

Audited Financial Statements and
Other Financial Information

Town of Waldoboro, Maine

June 30, 2020



Proven Expertise & Integrity

TOWN OF WALDOBORO, MAINE

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JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Waldoboro
Waldoboro, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Waldoboro, Maine, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Waldoboro, Maine as of June 30, 2020 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 12 and 69 through 75 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 February 9, 2023, 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
February 9, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. 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, education and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Waldoboro include the Water Fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Waldoboro, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Waldoboro can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

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

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Waldoboro. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, 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 decreased by \$243,136 from \$9,687,287 to \$9,444,151. The Town's total net position for business-type activities increased by \$40,008 from \$2,847,501 to \$2,887,509.

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 - decreased for governmental activities to a balance of \$2,766,383 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$10,801.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019 (Restated)</u>	<u>2020</u>	<u>2019 (Restated)</u>
Assets:				
Current Assets	\$ 4,454,108	\$ 5,013,564	\$ 74,993	\$ 68,838
Noncurrent Assets - Capital Assets/ Debt Issuance Costs	8,029,071	8,000,225	4,050,930	4,094,229
Total Assets	<u>12,483,179</u>	<u>13,013,789</u>	<u>4,125,923</u>	<u>4,163,067</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	273,709	258,276	-	-
Deferred Outflows Related to OPEB	88,944	73,304	-	-
Total Deferred Outflows of Resources	<u>362,653</u>	<u>331,580</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	220,219	228,960	163,307	142,759
Noncurrent Liabilities	2,534,865	2,429,978	1,075,107	1,172,807
Total Liabilities	<u>2,755,084</u>	<u>2,658,938</u>	<u>1,238,414</u>	<u>1,315,566</u>
Deferred Inflows of Resources:				
Prepaid Taxes	-	16,363	-	-
Deferred Ambulance Revenue	321,396	762,922	-	-
Deferred Inflows Related to Pensions	204,888	196,283	-	-
Deferred Inflows Related to OPEB	120,313	23,576	-	-
Total Deferred Inflows of Resources	<u>646,597</u>	<u>999,144</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	6,671,939	6,764,350	2,876,708	2,822,307
Restricted: General fund	-	21,492	-	-
Special revenue funds	5,829	26,026	-	-
Unrestricted	2,766,383	2,875,419	10,801	25,194
Total Net Position	<u>\$ 9,444,151</u>	<u>\$ 9,687,287</u>	<u>\$ 2,887,509</u>	<u>\$ 2,847,501</u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,001,387	\$ 775,892	\$ 225,677	\$ 228,780
Operating grants and contributions	148,645	144,306	-	-
<i>General Revenues:</i>				
Taxes	9,770,658	9,530,678	-	-
Grants and contributions not restricted to specific programs	799,134	962,626	-	-
Interest income, net of unrealized gains/(losses)	51,746	43,772	-	-
Other revenue	317,800	209,852	-	-
Total Revenues	<u>12,089,370</u>	<u>11,667,126</u>	<u>225,677</u>	<u>228,780</u>
Expenses				
General government	755,717	422,257	-	-
Town services and public safety	2,042,193	1,905,154	-	-
Public works	972,767	1,017,448	-	-
Health and welfare	30,384	38,830	-	-
Community services	215,850	232,400	-	-
Planning and development	129,915	127,889	-	-
Insurance and employee benefits	51,793	68,997	-	-
County tax	665,519	648,381	-	-
Education	6,124,600	5,901,364	-	-
Program expenses	743,113	636,906	185,669	237,481
Overlay/abatements	14,321	9,594	-	-
Capital outlay	510,844	20,617	-	-
Interest on long-term debt	56,476	15,923	-	-
Unallocated depreciation (Note 5)	19,014	4,639	-	-
Total Expenses	<u>12,332,506</u>	<u>11,050,399</u>	<u>185,669</u>	<u>237,481</u>
Change in Net Position	(243,136)	616,727	40,008	(8,701)
Net Position - July 1, Restated	<u>9,687,287</u>	<u>9,070,560</u>	<u>2,847,501</u>	<u>2,856,202</u>
Net Position - June 30	<u>\$ 9,444,151</u>	<u>\$ 9,687,287</u>	<u>\$ 2,887,509</u>	<u>\$ 2,847,501</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.62%, while total expenses increased by 11.60%. The largest increases in revenues were in charges for services and taxes. The largest increases in expenses were in general government, education and capital outlay.

Revenues for the Town's business-type activities decreased by 1.36%, while total expenses decreased by 21.82%.

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,

	<u>2020</u>	<u>2019 (Restated)</u>	<u>Increase/ Decrease</u>
Major Funds:			
General Fund:			
Restricted	\$ -	\$ 21,492	\$ (21,492)
Assigned	188,000	255,000	(67,000)
Unassigned	920,205	1,063,552	(143,347)
Total General Fund	<u>1,108,205</u>	<u>1,340,044</u>	<u>(231,839)</u>
Transfer Station:			
Assigned	280,323	376,738	(96,415)
Total Transfer Station	<u>280,323</u>	<u>376,738</u>	<u>(96,415)</u>
Capital Projects Fund:			
Committed	1,875,231	1,856,792	18,439
Unassigned	-	(6,128)	6,128
Total Capital Projects Fund	<u>1,875,231</u>	<u>1,850,664</u>	<u>24,567</u>
Total Major Funds	<u>\$ 3,263,759</u>	<u>\$ 3,567,446</u>	<u>\$ (303,687)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 5,829	\$ 3,881	\$ 1,948
Assigned	103,901	98,019	5,882
Unassigned	(11,766)	(11,766)	-
Total Nonmajor Funds	<u>\$ 97,964</u>	<u>\$ 90,134</u>	<u>\$ 7,830</u>

The changes to total fund balances for the general fund, transfer station fund, capital projects fund and the nonmajor funds occurred due to the regular activity of operations.

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 a net position for the current year of \$2,887,509. This was an increase of \$40,008 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 under budgeted amounts by \$278,859. This was due to all revenue categories being receipted at or in excess of budgeted amounts with the exception of taxes, intergovernmental and charges for services.

The general fund actual expenditures were under budgeted amounts by \$302,020. All expenditure categories were within or under budgeted amounts.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town decreased by \$14,453 when compared to the prior year. This decrease is the result of capital additions of \$584,509 less current year depreciation expense of \$598,962.

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

	2020	2019 (Restated)
Land and construction in progress	\$ 400,430	\$ 377,597
Buildings and improvements	2,977,370	3,126,419
Machinery and equipment	179,526	172,903
Vehicles	1,998,449	1,706,738
Infrastructure	2,473,296	2,616,568
Water department	4,045,210	4,088,509
Total	\$ 12,074,281	\$ 12,088,734

Debt

At June 30, 2020, the Town had \$2,509,015 in bonds and notes from direct borrowings outstanding versus \$2,486,921 last year, an increase of 0.89%. 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 5.9% unemployment rate (June 2020), below the State of Maine average of 6.5%. Estimated median income based on the 2020 census for Waldoboro's 5,154 residents was \$42,644.

During 2019/2020, as a result of new construction, the Town's tax base increased by 0.54%. The value of the Town's largest taxpayer, Central Maine Power Company, represents approximately 2.30% of the total assessed valuation, followed by Baxter Holdings Trust I & II at 1.30% of assessed valuation.

The 2020/2021 budget allows for an overall decrease in municipal expenditures of 2.42% with a projected decrease in revenues of 17.88%. The property tax bill's mil rate remained the same as the 2019/2020's rate of \$18.20.

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, by telephone at 207-832-5369 or e-mail: townmanager@waldoboromaine.org.

TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,068,787	\$ 23,450	\$ 3,092,237
Investments	20,952	-	20,952
Accounts receivable (net of allowance for uncollectibles):			
Taxes	649,769	-	649,769
Liens	147,178	-	147,178
Other	371,273	23,566	394,839
Due from other governments	196,149	-	196,149
Unbilled revenue	-	27,977	27,977
Total current assets	<u>4,454,108</u>	<u>74,993</u>	<u>4,529,101</u>
Noncurrent assets:			
Debt issuance costs, net of amortization	-	5,720	5,720
Capital assets:			
Land, infrastructure, and other assets not being	400,430	337,472	737,902
Buildings and vehicles net of accumulated	<u>7,628,641</u>	<u>3,707,738</u>	<u>11,336,379</u>
Total noncurrent assets	<u>8,029,071</u>	<u>4,050,930</u>	<u>12,080,001</u>
TOTAL ASSETS	<u>12,483,179</u>	<u>4,125,923</u>	<u>16,609,102</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	88,944	-	88,944
Deferred outflows related to pensions	<u>273,709</u>	<u>-</u>	<u>273,709</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>362,653</u>	<u>-</u>	<u>362,653</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,845,832</u>	<u>\$ 4,125,923</u>	<u>\$ 16,971,755</u>

STATEMENT A (CONTINUED)

TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 80,937	\$ 26,454	\$ 107,391
Due to other governments	3,040	-	3,040
Accrued expenses	-	37,738	37,738
Other liabilities	22,485	-	22,485
Current portion of long-term obligations	113,757	99,115	212,872
Total current liabilities	220,219	163,307	383,526
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	176,132	1,075,107	1,251,239
Notes from direct borrowings payable	1,067,243	-	1,067,243
Landfill closure costs	248,200	-	248,200
Accrued compensated absences	129,055	-	129,055
Net OPEB liability	210,860	-	210,860
Net pension liability	703,375	-	703,375
Total noncurrent liabilities	2,534,865	1,075,107	3,609,972
TOTAL LIABILITIES	2,755,084	1,238,414	3,993,498
DEFERRED INFLOWS OF RESOURCES			
Deferred ambulance revenue	321,396	-	321,396
Deferred inflows related to OPEB	120,313	-	120,313
Deferred inflows related to pensions	204,888	-	204,888
TOTAL DEFERRED INFLOWS OF RESOURCES	646,597	-	646,597
NET POSITION			
Net investment in capital assets	6,671,939	2,876,708	9,548,647
Restricted	5,829	-	5,829
Unrestricted	2,766,383	10,801	2,777,184
TOTAL NET POSITION	9,444,151	2,887,509	12,331,660
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 12,845,832	\$ 4,125,923	\$ 16,971,755

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

TOWN OF WALDOBORO, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 755,717	\$ 47,712	\$ -	\$ -	\$ (708,005)	\$ -	\$ (708,005)
Town services and public safety	2,042,193	657,396	-	-	(1,384,797)	-	(1,384,797)
Public works	972,767	774	74,620	-	(897,373)	-	(897,373)
Health and welfare	30,384	-	3,975	-	(26,409)	-	(26,409)
Community services	215,850	225	-	-	(215,625)	-	(215,625)
Planning and development	129,915	-	-	-	(129,915)	-	(129,915)
Insurance and employee benefits	51,793	-	-	-	(51,793)	-	(51,793)
County tax	665,519	-	-	-	(665,519)	-	(665,519)
Education	6,124,600	-	-	-	(6,124,600)	-	(6,124,600)
Program expenses	743,113	295,280	-	-	(447,833)	-	(447,833)
Overlay/abatements	14,321	-	-	-	(14,321)	-	(14,321)
Capital outlay	510,844	-	-	-	(510,844)	-	(510,844)
Interest on long-term debt	56,476	-	-	-	(56,476)	-	(56,476)
Unallocated depreciation (Note 5)*	19,014	-	-	-	(19,014)	-	(19,014)
Total governmental activities	<u>12,332,506</u>	<u>1,001,387</u>	<u>78,595</u>	<u>-</u>	<u>(11,252,524)</u>	<u>-</u>	<u>(11,252,524)</u>
Business-type activities:							
Water department	<u>185,669</u>	<u>225,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,008</u>	<u>40,008</u>
Total business-type activities	<u>185,669</u>	<u>225,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,008</u>	<u>40,008</u>
Total government	<u>\$ 12,518,175</u>	<u>\$ 1,227,064</u>	<u>\$ 78,595</u>	<u>\$ -</u>	<u>(11,252,524)</u>	<u>40,008</u>	<u>(11,212,516)</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
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(11,252,524)	40,008	(11,212,516)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,761,461	-	8,761,461
Excise taxes and interest on taxes	1,009,197	-	1,009,197
Licenses and permits	69,135	-	69,135
Fees and fines	915	-	915
Grants and contributions not restricted to specific programs	799,134	-	799,134
Investment income	51,746	-	51,746
Miscellaneous	317,800	-	317,800
Total general revenues	11,009,388	-	11,009,388
Change in net position	(243,136)	40,008	(203,128)
NET POSITION - JULY 1, RESTATED	9,687,287	2,847,501	12,534,788
NET POSITION - JUNE 30	\$ 9,444,151	\$ 2,887,509	\$ 12,331,660

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

TOWN OF WALDOBORO, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Transfer Station	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,028,633	\$ 200	\$ 1,020,765	\$ 19,189	\$ 3,068,787
Investments	20,952	-	-	-	20,952
Accounts receivable (net of allowance for uncollectibles):					
Taxes	649,769	-	-	-	649,769
Liens	147,178	-	-	-	147,178
Other	371,273	-	-	-	371,273
Due from other governments	196,149	-	-	-	196,149
Due from other funds	11,766	280,123	854,466	90,541	1,236,896
TOTAL ASSETS	\$ 3,425,720	\$ 280,323	\$ 1,875,231	\$ 109,730	\$ 5,691,004
LIABILITIES					
Accounts payable	\$ 80,937	\$ -	\$ -	\$ -	\$ 80,937
Due to other governments	3,040	-	-	-	3,040
Other liabilities	22,485	-	-	-	22,485
Due to other funds	1,225,130	-	-	11,766	1,236,896
TOTAL LIABILITIES	1,331,592	-	-	11,766	1,343,358
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenues	664,527	-	-	-	664,527
Deferred ambulance revenue	321,396	-	-	-	321,396
TOTAL DEFERRED INFLOWS OF RESOURCES	985,923	-	-	-	985,923
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	5,829	5,829
Committed	-	-	1,875,231	-	1,875,231
Assigned	188,000	280,323	-	103,901	572,224
Unassigned	920,205	-	-	(11,766)	908,439
TOTAL FUND BALANCES	1,108,205	280,323	1,875,231	97,964	3,361,723
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,425,720	\$ 280,323	\$ 1,875,231	\$ 109,730	\$ 5,691,004

See accompanying independent auditor's 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, 2020

	Total Governmental Funds
Total Fund Balances	\$ 3,361,723
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	8,029,071
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	664,527
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	362,653
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(229,211)
Notes from direct borrowings payable	(1,105,582)
Landfill closure costs	(256,200)
Accrued compensated absences	(143,394)
Net OPEB liability	(210,860)
Net pension liability	(703,375)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(325,201)
Net position of governmental activities	\$ 9,444,151

See accompanying independent auditor's 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, 2020

	General Fund	Transfer Station	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,563,574	\$ -	\$ -	\$ -	\$ 9,563,574
Licenses and permits	69,135	-	-	-	69,135
Intergovernmental	784,187	-	18,922	74,620	877,729
Charges for services	706,107	261,637	-	33,643	1,001,387
Fees and fines	915	-	-	-	915
Interest income	35,532	-	16,214	-	51,746
Unclassified	58,363	-	195,940	63,497	317,800
TOTAL REVENUES	11,217,813	261,637	231,076	171,760	11,882,286
EXPENDITURES					
Current:					
General government	643,125	-	-	-	643,125
Town services and public safety	1,845,080	-	-	-	1,845,080
Public works	762,712	-	-	-	762,712
Health and welfare	30,384	-	-	-	30,384
Community services	190,269	-	-	-	190,269
Planning and development	129,915	-	-	-	129,915
Insurance and employee benefits	51,793	-	-	-	51,793
County tax	665,519	-	-	-	665,519
Education	6,124,600	-	-	-	6,124,600
Program expenses	-	624,302	-	91,258	715,560
Overlay/abatements	14,321	-	-	-	14,321
Capital outlay	-	-	825,903	-	825,903
Debt service					
Principal	122,486	-	-	-	122,486
Interest	56,476	-	-	-	56,476
TOTAL EXPENDITURES	10,636,680	624,302	825,903	91,258	12,178,143
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	581,133	(362,665)	(594,827)	80,502	(295,857)
OTHER FINANCING SOURCES					
Transfers in	72,672	266,250	619,394	-	958,316
Transfers (out)	(885,644)	-	-	(72,672)	(958,316)
TOTAL OTHER FINANCING SOURCES (USES)	(812,972)	266,250	619,394	(72,672)	-
NET CHANGE IN FUND BALANCES	(231,839)	(96,415)	24,567	7,830	(295,857)
FUND BALANCES - JULY 1, RESTATED	1,340,044	376,738	1,850,664	90,134	3,657,580
FUND BALANCES - JUNE 30	\$ 1,108,205	\$ 280,323	\$ 1,875,231	\$ 97,964	\$ 3,361,723

See accompanying independent auditor's 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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (295,857)</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	584,509
Depreciation expense	<u>(555,663)</u>
	<u>28,846</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>207,084</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.	
Pension	15,433
OPEB	<u>15,640</u>
	<u>31,073</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(269,450)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>149,656</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	(14,636)
Net OPEB liability	64,165
Net pension liability	<u>(46,675)</u>
	<u>10,854</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.	
Pension	(8,605)
OPEB	<u>(96,737)</u>
	<u>(105,342)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (243,136)</u></u>

