

TOWN OF WINSLOW, MAINE

Annual Financial Report

For the Year Ended June 30, 2019

TOWN OF WINSLOW, MAINE
Annual Financial Report
For the year ended June 30, 2019

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Independent Auditor's Report

To the Town Council
Town of Winslow, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winslow, Maine as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winslow, Maine as of June 30, 2019, and the respective changes in financial position, and the respective budgetary comparisons for the General Fund and School Department Operations Fund 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, and schedules related to the pension and OPEB liabilities, as listed in the table of contents, 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 Winslow, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019, on our consideration of the Town of Winslow, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 the 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 Winslow, Maine's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Raymond Kursten Ouellette".

October 2, 2019
South Portland, Maine

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis
June 30, 2019

As management of the Town of Winslow, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Winslow for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the financial statements, which can be found on pages 21-42 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Winslow exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,522,014 (*net position*). Of this amount, \$219,113 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Winslow's total net position increased by \$500,247.
- As of the close of the current fiscal year, the Town of Winslow's governmental funds reported combined ending fund balances of \$12,787,572, an increase of \$6,754,382 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance (including School Department Operations) for the general fund was \$2,321,101 or 9.6% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Winslow's basic financial statements. The Town's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Winslow's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows and inflows of resources, and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Winslow that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, protection, public works (highways, streets, and solid waste disposal), education, and parks and recreation. Currently, the Town has no business-type activities.

The government-wide financial statements can be found on pages 13-14 of this report.

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis, Continued

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 Winslow, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds

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

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

The Town of Winslow maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school department operations, high school renovations project, and capital improvement fund, which are considered to be major funds. Data for the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town of Winslow adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Winslow's own programs.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-38 of this report.

Other information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the accompanying notes. Combining and individual fund financial statements can be found on pages 55-80 of this report.

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis, Continued

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Winslow, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,522,014 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Winslow net position (97%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (\$586,537) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (1% or \$219,113) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Winslow is able to report positive balances in all three categories of net position for the government activities.

Statement of Net Position

	Governmental Activities	
	2019	2018 (Restated)
Current and Other Assets	\$ 14,806,186	\$ 8,186,315
Capital Assets	34,501,603	32,667,874
Total Assets	49,307,789	40,854,189
Deferred Outflows of Resources Related to Pensions	748,705	492,442
Deferred Outflows of Resources Related to OPEB	138,385	160,258
Total Deferred Outflows of Resources	887,090	652,700
Long-term Debt Outstanding	19,586,019	11,714,102
Other Liabilities	1,814,178	1,753,756
Total Liabilities	21,400,197	13,467,858
Deferred Inflows of Resources Related to Pensions	140,014	13,918
Deferred Inflows of Resources Related to OPEB	132,654	3,346
Total Deferred Inflows of Resources	272,668	17,264
Net Investment in Capital Assets	27,716,364	26,042,344
Restricted	586,537	508,281
Unrestricted	219,113	1,471,142
Total Net Position	\$ 28,522,014	\$ 28,021,767

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis, Continued

		Change in Net Position	
		Governmental Activities	
		2019	2018
Revenues:			
Program Revenues:			
Charges for Services	\$	3,055,399	2,371,612
Operating Grants and Contributions		10,200,463	9,694,532
Capital Grants and Contributions		956,483	244,561
General Revenues:			
Property Taxes		11,001,640	10,116,133
Excise Taxes		1,547,300	1,499,716
Cable Franchise Fees		81,328	75,577
State Revenue Sharing		387,436	362,407
Homestead and BETE Exemptions		686,213	536,292
Other State Aid		44,616	35,523
Unrestricted Inv. Earnings		168,029	109,224
Misc. Revenues		69,874	183,958
Total Revenues		28,198,781	25,229,535
Expenses:			
General Government		1,171,982	1,165,454
Protection		1,718,733	1,606,788
Public Works		3,745,761	3,628,838
Recreation		232,794	238,486
County Tax		625,284	596,317
Other		1,362,034	1,221,028
Education		16,464,297	15,575,527
On-behalf Payments - Maine PERS		1,179,457	993,299
School Lunch		653,846	627,626
Interest on Debt and Debt Service Costs		478,357	205,033
Capital Maintenance Expenses		65,989	-
Total Expenses		27,698,534	25,858,396
Change in Net Position		500,247	(628,861)
Net Position Prior Year, Restated		28,021,767	32,279,288
Net Position Current Year		\$ 28,522,014	31,650,427

Financial Analysis of the Government's Funds

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

Governmental funds

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

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis, Continued

As of the end of the current fiscal year, the Town of Winslow governmental funds reported combined ending fund balances of \$12,787,572. Approximately 18% or \$2,321,101 of this total amount constitutes *unassigned fund balance* for the general fund (includes School Operations), which is available for spending at the government's discretion.

