a restatement to the 2017 government-wide financial statements was required. The beginning net position for governmental activities was restated by \$260,879 to correct errors in fixed assets and accumulated depreciation for the 2017 fiscal year. The beginning net position for business-type activities was restated by \$12,303 to correct errors in accumulated depreciation for the 2017 fiscal year. The resulting restatements decreased governmental activities net position from \$8,928,456 to \$8,667,577 and business-type activities net position from \$2,894,169 to \$2,881,866.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government 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, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,247,949	\$ 1,247,949	\$ 1,247,949	\$ -
Resources (Inflows):				
Taxes	9,005,155	9,005,155	9,093,260	88,105
Licenses and permits	43,435	43,435	43,570	135
Intergovernmental	516,218	516,218	520,046	3,828
Charges for services	677,360	677,360	687,246	9,886
Fees and fines	-	-	15,186	15,186
Unclassified	85,683	85,683	124,095	38,412
Interest earned	2,500	2,500	4,022	1,522
Transfers from other funds	72,160	72,160	72,160	-
Amounts Available for Appropriation	<u>11,650,460</u>	<u>11,650,460</u>	<u>11,807,534</u>	<u>157,074</u>
Charges to Appropriation (Outflows):				
General government	612,720	612,720	589,383	23,337
Town services and public safety	1,704,530	1,704,530	1,662,530	42,000
Public works	780,061	780,061	778,930	1,131
Health and welfare	44,496	44,496	31,946	12,550
Community services	187,613	187,613	179,420	8,193
Planning and development	90,802	90,802	78,085	12,717
Insurance and employee benefits	51,060	51,060	49,555	1,505
County tax	655,441	655,441	655,441	-
Education	5,267,256	5,267,256	5,267,256	-
Overlay / abatements	39,601	39,601	16,832	22,769
Debt service	125,005	125,005	124,104	901
Transfers to other funds	993,926	993,926	993,926	-
Total Charges to Appropriations	<u>10,552,511</u>	<u>10,552,511</u>	<u>10,427,408</u>	<u>125,103</u>
Budgetary Fund Balance, June 30	<u>\$ 1,097,949</u>	<u>\$ 1,097,949</u>	<u>\$ 1,380,126</u>	<u>\$ 282,177</u>
Utilization of assigned fund balance	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</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>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%	0.26%	0.26%
Proportionate share of the net pension liability (asset)	\$ 1,002,761	\$ 1,256,974	\$ 816,941	\$ 407,764
Covered-employee payroll	\$ 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-employee payroll	81.39%	110.86%	71.36%	48.79%
Plan fiduciary net position as a percentage of the total pension liability	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 132,692	\$ 125,528	\$ 111,010	\$ 104,667
Contributions in relation to the contractually required contribution	<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>
Covered-employee payroll	\$ 1,276,902	\$ 1,231,985	\$ 1,133,889	\$ 1,144,795
Contributions as a percentage of covered-employee payroll	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, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 172,178	\$ -	\$ 172,178
Changes for the year:			
Service cost	8,761	-	8,761
Interest	6,808	-	6,808
Changes of benefits	-	-	-
Differences between expected and actual experience	49,008	-	49,008
Changes of assumptions	49,080	-	49,080
Contributions - employer	-	1,681	(1,681)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(1,681)	(1,681)	-
Administrative expense	-	-	-
Net changes	111,976	-	111,976
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 284,154</u>	<u>\$ -</u>	<u>\$ 284,154</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\*

	2018
<u>Total OPEB liability</u>	
Service cost (BOY)	8,761
Interest (includes interest on service cost)	6,808
Changes of benefit terms	-
Differences between expected and actual experience	49,008
Changes of assumptions	49,080
Benefit payments, including refunds of member contributions	(1,681)
Net change in total OPEB liability	\$ 111,976
Total OPEB liability - beginning	\$ 172,178
Total OPEB liability - ending	\$ 284,154
<u>Plan fiduciary net position</u>	
Contributions - employer	1,681
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(1,681)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 284,154
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 1,172,215
Net OPEB liability as a percentage of covered payroll	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>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ -
Benefit payments	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 1,172,215
Contributions as a percentage of covered- employee payroll	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, 2018