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

TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	<u>Enterprise</u> <u>Water</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 23,450
Accounts receivable (net of allowance for uncollectibles)	23,566
Unbilled revenue	27,977
Total current assets	<u>74,993</u>
Noncurrent assets:	
Debt issuance costs (net of amortization)	5,720
Capital assets:	
Land and other non-depreciated assets	337,472
Buildings	779,471
Vehicles and equipment	364,811
Plant/infrastructure	3,957,251
Less: accumulated depreciation	<u>(1,393,795)</u>
Net capital assets	<u>4,045,210</u>
Total noncurrent assets	<u>4,050,930</u>
TOTAL ASSETS	<u><u>\$ 4,125,923</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 26,454
Accrued interest	4,059
Accrued rate case	33,679
Current portion of long-term obligations	99,115
Total current liabilities	<u>163,307</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	<u>1,075,107</u>
Total noncurrent liabilities	<u>1,075,107</u>
TOTAL LIABILITIES	<u>1,238,414</u>
NET POSITION	
Net investment in capital assets	2,876,708
Unrestricted	10,801
TOTAL NET POSITION	<u>2,887,509</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,125,923</u></u>

See accompanying independent auditor's 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, 2020

	<u>Enterprise Water Fund</u>
OPERATING REVENUES	
Charges for services	\$ 225,677
TOTAL OPERATING REVENUES	<u>225,677</u>
OPERATING EXPENSES	
Outside services	84,450
Enterprise reimbursements	10,346
Power	12,930
Supplies	1,552
Regulatory	1,832
Rate case	2,260
Depreciation and amortization	43,299
Other	4,173
TOTAL OPERATING EXPENSES	<u>160,842</u>
OPERATING INCOME (LOSS)	<u>64,835</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>(24,827)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(24,827)</u>
CHANGE IN NET POSITION	40,008
NET POSITION - JULY 1, RESTATED	<u>2,847,501</u>
NET POSITION - JUNE 30	<u>\$ 2,887,509</u>

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

TOWN OF WALDOBORO, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 214,839
Other receipts	(536)
Payments to suppliers	(96,995)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>117,308</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bonds payable	(24,827)
Principal payments on bonds payable	(97,700)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(122,527)</u>
NET INCREASE (DECREASE) IN CASH	(5,219)
CASH AND CASH EQUIVALENTS - JULY 1	<u>28,669</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 23,450</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 64,835
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	43,299
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(10,838)
(Increase) decrease in unbilled revenue	(536)
(Decrease) increase in accounts payable	19,056
(Decrease) increase in accrued interest	(236)
(Decrease) increase in other liabilities	1,728
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 117,308</u>

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

TOWN OF WALDOBORO, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Total Private-Purpose Trust Funds
ASSETS	
Cash and cash equivalents	\$ 81,278
Investments	2,332,250
Due from other governments	3,040
TOTAL ASSETS	<u>\$ 2,416,568</u>
LIABILITIES	
Due to other governments	<u>\$ 242,207</u>
TOTAL LIABILITIES	<u>242,207</u>
NET POSITION	
Held in trust for special purposes	<u>2,174,361</u>
TOTAL NET POSITION	<u>2,174,361</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,416,568</u>

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

TOWN OF WALDOBORO, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Total Private-Purpose Trust Funds
ADDITIONS	
Investment income	\$ 14,995
Investment income net of unrealized gains (losses)	61,840
Principal additions	3,000
TOTAL ADDITIONS	<u>79,835</u>
DEDUCTIONS	
Charitable relief	16,289
Scholarship awards	43,000
TOTAL DEDUCTIONS	<u>59,289</u>
CHANGE IN NET POSITION	20,546
NET POSITION - JULY 1, RESTATED	<u>2,153,815</u>
NET POSITION - JUNE 30	<u>\$ 2,174,361</u>

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 selectboard-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, 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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were available by appointment only or by curbside service during the pandemic. The Town was required to reduce its staff permanently.

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act funding and applicable Federal and /or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance.” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Fund Financial Statements

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

1. Governmental Funds:

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

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.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. The Transfer Station fund is used to account for the operating activity of the Transfer Station. The primary sources of revenues are charges for services and transfers from other funds.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary source of revenue is transfers from other funds.

Nonmajor Funds

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

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$607,385 for the year ended June 30, 2020.

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 government-wide financial statements as "internal balances".

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All 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 and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term debt consist of bonds payable, notes from direct borrowings payable, landfill closure costs, accrued compensated absences, net OPEB liability and net pension liability.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

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

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.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

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

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

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

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.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 arise only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred ambulance revenue also qualifies 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.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 1, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due in two installments on November 15, 2019 and May 15, 2020. Interest on unpaid taxes commenced on November 16, 2019 and May 16, 2020, at 9% 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 \$74,806 for the year ended June 30, 2020.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At June 30, 2020, the Town's cash and cash equivalents balance of \$3,173,515 was comprised of bank deposits and cash equivalents amounting to \$3,216,224. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of this amount, \$331,279 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,884,945 were collateralized with securities held by a financial institution in the Town's name.

Account Type	Bank Balance
Checking accounts	\$ 3,134,945
Cash equivalents	<u>81,279</u>
	<u><u>\$ 3,216,224</u></u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. However, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

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. Certificates of deposit held with local financial institutions for \$20,952 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2020, the Town had \$2,353,202 in investments. Of those investments \$20,952 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and the remaining \$2,332,250 was uncollateralized and uninsured and therefore exposed to custodial credit risk.

At June 30, 2020, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years	Over 5 Years
Corporate bonds	\$ 257,310	\$ -	\$ 75,540	\$ 105,419	\$ 76,351
Mutual funds:					
Equity	1,263,715	1,263,715	-	-	-
Fixed income	811,225	811,225	-	-	-
	<u>\$ 2,332,250</u>	<u>\$ 2,074,940</u>	<u>\$ 75,540</u>	<u>\$ 105,419</u>	<u>\$ 76,351</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, 2020:

	June 30, 2020 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	\$ 257,310	\$ -	\$ 257,310	\$ -
Total debt securities	<u>257,310</u>	<u>-</u>	<u>257,310</u>	<u>-</u>
Equity securities:				
Mutual funds - domestic and foreign	2,074,940	2,074,940	-	-
Total equity securities	<u>2,074,940</u>	<u>2,074,940</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>2,332,250</u>	<u>\$ 2,074,940</u>	<u>\$ 257,310</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	81,279			
Total cash equivalents measured at the NAV	<u>81,279</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,413,529</u>			

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2020 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, 2020, the Town's investments in corporate bonds were rated A (\$50,985), A- (\$51,226) and BBB+ (\$54,433) by Standard & Poor's Rating Service. The remainder of the bonds of \$911,891 were not rated and/or the ratings were unavailable. Certificates of deposit held with local financial institutions for \$20,952 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 11,766	\$ 1,225,130
Transfer station	280,123	-
Capital reserve fund	854,466	-
Nonmajor special revenue funds	90,541	11,766
	\$ 1,236,896	\$ 1,236,896

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 885,644	\$ 72,672
Transfer station	-	266,250
Capital reserve fund	-	619,394
Nonmajor special revenue funds	72,672	-
	\$ 958,316	\$ 958,316

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land and other non depreciable property	\$ 377,597	\$ -	\$ -	\$ 377,597
Construction in progress	-	22,833	-	22,833
	377,597	22,833	-	400,430
Depreciated assets:				
Land improvements	641,743	-	-	641,743
Buildings and improvements	4,789,398	12,929	-	4,802,327
Machinery and equipment	693,940	57,192	-	751,132
Vehicles	4,131,706	491,555	-	4,623,261
Infrastructure	3,811,364	-	-	3,811,364
	14,068,151	561,676	-	14,629,827
Less: accumulated depreciation	(6,445,523)	(555,663)	-	(7,001,186)
	7,622,628	6,013	-	7,628,641
Net governmental capital assets	\$ 8,000,225	\$ 28,846	\$ -	\$ 8,029,071

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 1/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 278,557	\$ -	\$ -	\$ 278,557
Organization costs	58,915	-	-	58,915
	<u>337,472</u>	<u>-</u>	<u>-</u>	<u>337,472</u>
Depreciated assets:				
Buildings	779,471	-	-	779,471
Wells and springs	338,137	-	-	338,137
Power generating equipment	33,350	-	-	33,350
Pumping equipment	47,085	-	-	47,085
Water treatment equipment	147,093	-	-	147,093
Distribution reservoirs and standpipes	480,303	-	-	480,303
Mains	2,539,658	-	-	2,539,658
Services	422,815	-	-	422,815
Meters	43,232	-	-	43,232
Hydrants	133,106	-	-	133,106
Communication equipment	114,832	-	-	114,832
Miscellaneous equipment	22,451	-	-	22,451
	<u>5,101,533</u>	<u>-</u>	<u>-</u>	<u>5,101,533</u>
Less: accumulated depreciation	<u>(1,350,496)</u>	<u>(43,299)</u>	<u>-</u>	<u>(1,393,795)</u>
	<u>3,751,037</u>	<u>(43,299)</u>	<u>-</u>	<u>3,707,738</u>
Net business-type capital assets	<u>\$ 4,088,509</u>	<u>\$ (43,299)</u>	<u>\$ -</u>	<u>\$ 4,045,210</u>
<u>Current year depreciation</u>				
General government				\$ 68,347
Public safety				197,113
Public works				218,055
Community services				25,581
Transfer station				27,553
Town-wide				19,014
Total governmental activities depreciation				<u>555,663</u>
Water department				43,299
Total depreciation expense				<u>\$ 598,962</u>