The fund balance of the Town of Winslow's general fund (including School Department Operations) increased \$527,071 during the current fiscal year. A key factor was an increase in Town revenues of \$1,124,223 over prior year.

The Budget

The Adopted Budget for fiscal year 2019 calls for total expenditures of \$23,728,845, representing an increase of \$1,761,232 over the prior fiscal year. By comparison, since the fiscal year 2014-2015 budget was approved, there has been an increase in expenditures totaling \$2,444,507 for an average increase of 2% per year over the past five years.

The adopted budget requests from the fourteen individual departments were based on the department head's perceived needs adjusted after careful review by the Town Manager and the Town Council.

ACCOUNT	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Administration	347,780	372,430	380,880	368,400	381,650
Town Council	5,800	5,800	6,460	6,460	6,680
Assessing	110,494	111,094	113,155	114,915	117,885
Elections	13,600	10,350	8,900	8,900	8,900
Library	199,932	209,539	210,135	216,031	219,151
Cemeteries	11,300	6,000	6,000	6,000	6,000
Information Technology	51,544	52,100	48,935	48,935	48,785
Police Dept.	668,945	722,456	741,263	742,937	801,366
Fire Dept.	509,564	515,564	534,492	559,950	568,846
Emergency Mgt.	2,500	2,500	2,500	2,500	2,500
Code Enforcement	66,979	49,979	50,804	65,352	68,106
Other Town Utilities	221,000	222,200	222,200	234,714	242,326
Organization Support	28,850	28,850	28,850	25,900	25,500
Public Works	743,744	747,816	751,328	756,260	881,573
Sewer Dept.	759,172	747,053	774,322	773,878	840,462
Sanitation	487,543	493,808	489,576	457,000	569,400
Recreation	129,802	136,602	135,264	141,008	153,283
Education	13,965,283	14,203,284	14,378,120	14,530,033	15,573,801
Health and Welfare	35,300	27,900	28,100	34,900	25,300
Insurance and Pensions	912,525	909,397	940,651	1,051,200	1,118,511
Community Services	75,744	75,444	81,044	81,332	78,936
Debt Service	577,569	582,683	593,875	276,213	517,250
Capital Imp.	714,150	537,400	537,400	823,804	804,350
County Tax	602,218	553,032	578,211	597,991	625,284
Overlay & Contingency	43,000	43,000	43,000	43,000	43,000
Total Expenditures	21,284,338	21,366,281	21,685,465	21,967,613	23,728,845
Town Revenues	3,177,475	3,238,423	3,322,712	3,335,441	3,984,247
Education Revenues	7,710,116	7,775,498	7,950,504	7,557,764	8,369,990
Fund Balance	1,184,000	972,000	677,000	346,000	0
Total Revenues	12,071,591	11,985,921	11,950,216	11,239,205	12,354,237
Commitment	9,212,747	9,380,360	9,735,249	10,728,408	11,374,608
Taxable Valuation	594,337,833	605,167,182	611,689,243	640,844,507	634,036,120
Tax Rate	15.50	15.50	15.74	16.74	17.94

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis, Continued

Capital Assets

The Town of Winslow maintains a Capital Improvement Plan and sets aside funds each year to replace essential equipment and perform routine maintenance on its publicly owned buildings. The Town Council has adopted a policy that requires specific authorization on any single capital expenditure that exceeds \$20,000. Currently, the Town Council has set up reserves for capital improvements. In the table, you will find balances in specific accounts at the end of the fiscal year.