**Changes of Assumptions**

Maine Municipal Health Trust

The funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

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 Government 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 Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- 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, 2018

	Original Budget	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 8,087,050	\$ 8,087,050	\$ 8,059,326	\$ (27,724)
Excise taxes	865,500	865,500	976,440	110,940
Interest and penalties	52,605	52,605	57,494	4,889
Intergovernmental revenues:				
Municipal revenue sharing	228,209	228,209	232,102	3,893
Homestead/BETE	267,033	267,033	267,254	221
General assistance	7,980	7,980	6,109	(1,871)
Tree growth revenue	5,358	5,358	6,153	795
Veteran's assistance	6,334	6,334	6,860	526
Snowmobile registrations	794	794	1,039	245
Other	510	510	529	19
Charges for services:				
General government	16,782	16,782	5,668	(11,114)
Emergency medical services	605,460	605,460	641,006	35,546
Police/fire services	48,518	48,518	35,842	(12,676)
Planning/code	6,600	6,600	4,730	(1,870)
Licenses and permits	43,435	43,435	43,570	135
Investment income	2,500	2,500	4,022	1,522
Fees and fines	-	-	15,186	15,186
Unclassified:				
Registration fees	18,600	18,600	19,036	436
Rental income	29,250	29,250	29,250	-
Other revenue	37,833	37,833	75,809	37,976
Transfers from other funds	72,160	72,160	72,160	-
Total revenues	<u>\$ 10,402,511</u>	<u>\$ 10,402,511</u>	<u>\$ 10,559,585</u>	<u>\$ 157,074</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, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public works:					
Roads and bridges	780,061	-	780,061	778,930	1,131
	<u>780,061</u>	<u>-</u>	<u>780,061</u>	<u>778,930</u>	<u>1,131</u>
Health and welfare:					
Social service agencies	16,624	-	16,624	16,624	-
General assistance	27,872	-	27,872	15,322	12,550
	<u>44,496</u>	<u>-</u>	<u>44,496</u>	<u>31,946</u>	<u>12,550</u>
Community services:					
Recreational programs	70,341	-	70,341	67,590	2,751
Friendship Street School program	15,073	-	15,073	12,060	3,013
Community service agencies	92,949	-	92,949	92,949	-
Parks and cemeteries	9,250	-	9,250	6,821	2,429
	<u>187,613</u>	<u>-</u>	<u>187,613</u>	<u>179,420</u>	<u>8,193</u>
Planning and development:					
Planning / code administration	90,802	-	90,802	78,085	12,717
	<u>90,802</u>	<u>-</u>	<u>90,802</u>	<u>78,085</u>	<u>12,717</u>



TOWN OF WALDOBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Insurance and employee benefits:					
Property and liability	51,060	-	51,060	49,555	1,505
	<u>51,060</u>	<u>-</u>	<u>51,060</u>	<u>49,555</u>	<u>1,505</u>
Education	<u>5,267,256</u>	<u>-</u>	<u>5,267,256</u>	<u>5,267,256</u>	<u>-</u>
County tax	<u>655,441</u>	<u>-</u>	<u>655,441</u>	<u>655,441</u>	<u>-</u>
Debt service:					
Principal	105,632	-	105,632	105,632	-
Interest	19,373	-	19,373	18,472	901
	<u>125,005</u>	<u>-</u>	<u>125,005</u>	<u>124,104</u>	<u>901</u>
Overlay/abatements	<u>39,601</u>	<u>-</u>	<u>39,601</u>	<u>16,832</u>	<u>22,769</u>
Transfers:					
Transfer station	285,808	-	285,808	285,808	-
Capital reserves	708,118	-	708,118	708,118	-
	<u>993,926</u>	<u>-</u>	<u>993,926</u>	<u>993,926</u>	<u>-</u>
Total Departmental Operations	<u>\$ 10,552,511</u>	<u>\$ -</u>	<u>\$ 10,552,511</u>	<u>\$ 10,427,408</u>	<u>\$ 125,103</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, 2018