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2020 is as follows:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<i>Governmental activities:</i>					
Bond payable	\$ 279,700	\$ -	\$ (50,489)	\$ 229,211	\$ 53,079
Notes from direct borrowings payable	935,299	269,450	(99,167)	1,105,582	38,339
Total governmental activities	<u>\$ 1,214,999</u>	<u>\$ 269,450</u>	<u>\$ (149,656)</u>	<u>\$ 1,334,793</u>	<u>\$ 91,418</u>
<i>Business-type activities:</i>					
Bonds payable	\$ 1,271,922	\$ -	\$ (97,700)	\$ 1,174,222	\$ 99,115
Total business-type activities	<u>\$ 1,271,922</u>	<u>\$ -</u>	<u>\$ (97,700)</u>	<u>\$ 1,174,222</u>	<u>\$ 99,115</u>

The following is a summary of bonds outstanding as of June 30, 2020:

Governmental activities bond payable:

\$850,000, 2003 Series E Bond due in annual installments and semiannual interest installments through November 2023. Interest is charged at a fixed rate from 2.0% to 5.085% per annum. Annual principal installments range from \$31,217 to \$61,670.	<u>\$ 229,211</u>
Total governmental activities bonds payable	<u>\$ 229,211</u>

Business-type activities bonds payable:

\$2,025,000, (\$1,518,150 forgiven at closing) Bond due in annual installments through November 2035. Interest is charged at a fixed rate of 0.00% per annum. Annual principal installments are \$17,456.	\$ 261,866
\$775,000, (\$581,250 forgiven at closing) 2000 Bond due in annual installments through November 2030. Interest is charged at a fixed rate of 0.00% per annum. Annual principal installments are \$7,452.	74,520
\$1,084,653, 2012 Bond due in annual installments through November 2028. Interest is charged at a fixed rate of 0.86% to 4.26% per annum. Annual principal installments are varied.	658,048
\$208,262, (\$10,413 forgiven at closing) 2017 Bond due in annual installments through July 2037. Interest is charged at a fixed rate of 0.84% per annum. Annual principal installments are varied.	<u>179,788</u>
Total business-type activities bonds payable	<u>\$ 1,174,222</u>

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of notes from direct borrowings outstanding as of June 30, 2020:

Notes from direct borrowings payable:

\$990,593, Lease purchase agreement for a ladder truck. After an initial principal payment of \$110,000, payments are due in annual principal and interest installments of \$84,666 through December 2033. Interest is charged at a fixed rate of 4.47% per annum.	\$ 839,692
\$29,759, Lease purchase agreement for a shellfish truck. Payments are due in annual principal and interest installments of \$6,335 through July 2022. Interest is charged at a fixed rate of 2.85% per annum.	17,957
\$192,500, Lease purchase agreement for an excavator. After an initial principal payment of \$21,517, payments are due in annual principal and interest installments of \$21,960 through May 2029. Interest is charged at a fixed rate of 3.00% per annum.	170,983
\$76,950, Lease purchase agreement for LED street lights. Payments are due in annual principal and interest installments of \$16,944 through December 2024. Interest is charged at a fixed rate of 3.29% per annum.	<u>76,950</u>
Total notes from direct borrowings payable	<u>\$ 1,105,582</u>

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

GOVERNMENTAL ACTIVITIES

	BONDS PAYABLE			NOTES FROM DIRECT BORROWINGS PAYABLE		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2021	\$ 53,079	\$ 10,306	\$ 63,385	\$ 79,985	\$ 49,921	\$ 129,906
2022	55,800	7,537	63,337	83,272	46,632	129,904
2023	58,662	4,627	63,289	86,697	43,210	129,907
2024	61,670	1,568	63,238	83,931	39,639	123,570
2025	-	-	-	87,472	36,098	123,570
2026-2030	-	-	-	383,793	127,378	511,171
2031-2035	-	-	-	300,432	38,233	338,665
	<u>\$ 229,211</u>	<u>\$ 24,038</u>	<u>\$ 253,249</u>	<u>\$ 1,105,582</u>	<u>\$ 381,111</u>	<u>\$ 1,486,693</u>

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

BUSINESS-TYPE ACTIVITIES

	BONDS PAYABLE		
	Principal	Interest	Total Debt Service
2021	\$ 99,115	\$ 24,355	\$ 123,470
2022	100,722	22,748	123,470
2023	102,492	20,978	123,470
2024	104,415	19,056	123,471
2025	106,492	16,979	123,471
2026-2030	489,788	39,965	529,753
2031-2035	138,953	3,162	142,115
2036-2040	32,245	647	32,892
	\$ 1,174,222	\$ 147,890	\$ 1,322,112

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, 2020 was \$24,827.

All bonds payable and notes from direct borrowings 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 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2020 is as follows:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<i><u>Governmental activities:</u></i>					
Landfill closure costs	\$ 264,200	\$ -	\$ (8,000)	\$ 256,200	\$ 8,000
Accrued compensated absences	128,758	14,636	-	143,394	14,339
Net OPEB liability	275,025	58,606	(122,771)	210,860	-
Net pension liability	656,700	55,280	(8,605)	703,375	-
Total governmental activities	\$ 1,324,683	\$ 128,522	\$ (139,376)	\$ 1,313,829	\$ 22,339

Please see Notes 9, 17, 18 and 22 for detailed information on other long-term obligations.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - 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 Pitney Bowes. The term of the lease is for a five-year period ending in 2023. Annual payments are \$940.

In March 2020, the Town signed a lease for a second Xerox copier through US Bank Equipment Finance. The term of the lease is for a five-year period ending in 2025. Annual payments are \$924.

In March 2020, the Town signed a lease for EMS equipment with Stryker. The term of the lease is for three annual payments of \$10,547, with the first payment due 30 days after signing the agreement.

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

Year Ending June 30:		
2021	\$	13,490
2022		13,531
2023		2,496
2024		861
2025		678
Present value of future minimum lease payments	\$	31,056

Leasing arrangement where the Town is the Lessor

On August 1, 2019, the Town renewed its agreement with Midcoast Maine Community Action for lease of the Friendship Street Community Center. The terms of the lease were from September of 2019 to August of 2020 for an annual amount of \$29,250, payable in monthly payments of \$3,000 from September of 2019 through May of 2020 and \$750 from June 2020 through August of 2020. This lease is renewable annually if all parties are in agreement.

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

TOWN OF WALDOBORO, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation time. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, typically in the general and other governmental funds. As of June 30, 2020, the Town's liability for compensated absences is \$143,394.

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

The Town has the following restricted net position and fund balances at June 30, 2020:

Nonmajor Special Revenue Funds (Schedule E):	
Highway block grant	\$ 5,220
CDBG small cities	609
	<u>\$ 5,829</u>

NOTE 11 - COMMITTED FUND BALANCE

The Town has the following committed fund balance at June 30, 2020:

Capital Reserve Fund	<u>\$ 1,875,231</u>
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NOTE 12 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2020:

General Fund:	
FY 2021 Budget	\$ 188,000
Transfer Station	280,323
Nonmajor Special Revenue Funds (Schedule E)	103,901
	<u>\$ 572,224</u>

TOWN OF WALDOBORO, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 13 - DEFICIT FUND BALANCES

The Town had the following deficit fund balances at June 30, 2020:

Nonmajor Special Revenue Funds (Schedule E):	
DEP Wastewater	7,685
Emergency Management	4,081
	\$ 11,766

NOTE 14 - OVERSPENT APPROPRIATIONS

The following warrant article lines were exceeded by actual expenditures:

Office of the selectboard (Article 4)	\$ 8,827
Administration (Article 5)	1,101
Municipal building (Article 9)	1,640
Friendship Street School program (Article 23)	144
	\$ 11,712

On June 9, 2020, the taxpayers approved Article 38 which allowed all overdrafts of the fiscal year 2020 operating budget to be taken from fund balance.

NOTE 15 - 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, 2020, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
MSAD #40	\$ 8,010,303	35.06%	\$ 2,808,729
County of Lincoln	4,214,275	6.52%	274,870
			\$ 3,083,598

NOTE 16 - 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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - RISK MANAGEMENT (CONTINUED)

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, 2020.