CAPITAL IMPROVEMENT FUND

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Reserves		
Industrial Building	\$ 38,398	\$ 38,398
Municipal Building	5,938	5,938
Computer Equipment & Technology	5,888	2,093
Election Equipment	1,371	1,371
Assessing Technology	7,000	10,925
Legal & Assessing Consultant	5,762	5,762
Fire Truck Replacement	309,675	339,475
Rescue Replacement	4,000	-
Fire Communication & Equipment	23,858	42,326
Fire Dept. Facility	8,101	6,101
Police Dept. Radios	8,359	3,359
Police Dept. Facility	2,046	46
Police Dept. Equipment	6,939	12,330
Police Vehicle	1,867	(630)
Town Garage	2,916	2,916
Street & Road Construction	537,624	1,904,049
Public Works Equipment	19,785	101,943
Sanitation Equipment	-	62,386
Recycling Fund	10,060	10,060
Sewer Dept CSO & Equipment	318,578	183,762
Storm Drains	(100,257)	71,853
Recreation Equipment	19,444	15,016
Recreation Development	45,218	40,488
Library Building & Equipment	5,225	20,527
Fuel Reserve	5,025	3,051
Sports Track	3,000	-
Fort Halifax Park	23,815	23,830
1804 Schoolhouse	10,021	5,021
Capital Fund Reserves	\$ 1,329,656	\$ 2,912,396

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis, Continued

Long-term Debt

At the end of the current fiscal year, the Town of Winslow had total bonded debt outstanding of \$13,574,000; of this amount, \$10,615,000 is what remains on the bonded School projects.

Project	Balance Remaining 6/30/19	Retired
High School (refinanced)	\$ 2,920,000	October 2026
2017 Roads	1,800,000	October 2027
Town Garage (refinanced)	380,000	October 2022
2015 Bond	275,000	October 2020
2018 Sewer Bond	504,000	July 2023
2018 School Renovation Bond	7,695,000	October 2038

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the Town of Winslow is \$91,175,000, which is significantly in excess of the Town of Winslow's outstanding general obligation debt.

Additional information on the Town of Winslow's long-term debt can be found in the notes on pages 31-32 of this report.

Economic Factors and Next FY's Projected Tax Rate

We continue to experience a healthy housing market, which is an indicator that the economy is continuing to grow. In addition, the Winslow business community has shown signs of growth as well. The tax rate in FY 2019/2020 is expected to be at \$18.64.

Requests for Information

This financial report is designed to provide a general overview of the Town of Winslow's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, 114 Benton Ave., Winslow, Maine 04901.

BASIC FINANCIAL STATEMENTS

TOWN OF WINSLOW, MAINE
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 13,192,790
Receivables:	
Taxes and liens	777,405
Sewer and liens	300,735
Due from other governments	366,650
Prepaid expenses	138,475
Inventories	30,131
Capital assets, not being depreciated	1,994,479
Capital assets, net of accumulated depreciation	32,507,124
Total assets	49,307,789
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	748,705
Deferred outflows of resources related to OPEB	138,385
Total deferred outflows of resources	887,090
LIABILITIES	
Accounts payable and other current liabilities	251,684
Accrued payroll	1,277,058
Accrued interest	269,564
Taxes collected in advance	15,872
Noncurrent liabilities:	
Due within one year	1,170,277
Due in more than one year	18,415,742
Total liabilities	21,400,197
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	140,014
Deferred inflows of resources related to OPEB	132,654
Total deferred inflows of resources	272,668
NET POSITION	
Net investment in capital assets	27,716,364
Restricted for:	
Grants and other purposes	583,103
Nonexpendable trust principal	3,434
Unrestricted	219,113
Total net position	\$ 28,522,014

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Activities
For the year ended June 30, 2019

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 1,171,982	571,519	-	-	(600,463)
Protection	1,718,733	1,815	21,994	-	(1,694,924)
Public works	3,745,761	1,158,005	134,234	956,483	(1,497,039)
Recreation	232,794	27,220	2,502	-	(203,072)
County tax	625,284	-	-	-	(625,284)
Other	1,362,034	-	1,054	-	(1,360,980)
Education	16,464,297	1,111,437	8,450,698	-	(6,902,162)
On-behalf payment - Maine PERS	1,179,457	-	1,179,457	-	-
School lunch	653,846	185,403	410,524	-	(57,919)
Interest on debt and debt service costs	478,357	-	-	-	(478,357)
Capital maintenance expenses	65,989	-	-	-	(65,989)
Total governmental activities	27,698,534	3,055,399	10,200,463	956,483	(13,486,189)
General revenues:					
Property taxes, levied for general purposes					11,001,640
Motor vehicle excise taxes					1,547,300
Cable television franchise					81,328
Grants and contributions not restricted to specific programs:					
Homestead and BETE exemptions					686,213
Other State aid					44,616
State Revenue Sharing					387,436
Unrestricted investment earnings					168,029
Miscellaneous revenues					69,874
Total general revenues					13,986,436
Change in net position					500,247
Net position - beginning, restated					28,021,767
Net position - ending					\$ 28,522,014