	<u>Municipal Building</u>	<u>Public Works Building</u>	<u>Friendship Street School</u>	<u>AD Gray Property</u>	<u>EMS Equipment</u>	<u>Fire Equipment</u>
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 14,687	\$ -
Other income	3,125	-	20,451	2,000	733	1,165
Interest income	65	20	20	5	170	80
TOTAL REVENUES	<u>3,190</u>	<u>20</u>	<u>20,470</u>	<u>2,005</u>	<u>15,590</u>	<u>1,245</u>
EXPENDITURES						
Capital outlay	<u>21,775</u>	-	<u>1,356</u>	<u>896</u>	<u>4,462</u>	<u>14,920</u>
TOTAL EXPENDITURES	<u>21,775</u>	-	<u>1,356</u>	<u>896</u>	<u>4,462</u>	<u>14,920</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,585)</u>	<u>20</u>	<u>19,114</u>	<u>1,109</u>	<u>11,129</u>	<u>(13,675)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	30,000	10,000	2,500	2,500	77,348	46,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,000</u>	<u>10,000</u>	<u>2,500</u>	<u>2,500</u>	<u>77,348</u>	<u>46,000</u>
NET CHANGE IN FUND BALANCES	11,415	10,020	21,614	3,609	88,477	32,325
FUND BALANCES, JULY 1	<u>36,501</u>	<u>10,992</u>	<u>10,883</u>	<u>2,777</u>	<u>95,002</u>	<u>44,703</u>
FUND BALANCES, JUNE 30	<u>\$ 47,916</u>	<u>\$ 21,012</u>	<u>\$ 32,497</u>	<u>\$ 6,386</u>	<u>\$ 183,479</u>	<u>\$ 77,028</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Police Equipment	PW-Highway Equipment	EMA Equipment	Administrative Equipment	Transfer Station Equipment	Police Eradication Fund
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	25	1,905	-	2,560	2,966	666
Interest income	81	790	3	44	95	3
TOTAL REVENUES	<u>106</u>	<u>2,694</u>	<u>3</u>	<u>2,604</u>	<u>3,061</u>	<u>669</u>
EXPENDITURES						
Capital outlay	31,589	9,176	-	18,654	-	2,691
TOTAL EXPENDITURES	<u>31,589</u>	<u>9,176</u>	<u>-</u>	<u>18,654</u>	<u>-</u>	<u>2,691</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(31,483)</u>	<u>(6,482)</u>	<u>3</u>	<u>(16,050)</u>	<u>3,061</u>	<u>(2,022)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000	72,000	-	5,770	15,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>72,000</u>	<u>-</u>	<u>5,770</u>	<u>15,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(11,483)	65,518	3	(10,280)	18,061	(2,022)
FUND BALANCES, JULY 1	<u>44,936</u>	<u>440,832</u>	<u>1,539</u>	<u>24,734</u>	<u>52,798</u>	<u>1,794</u>
FUND BALANCES, JUNE 30	<u>\$ 33,453</u>	<u>\$ 506,350</u>	<u>\$ 1,542</u>	<u>\$ 14,454</u>	<u>\$ 70,859</u>	<u>\$ (228)</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Shellfish Equipment	Surface Paving	Sidewalk	Highway Construction	CDD Landfill Reserve	Public Landing
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	12,469	-	-	1,285	-	-
Interest income	72	179	36	90	165	277
TOTAL REVENUES	<u>12,541</u>	<u>179</u>	<u>36</u>	<u>1,375</u>	<u>165</u>	<u>277</u>
EXPENDITURES						
Capital outlay	16,477	317,768	-	32,344	-	6,235
TOTAL EXPENDITURES	<u>16,477</u>	<u>317,768</u>	<u>-</u>	<u>32,344</u>	<u>-</u>	<u>6,235</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,936)</u>	<u>(317,589)</u>	<u>-</u>	<u>(30,969)</u>	<u>165</u>	<u>(5,958)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	354,000	20,000	40,000	10,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>354,000</u>	<u>20,000</u>	<u>40,000</u>	<u>10,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,936)	36,411	20,000	9,031	10,165	(5,958)
FUND BALANCES, JULY 1	<u>39,930</u>	<u>99,668</u>	<u>20,061</u>	<u>50,448</u>	<u>92,108</u>	<u>154,735</u>
FUND BALANCES, JUNE 30	<u>\$ 35,994</u>	<u>\$ 136,079</u>	<u>\$ 40,061</u>	<u>\$ 59,479</u>	<u>\$ 102,273</u>	<u>\$ 148,777</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Recreational Park	Marine Park	Unemployment Compensation	Gay Bailey YMCA	Total
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 14,687
Other income	-	-	584	-	49,933
Interest income	72	-	29	-	2,294
TOTAL REVENUES	<u>72</u>	<u>-</u>	<u>613</u>	<u>-</u>	<u>66,915</u>
EXPENDITURES					
Capital outlay	-	7,158	5,976	-	491,475
TOTAL EXPENDITURES	<u>-</u>	<u>7,158</u>	<u>5,976</u>	<u>-</u>	<u>491,475</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>72</u>	<u>(7,158)</u>	<u>(5,363)</u>	<u>-</u>	<u>(424,561)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	3,000	-	708,118
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>708,118</u>
NET CHANGE IN FUND BALANCES	72	(7,158)	(2,363)	-	283,557
FUND BALANCES, JULY 1	<u>40,257</u>	<u>-</u>	<u>16,126</u>	<u>133,695</u>	<u>\$ 1,414,519</u>
FUND BALANCES, JUNE 30	<u>\$ 40,329</u>	<u>\$ (7,158)</u>	<u>\$ 13,763</u>	<u>\$ 133,695</u>	<u>\$ 1,698,076</u>