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

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

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - RISK MANAGEMENT (CONTINUED)

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, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - 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 or by contacting the System at (207) 512-3100.

Benefits Provided

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2019, there were 307 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

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 "3C" with cost-of-living adjustment and are required to contribute 9.50% 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 8.10% of their annual salary. The Town is required to contribute 12.80% of special plan "3C" members' covered payroll and 10.00% of regular plan "AC" members' covered payroll annually to the system. The Town's contributions to the plan for the fiscal years ended June 30, 2020 was \$154,805 less the use of the Town's UL credit of \$154,805. Employee contributions for the fiscal year ended June 30, 2020 was \$118,992.

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

At June 30, 2020, the Town reported a liability of \$703,375 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 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, 2019, the Town's proportion was 0.230114%, which was a decrease of 0.00984% from its proportion measured as of June 30, 2018.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the Town recognized total pension expense of \$39,847. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,282	\$ -
Changes of assumptions	35,622	-
Net difference between projected and actual earnings on pension plan investments	-	176,177
Changes in proportion and differences between contributions and proportionate share of contributions	-	28,711
Contributions subsequent to the measurement date	154,805	-
Total	\$ 273,709	\$ 204,888

\$154,805 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, 2021. 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:	
2020	\$ 16,909
2021	(83,464)
2022	(19,318)
2023	(112)
2024	-
Thereafter	-

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

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., actual decreases or increases in liabilities and/or in assets which differ 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 reduces the impact of short-term volatility 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, 2019 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2019, compounded annually.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Cost of Living Benefit Increases - 1.91%

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, 2019 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.00%	6.00%
US Government	7.50%	2.30%
Private equity	15.00%	7.60%
Real assets:		
Real estate	10.00%	5.20%
Infrastructure	10.00%	5.30%
Natural resources	5.00%	5.00%
Traditional credit	7.50%	3.00%
Alternative credit	5.00%	4.20%
Diversifiers	10.00%	5.90%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2019 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following table shows how the collective net pension liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
PLD Plan:			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability/(asset)	\$ 1,602,242	\$ 703,375	\$ (137,430)

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, 2019 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, 2019 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2019, this was four years; for 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	29
Retirees and spouses	<u>-</u>
Total	<u><u>29</u></u>

Contributions

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 2500	\$841	\$1,886
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589	\$1,178

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

At June 30, 2020, the Town reported a liability of \$210,860 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 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, 2020, the Town recognized OPEB expense of \$16,932. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,005	\$ 100,666
Changes of assumptions	60,160	19,647
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	779	-
Total	<u>\$ 88,944</u>	<u>\$ 120,313</u>

\$779 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

		MMEHT
Plan year ended December 31:		
2021	\$	290
2022		290
2023		290
2024		294
2025		(13,724)
Thereafter		(19,588)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. 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 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 247,331	\$ 210,860	\$ 181,057
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 247,331	\$ 210,860	\$ 181,057
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 179,179	\$ 210,860	\$ 250,674
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 179,179</u>	<u>\$ 210,860</u>	<u>\$ 250,674</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 January 1, 2020, 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, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

TOWN OF WALDOBORO, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Administrative and claims expense: 3% per annum

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

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, 2020, they are as follows:

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 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

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$72,661.

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.

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.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

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

NOTE 19 - DEFERRED COMPENSATION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by the Maine Public Employees Retirement System. The plan, available to employees who are in certain employee groups, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

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

Funding Policy

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

NOTE 20 - JOINT VENTURE

The Town of Waldoboro is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, PERC and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of June 30, 2020 (the most recent data available), the Town of Waldoboro's share of the Joint Venture's net position was \$265,286. Complete financial statements may be obtained from the Municipal Review Committee, 395 State Street, Ellsworth, Maine 04455.

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 21 - INTERLOCAL AGREEMENTS

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

NOTE 22 - LANDFILL CLOSURE COSTS

The Town of Waldoboro, Maine has two landfills for which it is responsible. One received solid waste through June 10, 1989 and was closed and capped in October 1991 to Maine Department of Environmental Protection (MDEP) standards. Post-closure monitoring currently costs approximately \$8,000 per year for approximately the next 2 years or \$16,000. Post-closure monitoring for this site will be funded annually through the capital budget of the transfer station fund.

To facilitate the disposal of construction and demolition debris, a 4.5-acre construction and demolition debris (CDD) landfill was licensed by the MDEP adjacent to the transfer station on August 23, 1988. Phase I (1.65 acres) was constructed and opened in the fall of 1991 and was closed and capped in July of 2002. Phase II (1.47 acres) was constructed and opened on August 1, 2002. Its useful life should be good until August of 2020. Closure costs for Phase II of the CDD landfill are expected to approximate \$400,000 (1.47 acres x \$272,108/acre). Post-closure monitoring of this site approximates \$51,000 (\$1,700 for 30 years). Neighboring towns of Friendship and Cushing are contractually required to participate in financing the closure and post-closure costs. The Town has established a reserve to fund the closure and post-closure care costs of these landfills. As of June 30, 2020, the Town had reserved \$35,400 for the Phase II closure. Currently, the Town of Waldoboro, Maine's share of these costs is 65.39% and the other towns' shares are 34.61%. The Town has recognized the estimated liability for landfill closure and post-closure care costs in the entity-wide financial statements. In January 2020, the Town submitted an application for closure of Phase 2 of the CDD landfill to the Department of Environmental Protection.

It should be noted that the State of Maine will reimburse 75% of eligible closure costs. The Town of Waldoboro submitted an application for reimbursement of landfill closure costs on March 31, 2021. They also submitted an application for reimbursement to the State of Maine on September 13, 2022.

TOWN OF WALDOBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 - LANDFILL CLOSURE COSTS (CONTINUED)

Estimated liability for landfill closure and post-closure costs:

	Old Landfill	CDD Landfill	Total
Closure	\$ -	\$ 400,000	\$ 400,000
Monitoring	8,000	51,000	59,000
Total	<u>\$ 8,000</u>	<u>\$ 451,000</u>	<u>\$ 459,000</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.

NOTE 23 - 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.

The Town entered into a contract with Maine Water Company to operate and maintain its water system. The term of the agreement is from January 1, 2020 to December 31, 2029. For routine services, the Town will pay Maine Water Company a monthly fee of \$6,900. Non-routine services will be billed at Maine Water Company's billing rates. Materials and supplies will be billed at cost plus a 5% administration fee.

The Town entered into a contract with Waste Management Disposal Services for disposal of residential and commercial waste. The term of the agreement is from May 2020 to May 2023 and may be extended for one additional three year term. The first year's fee is \$69.50 per ton plus \$2.00 per ton for State of Maine fee. Charges will increase by 4% each year after the first year.

NOTE 24 - RESTATEMENTS

In 2020, the Town determined that certain transactions in prior years had been recorded incorrectly or omitted. Therefore, a restatement to the 2019 government-wide and fund financial statements were required. The beginning net position for governmental activities and fund balance for the general fund and nonmajor special revenue funds were restated by \$15,895 to correct errors in HRA cash activity and the omitted HRA fund and emergency fund in the nonmajor special revenue funds for the 2019 fiscal year. The beginning fund balances for the general fund was restated by \$38,040, while the HRA fund was restated by \$21,492 and the emergency fund by \$653. Also, in the capital project

TOWN OF WALDOBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 24 - RESTATEMENTS (CONTINUED)

funds, the beginning fund balances for the recreational park and the marine park were restated by \$32,842. The beginning net position for the fiduciary funds was restated by \$24,849 to correct an error in classification between agency funds and private-purpose trust funds, correcting the due to due from in the Cemetery Fund and combining the Fennelly Fund, Standish Fund and Matthews Fund into the Fennelly, Standish, Matthews Fund. The beginning net position of the business-type activities was restated by \$18,667 to correct capital assets and accumulated depreciation balances.

The resulting restatements decreased governmental activities net position from \$9,703,182 to \$9,687,287, decreased business-type activities from \$2,866,168 to \$2,847,501, increased fiduciary funds net position from \$2,128,966 to \$2,153,815, decreased the recreation fund from \$74,657 to \$41,815 and increased the marine fund from \$0 to \$32,842, increased the HRA fund from \$0 to \$21,492 and the emergency fund from \$0 to \$653 and decreased the general fund total fund balance from \$1,378,084 to \$1,340,044.

NOTE 25 - SUBSEQUENT EVENTS

On July 1, 2020, the Town of Waldoboro entered into an agreement with the County of Lincoln for animal control services for a period of one year. The agrees to reimburse the County of Lincoln for the ACO's time at a rate of \$16.00 per hour for hours worked for the Town plus benefits as well as other services as required.