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General	School Department Operations	High School Renovations Project	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,177,788	8,011,178	-	-	3,824	13,192,790
Receivables:						
Taxes - prior years	59,266	-	-	-	-	59,266
Taxes - current year	560,477	-	-	-	-	560,477
Tax liens	157,662	-	-	-	-	157,662
Sewer and liens	300,735	-	-	-	-	300,735
Due from other governments	155,154	17,923	-	-	193,573	366,650
Interfund loans receivable	-	-	7,729,714	1,560,837	410,209	9,700,760
Prepaid expenditures	-	138,475	-	-	-	138,475
Inventory	11,598	-	-	-	18,533	30,131
Total assets	\$ 6,422,680	8,167,576	7,729,714	1,560,837	626,139	24,506,946
LIABILITIES						
Accounts payable	-	-	-	231,181	-	231,181
Accrued payroll	63,969	1,213,089	-	-	-	1,277,058
Interfund loans payable	1,778,616	7,673,908	-	-	248,236	9,700,760
Due to other governments	20,503	-	-	-	-	20,503
Taxes collected in advance	15,872	-	-	-	-	15,872
Total liabilities	1,878,960	8,886,997	-	231,181	248,236	11,245,374
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	474,000	-	-	-	-	474,000
Total deferred inflows of resources	474,000	-	-	-	-	474,000
FUND BALANCES						
Nonspendable	11,598	-	-	-	3,434	15,032
Restricted	-	-	7,729,714	-	583,103	8,312,817
Committed	-	-	-	1,329,656	-	1,329,656
Assigned	1,017,600	-	-	-	-	1,017,600
Unassigned	3,040,522	(719,421)	-	-	(208,634)	2,112,467
Total fund balances (deficits)	4,069,720	(719,421)	7,729,714	1,329,656	377,903	12,787,572
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,422,680	8,167,576	7,729,714	1,560,837	626,139	
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.						34,501,603
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						474,000
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:						
Accrued liabilities						(652,209)
Net pension liability, including related deferred outflows and inflows of resources						(203,039)
Total and net OPEB liabilities, including related deferred outflows and inflows of resources						(3,870,960)
Capital leases payable						(417,516)
Bonds payable						(13,574,000)
Bond premium						(523,437)
Net position of governmental activities						\$ 28,522,014

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2019

	General	School Department Operations	High School Renovations Project	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 12,521,940	-	-	-	-	12,521,940
Licenses and permits	84,050	-	-	-	-	84,050
Intergovernmental	1,256,055	8,361,659	-	303,708	1,569,857	11,491,279
Charges for services	1,004,329	889,954	-	174,876	406,886	2,476,045
Investment income	88,879	79,148	-	-	2	168,029
Other revenue	1,258,483	120,492	-	49,349	2,114	1,430,438
Total revenues	16,213,736	9,451,253	-	527,933	1,978,859	28,171,781
Expenditures:						
Current:						
General government	833,958	-	-	26,883	154,877	1,015,718
Protection	1,487,586	-	-	226,445	12,395	1,726,426
Public works	2,502,089	-	-	3,360,136	60,304	5,922,529
Recreation	184,236	-	-	5,559	-	189,795
County tax	625,284	-	-	-	-	625,284
Other	1,343,364	-	-	-	-	1,343,364
Education	-	14,756,266	-	-	1,350,441	16,106,707
On-behalf payment - Maine PERS	-	1,179,457	-	-	-	1,179,457
School lunch	-	-	-	-	653,846	653,846
Debt service	592,224	414,200	-	-	-	1,006,424
Capital outlay	41,281	155,443	370,286	-	-	567,010
Total expenditures	7,610,022	16,505,366	370,286	3,619,023	2,231,863	30,336,560
Excess (deficiency) of revenues over (under) expenditures	8,603,714	(7,054,113)	(370,286)	(3,091,090)	(253,004)	(2,164,779)
Other financing sources (uses):						
Proceeds from capital leases	41,281	155,443	-	-	-	196,724
Proceeds from issuance of bonds	-	-	7,695,000	504,000	-	8,199,000
Premium on issuance of bonds	118,437	-	405,000	-	-	523,437
Transfers in	-	7,203,811	-	1,004,350	333,341	8,541,502
Transfers out	(8,481,502)	(60,000)	-	-	-	(8,541,502)
Total other financing sources (uses)	(8,321,784)	7,299,254	8,100,000	1,508,350	333,341	8,919,161
Net change in fund balances	281,930	245,141	7,729,714	(1,582,740)	80,337	6,754,382
Fund balances (deficits), beginning of year	3,787,790	(964,562)	-	2,912,396	297,566	6,033,190
Fund balances (deficits), end of year	\$ 4,069,720	(719,421)	7,729,714	1,329,656	377,903	12,787,572