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, 2018

	Transfer Station	Highway Block Grant	CDBG Small Cities	DEP Wastewater	Medomak River Quality
<b>ASSETS</b>					
Due from other funds	\$ 408,007	\$ 3,912	\$ 609	\$ -	\$ 399
<b>TOTAL ASSETS</b>	<u>\$ 408,007</u>	<u>\$ 3,912</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 399</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 7,685	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,685</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	408,007	3,912	609	-	399
Unassigned	-	-	-	(7,685)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>408,007</u>	<u>3,912</u>	<u>609</u>	<u>(7,685)</u>	<u>399</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<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, 2018

	<u>Community Services</u>	<u>Comprehensive Plan</u>	<u>Quarry Hill Management</u>	<u>Emergency Management</u>	<u>Total</u>
<b>ASSETS</b>					
Due from other funds	\$ 8,428	\$ 57,150	\$ 9,069	\$ -	\$ 487,574
<b>TOTAL ASSETS</b>	<u>\$ 8,428</u>	<u>\$ 57,150</u>	<u>\$ 9,069</u>	<u>\$ -</u>	<u>\$ 487,574</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 4,081	\$ 11,766
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,081</u>	<u>11,766</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	8,428	57,150	9,069	-	487,574
Unassigned	-	-	-	(4,081)	(11,766)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>8,428</u>	<u>57,150</u>	<u>9,069</u>	<u>(4,081)</u>	<u>475,808</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 8,428</u>	<u>\$ 57,150</u>	<u>\$ 9,069</u>	<u>\$ -</u>	<u>\$ 487,574</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, 2018

	Transfer Station	Highway Block Grant	CDBG Small Cities	DEP Wastewater	Medomak River Quality
REVENUES					
Intergovernmental revenue	\$ 161,254	\$ 73,312	\$ -	\$ -	\$ -
Charges for services	134,580	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>295,834</u>	<u>73,312</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	<u>498,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>498,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(202,764)</u>	<u>73,312</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	285,808	-	-	-	-
Transfers (out)	<u>-</u>	<u>(72,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>285,808</u>	<u>(72,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	83,044	1,152	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>324,963</u>	<u>2,760</u>	<u>609</u>	<u>(7,685)</u>	<u>399</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 408,007</u>	<u>\$ 3,912</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, 2018