The Town of Waldoboro has submitted an application for the creation of the First Waldoboro Tax Increment Financing District to the Maine Department of Economic and Community Development. The proposed TIF would be for term of 30 years through fiscal years 2048-2049 and would place 747.55 acres into a newly formed District to include parcels in the industrial zones, undeveloped parcels along the commercial Route 1 zones and parcels owed by the Town. The district has an original assessed value of \$18,367,310 as of March 31, 2019. The application had the original term of the Development Program starting on July 1, 2019 and ending on June 30, 2049. However, the program will not be starting until July 1, 2020.

Also noted under Note 22 of Notes to Financial Statements, the Town of Waldoboro submitted an application for reimbursement of landfill closure costs to the State of Maine on March 31, 2021 and again on September 13, 2022.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- 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, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 1,340,044	\$ 1,340,044	\$ 1,340,044	\$ -
Resources (Inflows):				
Taxes	9,743,488	9,743,488	9,563,574	(179,914)
Licenses and permits	68,989	68,989	69,135	146
Intergovernmental	816,478	816,478	784,187	(32,291)
Charges for services	790,120	790,120	706,107	(84,013)
Fees and fines	-	-	915	915
Unclassified	52,597	52,597	58,363	5,766
Interest earned	25,000	25,000	35,532	10,532
Transfers from other funds	72,672	72,672	72,672	-
Amounts Available for Appropriation	<u>12,909,388</u>	<u>12,909,388</u>	<u>12,630,529</u>	<u>(278,859)</u>
Charges to Appropriation (Outflows):				
General government	659,735	659,735	643,125	16,610
Town services and public safety	1,939,574	1,939,574	1,845,080	94,494
Public works	848,377	848,377	762,712	85,665
Health and welfare	38,154	38,154	30,384	7,770
Community services	203,105	203,105	190,269	12,836
Planning and development	152,762	152,762	129,915	22,847
Insurance and employee benefits	53,106	53,106	51,793	1,313
County tax	665,519	665,519	665,519	-
Education	6,124,600	6,124,600	6,124,600	-
Overlay / abatements	74,806	74,806	14,321	60,485
Debt service	178,962	178,962	178,962	-
Transfers to other funds	885,644	885,644	885,644	-
Total Charges to Appropriations	<u>11,824,344</u>	<u>11,824,344</u>	<u>11,522,324</u>	<u>302,020</u>
Budgetary Fund Balance, June 30	<u>\$ 1,085,044</u>	<u>\$ 1,085,044</u>	<u>\$ 1,108,205</u>	<u>\$ 23,161</u>
Utilization of assigned fund balance	<u>\$ 255,000</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ (255,000)</u>
	<u>\$ 255,000</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ (255,000)</u>

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

TOWN OF WALDOBORO, MAINE

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Proportion of the net pension liability (asset)	0.23%	0.24%	0.24%	0.24%	0.26%	0.26%
Proportionate share of the net pension liability (asset)	\$ 703,375	\$ 656,700	\$ 1,002,761	\$ 1,256,974	\$ 816,941	\$ 407,764
Covered payroll	\$ 1,325,881	\$ 1,276,902	\$ 1,231,985	\$ 1,133,889	\$ 1,144,795	\$ 835,700
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.05%	51.43%	81.39%	110.86%	71.36%	48.79%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%

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

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

TOWN OF WALDOBORO, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 154,805	\$ 140,634	\$ 132,692	\$ 125,528	\$ 111,010	\$ 104,667
Contributions in relation to the contractually required contribution	<u>(154,805)</u>	<u>(140,634)</u>	<u>(132,692)</u>	<u>(125,528)</u>	<u>(111,010)</u>	<u>(104,667)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,443,159	\$ 1,325,881	\$ 1,276,902	\$ 1,231,985	\$ 1,133,889	\$ 1,144,795
Contributions as a percentage of covered payroll	10.73%	10.61%	10.39%	10.19%	9.79%	9.14%

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

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

TOWN OF WALDOBORO, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 275,025	\$ -	\$ 275,025
Changes for the year:			
Service cost	10,276	-	10,276
Interest	11,629	-	11,629
Changes of benefits	(4,354)	-	(4,354)
Differences between expected and actual experience	(115,047)	-	(115,047)
Changes of assumptions	36,701	-	36,701
Contributions - employer	-	3,370	(3,370)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(3,370)	(3,370)	-
Administrative expense	-	-	-
Net changes	<u>(64,165)</u>	<u>-</u>	<u>(64,165)</u>
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 210,860</u>	<u>\$ -</u>	<u>\$ 210,860</u>

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

TOWN OF WALDOBORO, MAINE

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

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	10,276	11,501	8,761
Interest (includes interest on service cost)	11,629	10,115	6,808
Changes of benefit terms	(4,354)	-	-
Differences between expected and actual experience	(115,047)	-	49,008
Changes of assumptions	36,701	(27,505)	49,080
Benefit payments, including refunds of member contributions	(3,370)	(3,240)	(1,681)
Net change in total OPEB liability	\$ (64,165)	\$ (9,129)	\$ 111,976
Total OPEB liability - beginning	\$ 275,025	\$ 284,154	\$ 172,178
Total OPEB liability - ending	\$ 210,860	\$ 275,025	\$ 284,154
<u>Plan fiduciary net position</u>			
Contributions - employer	3,370	3,240	1,681
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(3,370)	(3,240)	(1,681)
Administrative expense	-	-	-
Net change in fiduciary net position	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -
Net OPEB liability - ending	<u>\$ 210,860</u>	<u>\$ 275,025</u>	<u>\$ 284,154</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered payroll	\$ 1,382,429	\$ 1,172,215	\$ 1,172,215
Net OPEB liability as a percentage of covered payroll	15.3%	23.5%	24.2%

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

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

TOWN OF WALDOBORO, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>			
Employer contributions	\$ 3,370	\$ 3,240	\$ 1,681
Benefit payments	<u>(3,370)</u>	<u>(3,240)</u>	<u>(1,681)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,382,429	\$ 1,172,215	\$ 1,172,215
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

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

TOWN OF WALDOBORO, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Changes of Assumptions

MEPERS PLD Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MMEHT OPEB Plan:

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the "Cadillac Tax" was reflected in this valuation by removing the previously planned excise tax.

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

Other Supplementary Information

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

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

TOWN OF WALDOBORO, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 8,759,442	\$ 8,759,442	\$ 8,552,357	\$ (207,085)
Payments in lieu of taxes	-	-	2,020	2,020
Excise taxes	928,000	928,000	952,548	24,548
Interest and penalties	56,046	56,046	56,649	603
Intergovernmental revenues:				
Municipal revenue sharing	379,375	379,375	435,434	56,059
Homestead/BETE	374,157	374,157	287,858	(86,299)
General assistance	7,140	7,140	3,975	(3,165)
Tree growth revenue	6,969	6,969	6,846	(123)
Veteran's assistance	6,931	6,931	6,174	(757)
Snowmobile registrations	900	900	1,099	199
Other	41,006	41,006	42,801	1,795
Charges for services:				
General government	8,549	8,549	17,291	8,742
Recreation	-	-	225	225
Public works	-	-	774	774
Emergency medical services	680,227	680,227	604,300	(75,927)
Police/fire services	53,394	53,394	53,096	(298)
Planning/code	47,950	47,950	30,421	(17,529)
Licenses and permits	68,989	68,989	69,135	146
Investment income	25,000	25,000	35,532	10,532
Fees and fines	-	-	915	915
Unclassified:				
Registration fees	18,850	18,850	22,725	3,875
Rental income	29,250	29,250	29,250	-
Other revenue	4,497	4,497	6,388	1,891
Transfers from other funds	72,672	72,672	72,672	-
Total revenues	<u>\$ 11,569,344</u>	<u>\$ 11,569,344</u>	<u>\$ 11,290,485</u>	<u>\$ (278,859)</u>

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

TOWN OF WALDOBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government:					
Office of the selectboard	\$ 41,269	\$ -	\$ 41,269	\$ 50,096	\$ (8,827)
Administration	158,545	-	158,545	159,646	(1,101)
Assessment	100,365	-	100,365	94,854	5,511
Finance	208,848	-	208,848	206,648	2,200
Town clerk	90,607	-	90,607	70,140	20,467
Municipal building	60,101	-	60,101	61,741	(1,640)
	<u>659,735</u>	<u>-</u>	<u>659,735</u>	<u>643,125</u>	<u>16,610</u>
Town services and public safety:					
Emergency medical	812,764	-	812,764	773,875	38,889
Fire	170,049	-	170,049	167,922	2,127
Police	785,066	-	785,066	752,588	32,478
Shellfish management	40,106	-	40,106	36,931	3,175
Animal control	17,720	-	17,720	12,992	4,728
EMA	5,436	-	5,436	5,041	395
Fire hydrants	88,320	-	88,320	80,160	8,160
Street lights	20,113	-	20,113	15,571	4,542
	<u>1,939,574</u>	<u>-</u>	<u>1,939,574</u>	<u>1,845,080</u>	<u>94,494</u>