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2019

Net change in fund balances - total governmental funds (from Statement 4)	\$	6,754,382
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. More specifically, this is the amount by which depreciation expense and loss on disposal exceeded capital outlay in the current period.

Capital outlays	3,661,554	
Less: Book value of disposed assets	(4,223)	
Less: depreciation expense	(1,823,602)	1,833,729

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

27,000

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. This is the (increase) decrease in:

Accrued compensated absences	(86,719)	
Accrued interest	(221,933)	
Net pension liability with related deferred outflows and inflows of resources	84,810	
Total and net OPEB liabilities with related deferred outflows and inflows of resources	(1,599)	(225,441)

Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. More specifically, this represents the net amount of principal (increases) decreases in debt service made during the year.

Capital lease proceeds	(196,724)	
Capital lease repayments	279,738	
Bond issuance	(8,199,000)	
Bond principal repayments	750,000	
Bond premium	(523,437)	(7,889,423)

Change in net position of governmental activities (see Statement 2)	\$	500,247
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See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended June 30, 2019

	Town General Fund				School Department Operations			
	Budgeted amounts		Actual	Variance with final budget positive (negative)	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 12,491,926	12,491,926	12,521,940	30,014	-	-	-	-
Licenses and permits	67,500	67,500	84,050	16,550	-	-	-	-
Intergovernmental	1,231,102	1,231,102	1,256,055	24,953	7,121,089	7,121,089	7,182,202	61,113
Charges for services	942,022	942,022	965,896	23,874	932,901	932,901	889,954	(42,947)
Investment earnings	56,000	56,000	88,879	32,879	-	-	79,148	79,148
Other revenues	864,836	864,836	632,594	(232,242)	20,000	20,000	120,492	100,492
Total revenues	15,653,386	15,653,386	15,549,414	(103,972)	8,073,990	8,073,990	8,271,796	197,806
Expenditures:								
Current:								
General government	783,051	819,978	822,373	(2,395)	-	-	-	-
Protection	1,440,818	1,440,195	1,486,786	(46,591)	-	-	-	-
Public works	2,333,761	2,265,080	2,368,912	(103,832)	-	-	-	-
Recreation	153,283	153,283	152,134	1,149	-	-	-	-
County tax	625,284	625,284	625,284	-	-	-	-	-
Other	1,318,437	1,350,814	1,327,531	23,283	-	-	-	-
Education	-	-	-	-	15,099,601	15,099,601	14,748,910	350,691
Debt service	517,250	517,250	517,250	-	414,200	414,200	414,200	-
Total expenditures	7,171,884	7,171,884	7,300,270	(128,386)	15,513,801	15,513,801	15,163,110	350,691
Excess (deficiency) of revenues over (under) expenditures	8,481,502	8,481,502	8,249,144	(232,358)	(7,439,811)	(7,439,811)	(6,891,314)	548,497
Other financing sources (uses):								
Transfers from other funds	-	-	-	-	7,203,811	7,203,811	7,203,811	-
Transfers to other funds	(8,481,502)	(8,481,502)	(8,481,502)	-	(60,000)	(60,000)	(60,000)	-
Utilization of prior year surplus	-	-	-	-	296,000	296,000	-	(296,000)
Total other financing sources (uses)	(8,481,502)	(8,481,502)	(8,481,502)	-	7,439,811	7,439,811	7,143,811	(296,000)
Net change in fund balance - budgetary basis	-	-	(232,358)	(232,358)	-	-	252,497	252,497
Reconciliation to GAAP basis:								
Change in assigned balances			470,825				-	
Change in summer teacher payroll accrual			-				(7,356)	
Premium on issuance of bonds			118,437				-	
Debt issuance costs			(74,974)				-	
Net change in fund balance - GAAP basis			281,930				245,141	
Fund balances (deficits), beginning of year			3,787,790				(964,562)	
Fund balances (deficits), end of year	\$		4,069,720				(719,421)	