	<u>Community Services</u>	<u>Comprehensive Plan</u>	<u>Quarry Hill Management</u>	<u>Emergency Management</u>	<u>Total</u>
<b>REVENUES</b>					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 234,566
Charges for services	23,185	-	-	-	157,765
Other income	-	-	580	-	580
<b>TOTAL REVENUES</b>	<u>23,185</u>	<u>-</u>	<u>580</u>	<u>-</u>	<u>392,911</u>
<b>EXPENDITURES</b>					
Other	25,961	-	-	220	524,779
<b>TOTAL EXPENDITURES</b>	<u>25,961</u>	<u>-</u>	<u>-</u>	<u>220</u>	<u>524,779</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>(2,776)</u>	<u>-</u>	<u>580</u>	<u>(220)</u>	<u>(131,868)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	285,808
Transfers (out)	-	-	-	-	(72,160)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,648</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,776)	-	580	(220)	81,780
<b>FUND BALANCE (DEFICITS) - JULY 1</b>	<u>11,204</u>	<u>57,150</u>	<u>8,489</u>	<u>(3,861)</u>	<u>394,028</u>
<b>FUND BALANCE (DEFICITS) - JUNE 30</b>	<u>\$ 8,428</u>	<u>\$ 57,150</u>	<u>\$ 9,069</u>	<u>\$ (4,081)</u>	<u>\$ 475,808</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, 2018

	George G. Genthner Scholarship	Mr. and Mrs. Edward E. Philbrook Prize Speaking	Mr. and Mrs. Edward E. Philbrook	Fennelly Fund	Beall-Barend Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 36,717	\$ 160	\$ 27,588	\$ 485	\$ 5,851
Investments	804,214	3,494	604,249	10,612	244,709
<b>TOTAL ASSETS</b>	<b><u>\$ 840,931</u></b>	<b><u>\$ 3,654</u></b>	<b><u>\$ 631,837</u></b>	<b><u>\$ 11,097</u></b>	<b><u>\$ 250,560</u></b>
<b>LIABILITIES</b>					
Due to other governments	\$ 79,800	\$ -	\$ 54,819	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>79,800</u></b>	<b><u>-</u></b>	<b><u>54,819</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>NET POSITION</b>					
Held in trust for special purposes	761,131	3,654	577,018	11,097	250,560
<b>TOTAL NET POSITION</b>	<b><u>761,131</u></b>	<b><u>3,654</u></b>	<b><u>577,018</u></b>	<b><u>11,097</u></b>	<b><u>250,560</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 840,931</u></b>	<b><u>\$ 3,654</u></b>	<b><u>\$ 631,837</u></b>	<b><u>\$ 11,097</u></b>	<b><u>\$ 250,560</u></b>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS  
 JUNE 30, 2018

	Jonathan Matthews	Standish Fund	Lloyd Davis Fish Fund	Cemetery Care	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,274	\$ 4,483	\$ 652	\$ 7,282	\$ 84,492
Investments	27,905	98,178	14,269	279,753	2,087,383
<b>TOTAL ASSETS</b>	<b><u>\$ 29,179</u></b>	<b><u>\$ 102,661</u></b>	<b><u>\$ 14,921</u></b>	<b><u>\$ 287,035</u></b>	<b><u>\$ 2,171,875</u></b>
<b>LIABILITIES</b>					
Due to other governments	\$ -	\$ -	\$ -	\$ 23,029	\$ 157,648
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>23,029</u></b>	<b><u>157,648</u></b>
<b>NET POSITION</b>					
Held in trust for special purposes	29,179	102,661	14,921	264,006	2,014,227
<b>TOTAL NET POSITION</b>	<b><u>29,179</u></b>	<b><u>102,661</u></b>	<b><u>14,921</u></b>	<b><u>264,006</u></b>	<b><u>2,014,227</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 29,179</u></b>	<b><u>\$ 102,661</u></b>	<b><u>\$ 14,921</u></b>	<b><u>\$ 287,035</u></b>	<b><u>\$ 2,171,875</u></b>