TOWN OF WALDOBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public works:					
Roads and bridges	848,377	-	848,377	762,712	85,665
	<u>848,377</u>	<u>-</u>	<u>848,377</u>	<u>762,712</u>	<u>85,665</u>
Health and welfare:					
Social service agencies	15,424	-	15,424	15,424	-
General assistance	22,730	-	22,730	14,960	7,770
	<u>38,154</u>	<u>-</u>	<u>38,154</u>	<u>30,384</u>	<u>7,770</u>
Community services:					
Recreational programs	82,614	-	82,614	73,423	9,191
Friendship Street School program	14,737	-	14,737	14,881	(144)
Community service agencies	95,104	-	95,104	95,104	-
Parks and cemeteries	10,650	-	10,650	6,861	3,789
	<u>203,105</u>	<u>-</u>	<u>203,105</u>	<u>190,269</u>	<u>12,836</u>
Planning and development:					
Planning / code administration	152,762	-	152,762	129,915	22,847
	<u>152,762</u>	<u>-</u>	<u>152,762</u>	<u>129,915</u>	<u>22,847</u>

TOWN OF WALDOBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Insurance and employee benefits:					
Property and liability	53,106	-	53,106	51,793	1,313
	<u>53,106</u>	<u>-</u>	<u>53,106</u>	<u>51,793</u>	<u>1,313</u>
Education	<u>6,124,600</u>	<u>-</u>	<u>6,124,600</u>	<u>6,124,600</u>	<u>-</u>
County tax	<u>665,519</u>	<u>-</u>	<u>665,519</u>	<u>665,519</u>	<u>-</u>
Debt service:					
Principal	122,486	-	122,486	122,486	-
Interest	56,476	-	56,476	56,476	-
	<u>178,962</u>	<u>-</u>	<u>178,962</u>	<u>178,962</u>	<u>-</u>
Overlay/abatements	<u>74,806</u>	<u>-</u>	<u>74,806</u>	<u>14,321</u>	<u>60,485</u>
Transfers:					
Transfer station	266,250	-	266,250	266,250	-
Capital reserves	619,394	-	619,394	619,394	-
	<u>885,644</u>	<u>-</u>	<u>885,644</u>	<u>885,644</u>	<u>-</u>
Total Departmental Operations	<u>\$ 11,824,344</u>	<u>\$ -</u>	<u>\$ 11,824,344</u>	<u>\$ 11,522,324</u>	<u>\$ 302,020</u>

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

Capital Projects Funds

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

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Municipal Building	Public Works Building	Friendship Street School	AD Gray Property	EMS Equipment	Fire Equipment
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ -
Interest income	457	200	310	-	1,806	734
Other income	-	9,808	-	-	18,962	72,370
TOTAL REVENUES	<u>457</u>	<u>10,008</u>	<u>310</u>	<u>-</u>	<u>32,768</u>	<u>73,104</u>
EXPENDITURES						
Capital outlay	<u>34,037</u>	-	<u>2,750</u>	<u>864</u>	<u>14,959</u>	<u>82,740</u>
TOTAL EXPENDITURES	<u>34,037</u>	<u>-</u>	<u>2,750</u>	<u>864</u>	<u>14,959</u>	<u>82,740</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,580)</u>	<u>10,008</u>	<u>(2,440)</u>	<u>(864)</u>	<u>17,809</u>	<u>(9,636)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	12,500
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(33,580)	10,008	(2,440)	(864)	17,809	2,864
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>73,325</u>	<u>21,191</u>	<u>32,524</u>	<u>6,292</u>	<u>81,793</u>	<u>23,106</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 39,745</u>	<u>\$ 31,199</u>	<u>\$ 30,084</u>	<u>\$ 5,428</u>	<u>\$ 99,602</u>	<u>\$ 25,970</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Police Equipment</u>	<u>PW-Highway Equipment</u>	<u>EMA Equipment</u>	<u>Administrative Equipment</u>	<u>Transfer Station Equipment</u>	<u>Police Eradication Fund</u>
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 6,922	\$ -
Interest income	319	4,837	-	127	647	-
Other income	46,960	3,750	-	-	-	-
TOTAL REVENUES	<u>47,279</u>	<u>8,587</u>	<u>-</u>	<u>127</u>	<u>7,569</u>	<u>-</u>
EXPENDITURES						
Capital outlay	51,828	492,870	-	-	-	-
TOTAL EXPENDITURES	<u>51,828</u>	<u>492,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,549)</u>	<u>(484,283)</u>	<u>-</u>	<u>127</u>	<u>7,569</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	30,500	112,816	-	3,500	13,078	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,500</u>	<u>112,816</u>	<u>-</u>	<u>3,500</u>	<u>13,078</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	25,951	(371,467)	-	3,627	20,647	-
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>40,450</u>	<u>609,842</u>	<u>2,852</u>	<u>18,612</u>	<u>87,190</u>	<u>728</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 66,401</u>	<u>\$ 238,375</u>	<u>\$ 2,852</u>	<u>\$ 22,239</u>	<u>\$ 107,837</u>	<u>\$ 728</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Shellfish Equipment	Surface Paving	Sidewalk	Highway Construction	CDD Landfill Reserve
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	343	-	-	2,246	975
Other income	22,888	-	-	60	-
TOTAL REVENUES	<u>23,231</u>	<u>-</u>	<u>-</u>	<u>2,306</u>	<u>975</u>
EXPENDITURES					
Capital outlay	19,631	-	-	36,268	65,410
TOTAL EXPENDITURES	<u>19,631</u>	<u>-</u>	<u>-</u>	<u>36,268</u>	<u>65,410</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>(33,962)</u>	<u>(64,435)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	350,000	15,000	50,000	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>350,000</u>	<u>15,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	3,600	350,000	15,000	16,038	(64,435)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>34,599</u>	<u>386,079</u>	<u>55,097</u>	<u>58,040</u>	<u>99,835</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 38,199</u>	<u>\$ 736,079</u>	<u>\$ 70,097</u>	<u>\$ 74,078</u>	<u>\$ 35,400</u>

SCHEDULE C (CONTINUED)

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Recreational Park	Marine Park	Public Landing	Unemployment Compensation	Street Light Conversion	Gay Bailey YMCA	Total
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,922
Interest income	384	-	1,418	137	-	1,274	16,214
Other income	17	17,125	-	-	4,000	-	195,940
TOTAL REVENUES	<u>401</u>	<u>17,125</u>	<u>1,418</u>	<u>137</u>	<u>4,000</u>	<u>1,274</u>	<u>231,076</u>
EXPENDITURES							
Capital outlay	-	24,546	-	-	-	-	825,903
TOTAL EXPENDITURES	<u>-</u>	<u>24,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,903</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>401</u>	<u>(7,421)</u>	<u>1,418</u>	<u>137</u>	<u>4,000</u>	<u>1,274</u>	<u>(594,827)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	32,000	-	-	-	619,394
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>619,394</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	401	(7,421)	33,418	137	4,000	1,274	24,567
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>41,815</u>	<u>32,842</u>	<u>(6,128)</u>	<u>16,885</u>	<u>-</u>	<u>133,695</u>	<u>\$ 1,850,664</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 42,216</u>	<u>\$ 25,421</u>	<u>\$ 27,290</u>	<u>\$ 17,022</u>	<u>\$ 4,000</u>	<u>\$ 134,969</u>	<u>\$ 1,875,231</u>

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

Special Revenue Funds

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

TOWN OF WALDOBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Highway Block Grant	CDBG Small Cities	DEP Wastewater	HRA	Medomak River Quality
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 19,189	\$ -
Due from other funds	5,220	609	-	-	399
TOTAL ASSETS	<u>\$ 5,220</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 19,189</u>	<u>\$ 399</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 7,685	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,685</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	5,220	609	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	19,189	399
Unassigned	-	-	(7,685)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>5,220</u>	<u>609</u>	<u>(7,685)</u>	<u>19,189</u>	<u>399</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 5,220</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 19,189</u>	<u>\$ 399</u>

TOWN OF WALDOBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Community Services	Comprehensive Plan	Quarry Hill Management	Emergency Fund	Emergency Management	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,189
Due from other funds	10,042	57,150	10,583	6,538	-	90,541
TOTAL ASSETS	<u>\$ 10,042</u>	<u>\$ 57,150</u>	<u>\$ 10,583</u>	<u>\$ 6,538</u>	<u>\$ -</u>	<u>\$ 109,730</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 4,081	\$ 11,766
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,081</u>	<u>11,766</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	5,829
Committed	-	-	-	-	-	-
Assigned	10,042	57,150	10,583	6,538	-	103,901
Unassigned	-	-	-	-	(4,081)	(11,766)
TOTAL FUND BALANCES (DEFICITS)	<u>10,042</u>	<u>57,150</u>	<u>10,583</u>	<u>6,538</u>	<u>(4,081)</u>	<u>97,964</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 10,042</u>	<u>\$ 57,150</u>	<u>\$ 10,583</u>	<u>\$ 6,538</u>	<u>\$ -</u>	<u>\$ 109,730</u>