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, 2018

	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 net of unrealized gains (losses)	\$ 47,319	\$ 205	\$ 35,538	\$ 623	\$ 15,952
TOTAL ADDITIONS	<u>47,319</u>	<u>205</u>	<u>35,538</u>	<u>623</u>	<u>15,952</u>
DEDUCTIONS					
Scholarships	22,400	-	-	-	-
Charitable relief	-	-	11,817	-	-
Cemetery	-	-	-	-	-
TOTAL DEDUCTIONS	<u>22,400</u>	<u>-</u>	<u>11,817</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	24,919	205	23,721	623	15,952
NET POSITION, JULY 1	<u>736,212</u>	<u>3,449</u>	<u>553,297</u>	<u>10,474</u>	<u>234,608</u>
NET POSITION, JUNE 30	<u>\$ 761,131</u>	<u>\$ 3,654</u>	<u>\$ 577,018</u>	<u>\$ 11,097</u>	<u>\$ 250,560</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Jonathan Matthews	Standish Fund	Lloyd Davis Fish Fund	Cemetery Care	Total
ADDITIONS					
Investment income net of unrealized gains (losses)	\$ 1,640	\$ 5,779	\$ 841	\$ 11,430	\$ 119,327
TOTAL ADDITIONS	<u>1,640</u>	<u>5,779</u>	<u>841</u>	<u>11,430</u>	<u>119,327</u>
DEDUCTIONS					
Scholarships	-	-	-	-	22,400
Charitable relief	-	-	-	-	11,817
Cemetery	-	-	-	4,190	4,190
TOTAL DEDUCTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,190</u>	<u>38,407</u>
CHANGE IN NET POSITION	1,640	5,779	841	7,240	80,920
NET POSITION, JULY 1	<u>27,539</u>	<u>96,882</u>	<u>14,080</u>	<u>256,766</u>	<u>1,933,307</u>
NET POSITION, JUNE 30	<u>\$ 29,179</u>	<u>\$ 102,661</u>	<u>\$ 14,921</u>	<u>\$ 264,006</u>	<u>\$ 2,014,227</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, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ -	\$ 2,855,034	\$ 103,457	\$ -	\$ 2,958,491
Public safety	-	-	2,379,035	-	2,379,035
Public works	-	1,252,415	1,438,042	3,811,364	6,501,821
Transfer station	-	589,587	282,505	-	872,092
Recreation	-	377,027	-	-	377,027
Town-wide	377,597	69,578	-	-	447,175
Water department	351,058	779,471	4,297,265	-	5,427,794
	<u>728,655</u>	<u>5,923,112</u>	<u>8,500,304</u>	<u>3,811,364</u>	<u>18,963,435</u>
Total General Capital Assets	728,655	5,923,112	8,500,304	3,811,364	18,963,435
Less: Accumulated Depreciation	<u>-</u>	<u>(2,347,058)</u>	<u>(4,353,951)</u>	<u>(1,051,524)</u>	<u>(7,752,533)</u>
Net General Capital Assets	<u>\$ 728,655</u>	<u>\$ 3,576,054</u>	<u>\$ 4,146,353</u>	<u>\$ 2,759,840</u>	<u>\$ 11,210,902</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, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
General government	\$ 2,881,417	\$ 77,074	\$ -	\$ 2,958,491
Public safety	2,379,241	42,991	(43,197)	2,379,035
Public works	6,184,053	317,768	-	6,501,821
Transfer station	872,092	-	-	872,092
Recreation	377,027	-	-	377,027
Town-wide	447,175	-	-	447,175
Water department	5,213,792	215,972	(1,970)	5,427,794
Total General Capital Assets	18,354,797	653,805	(45,167)	18,963,435
Less: Accumulated Depreciation	(7,226,485)	(571,215)	45,167	(7,752,533)
Net General Capital Assets	<u>\$ 11,128,312</u>	<u>\$ 82,590</u>	<u>\$ -</u>	<u>\$ 11,210,902</u>

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



*Proven Expertise and 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

Board of Selectmen  
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, 2018, 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 December 9, 2019.

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*.

#### 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  
December 9, 2019