See accompanying independent auditor's 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, 2020

	Highway Block Grant	CDBG Small Cities	DEP Wastewater	HRA	Medomak River Quality
REVENUES					
Intergovernmental revenue	\$ 74,620	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	-	-	-	42,343	-
TOTAL REVENUES	<u>74,620</u>	<u>-</u>	<u>-</u>	<u>42,343</u>	<u>-</u>
EXPENDITURES					
Other	-	-	-	44,646	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,646</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>74,620</u>	<u>-</u>	<u>-</u>	<u>(2,303)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	(72,672)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(72,672)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,948	-	-	(2,303)	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>3,272</u>	<u>609</u>	<u>(7,685)</u>	<u>21,492</u>	<u>399</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 5,220</u>	<u>\$ 609</u>	<u>\$ (7,685)</u>	<u>\$ 19,189</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, 2020

	Community Services	Comprehensive Plan	Quarry Hill Management	Emergency Fund	Emergency Management	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,620
Charges for services	33,643	-	-	-	-	33,643
Other income	-	-	1,014	20,140	-	63,497
TOTAL REVENUES	<u>33,643</u>	<u>-</u>	<u>1,014</u>	<u>20,140</u>	<u>-</u>	<u>171,760</u>
EXPENDITURES						
Other	32,357	-	-	14,255	-	91,258
TOTAL EXPENDITURES	<u>32,357</u>	<u>-</u>	<u>-</u>	<u>14,255</u>	<u>-</u>	<u>91,258</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>1,286</u>	<u>-</u>	<u>1,014</u>	<u>5,885</u>	<u>-</u>	<u>80,502</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(72,672)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,672)</u>
NET CHANGE IN FUND BALANCES	1,286	-	1,014	5,885	-	7,830
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>8,756</u>	<u>57,150</u>	<u>9,569</u>	<u>653</u>	<u>(4,081)</u>	<u>90,134</u>
FUND BALANCE (DEFICITS) - JUNE 30	<u>\$ 10,042</u>	<u>\$ 57,150</u>	<u>\$ 10,583</u>	<u>\$ 6,538</u>	<u>\$ (4,081)</u>	<u>\$ 97,964</u>

See accompanying independent auditor's 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, 2020

	George G. Genthner Scholarship	Mr. and Mrs. Edward E. Philbrook Prize Speaking	Mr. and Mrs. Edward E. Philbrook	Fennelly, Standish, Matthews Fund	Beall-Barend Fund
ASSETS					
Cash and cash equivalents	\$ 34,185	\$ 149	\$ 25,685	\$ 5,810	\$ 5,530
Investments	869,213	3,776	653,086	147,745	268,089
Due from other governments	-	-	-	-	-
TOTAL ASSETS	\$ 903,398	\$ 3,925	\$ 678,771	\$ 153,555	\$ 273,619
LIABILITIES					
Due to other governments	\$ 126,800	\$ -	\$ 84,746	\$ 1,000	\$ -
TOTAL LIABILITIES	126,800	-	84,746	1,000	-
NET POSITION					
Held in trust for special purposes	776,598	3,925	594,025	152,555	273,619
TOTAL NET POSITION	776,598	3,925	594,025	152,555	273,619
TOTAL LIABILITIES AND NET POSITION	\$ 903,398	\$ 3,925	\$ 678,771	\$ 153,555	\$ 273,619

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2020

	Phillip Reed Washington Fund	Andronomous Fish Fund	Cemetery Care	Total
ASSETS				
Cash and cash equivalents	\$ 607	\$ 2,647	\$ 6,667	\$ 81,278
Investments	15,422	67,311	307,606	2,332,250
Due from other governments	-	3,040	-	3,040
TOTAL ASSETS	<u>\$ 16,029</u>	<u>\$ 72,998</u>	<u>\$ 314,273</u>	<u>\$ 2,416,568</u>
LIABILITIES				
Due to other governments	\$ -	\$ -	\$ 29,661	\$ 242,207
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>29,661</u>	<u>242,207</u>
NET POSITION				
Held in trust for special purposes	16,029	72,998	284,612	2,174,361
TOTAL NET POSITION	<u>16,029</u>	<u>72,998</u>	<u>284,612</u>	<u>2,174,361</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 16,029</u>	<u>\$ 72,998</u>	<u>\$ 314,273</u>	<u>\$ 2,416,568</u>

See accompanying independent auditor's 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, 2020

	George G. Genthner Scholarship	Mr. and Mrs. Edward E. Philbrook Prize Speaking	Mr. and Mrs. Edward E. Philbrook	Fennelly, Standish, Matthews Fund	Beall-Barend Fund
ADDITIONS					
Investment income	\$ -	\$ 117	\$ -	\$ 1,294	\$ 11,493
Investment income net of unrealized gains (losses)	27,006	-	20,291	3,297	143
Principal contributions	-	-	3,000	-	-
TOTAL ADDITIONS	<u>27,006</u>	<u>117</u>	<u>23,291</u>	<u>4,591</u>	<u>11,636</u>
DEDUCTIONS					
Scholarships	43,000	-	-	-	-
Charitable relief	-	-	15,289	1,000	-
TOTAL DEDUCTIONS	<u>43,000</u>	<u>-</u>	<u>15,289</u>	<u>1,000</u>	<u>-</u>
CHANGE IN NET POSITION	(15,994)	117	8,002	3,591	11,636
NET POSITION, JULY 1, RESTATED	<u>792,592</u>	<u>3,808</u>	<u>586,023</u>	<u>148,964</u>	<u>261,983</u>
NET POSITION, JUNE 30	<u>\$ 776,598</u>	<u>\$ 3,925</u>	<u>\$ 594,025</u>	<u>\$ 152,555</u>	<u>\$ 273,619</u>

TOWN OF WALDOBORO, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Phillip Reed Washington Fund	Andronomous Fish Fund	Cemetery Care	Total
ADDITIONS				
Investment income	\$ -	\$ 2,091	\$ -	\$ 14,995
Investment income net of unrealized gains (losses)	479	-	10,624	61,840
Principal contributions	-	-	-	3,000
TOTAL ADDITIONS	<u>479</u>	<u>2,091</u>	<u>10,624</u>	<u>79,835</u>
DEDUCTIONS				
Scholarships	-	-	-	43,000
Charitable relief	-	-	-	16,289
TOTAL DEDUCTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,289</u>
CHANGE IN NET POSITION	479	2,091	10,624	20,546
NET POSITION, JULY 1, RESTATED	<u>15,550</u>	<u>70,907</u>	<u>273,988</u>	<u>2,153,815</u>
NET POSITION, JUNE 30	<u>\$ 16,029</u>	<u>\$ 72,998</u>	<u>\$ 284,612</u>	<u>\$ 2,174,361</u>

See accompanying independent auditor's 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, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ -	\$ 2,860,534	\$ 103,457	\$ -	\$ 2,963,991
Public safety	-	7,429	3,299,198	-	3,306,627
Public works	-	1,252,415	1,751,008	3,811,364	6,814,787
Transfer station	-	589,587	220,730	-	810,317
Recreation	-	377,027	-	-	377,027
Town-wide	400,430	357,078	-	-	757,508
Water department	337,472	779,471	4,322,062	-	5,439,005
Total General Capital Assets	737,902	6,223,541	9,696,455	3,811,364	20,469,262
Less: Accumulated Depreciation	-	(2,466,700)	(4,590,213)	(1,338,068)	(8,394,981)
Net General Capital Assets	<u>\$ 737,902</u>	<u>\$ 3,756,841</u>	<u>\$ 5,106,242</u>	<u>\$ 2,473,296</u>	<u>\$ 12,074,281</u>

See accompanying independent auditor's 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, 2020

	General Capital Assets 7/1/19 (Restated)	Additions	Deletions	General Capital Assets 6/30/20
General government	\$ 2,958,491	\$ 5,500	\$ -	\$ 2,963,991
Public safety	3,207,896	98,731	-	3,306,627
Public works	6,357,342	457,445	-	6,814,787
Transfer station	810,317	-	-	810,317
Recreation	377,027	-	-	377,027
Town-wide	734,675	22,833	-	757,508
Water department	5,439,005	-	-	5,439,005
Total General Capital Assets	19,884,753	584,509	-	20,469,262
Less: Accumulated Depreciation	(7,796,019)	(598,962)	-	(8,394,981)
Net General Capital Assets	<u>\$ 12,088,734</u>	<u>\$ (14,453)</u>	<u>\$ -</u>	<u>\$ 12,074,281</u>

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



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

Selectboard
Town of 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, 2020 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 February 9, 2023.

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.

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of the Town of Waldoboro, Maine in a separate letter dated February 9, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
February 9, 2023