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private-purpose Trust Fund (Scholarships)	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 37,372	444,914
Investments	278,179	99,584
Total assets	315,551	544,498
LIABILITIES		
Amounts held for others	-	544,498
Total liabilities	-	544,498
NET POSITION		
Held in trust	\$ 315,551	-

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2019

		Private-purpose Trust Fund (Scholarships)
Additions:		
Investment income	\$	13,065
Realized/unrealized gain (loss)		4,640
Donations		170,661
Total additions		188,366
Deductions:		
Other miscellaneous		11,680
Total deductions		11,680
Change in net position		176,686
Net position, beginning of year		138,865
Net position, end of year	\$	315,551

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Winslow, Maine was incorporated in 1771 and operates under a Council-Manager form of Government.

The accounting policies of the Town of Winslow conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The criterion used is that set forth by the Governmental Accounting Standards Board (GASB) which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there are no potential component units which should be included in these basic financial statements.

Joint Venture - The Town of Winslow has entered into a joint venture with other entities. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town. The joint venture is as follows:

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State legislature. FirstPark's primary purposes according to the act was to strengthen the financial condition of local governments within the geographic territory of the authority, while combining resources and sharing costs for meeting regional economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities and other conditions to positively affect regional development. Members are funding the startup costs and then sharing in the benefit of future tax revenues. There are currently 24 local governments who are members of the Authority including the Town of Winslow.

The Authority derives the bulk of its operating revenue from the participants, but also receives some grant revenues from the State of Maine. In fiscal year 2019, the Town of Winslow contributed \$56,498. Complete financial statements may be obtained from Kennebec Regional Development Authority/FirstPark at 46C First Park Drive, Oakland, ME 04963.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions, and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *School Department Operations Fund* is the School Department's primary operating fund. It accounts for all financial resources of the School Department, except those required to be accounted for in another fund.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The *Capital Improvement Fund* accounts for the financial activity of a reserve established for major capital improvements.

The *High School Renovations Project* accounts for the renovations of the high school.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

Private-purpose trust funds are used to report all trust arrangements (other than pension and investment trust funds) under which principal and income benefit individuals, private organizations, or other governments.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The funds are used to account for assets that the Town holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Deposits and Investments

Cash includes amounts in demand deposits as well as time deposits and certificates of deposit owned by the Town. State statutes authorize the Town to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments are stated at fair value. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

E. Inventory

Inventory consists of the school lunch program food, supplies and donated commodities as well as public works gasoline and is recorded at the lower of cost or market on the first-in, first-out basis (FIFO) method.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-100 years
Machinery and equipment	5-50 years
Vehicles	3-12 years
Infrastructure	25-67 years

G. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability and total and net OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension liability and total and net OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

H. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Interfund Transactions

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. These transactions are reported as transfers.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

L. Fund Equity

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. The Town Council has designated the responsibility for assigning fund balance to the Town Manager.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the Town's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

M. Pensions and Other Postemployment Benefits (OPEB)

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

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

N. Comparative Data/Reclassifications

Comparative data for the prior year has been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information - A budget is adopted for the General Fund and the School Department Operations Fund only, and is adopted on a basis consistent with generally accepted accounting principles (GAAP) except for teachers' summer salaries, which are budgeted on a cash basis, and assigned revenues/expenditures. This budget is established in accordance with the various laws which govern the Town's operations. The legal level of control is at the department level. Generally, all unexpended appropriations lapse at the close of the fiscal year. The budgets are prepared substantially in accordance with accounting principles generally accepted in the United States of America, except that the School Department Operations Fund revenues and expenditures related to "on-behalf payments" made by the State of Maine to the Maine Public Employees Retirement System for teachers and other school employees are not budgeted.

B. Excess of Expenditures over Appropriations - For the year ended June 30, 2019, expenditures exceeded appropriations in the following department:

Administration	\$ 2,350	Public works	104,837
Town Council	1,625	Sewer	12,400
Information technology	6,255	Insurance	36,931
Police Department	5,026	Community services	3,281
Fire department	44,025		

These overexpenditures lapsed to fund balance.

C. Deficit Fund Balance - For the year ended June 30, 2019, the following funds had deficit fund balances:

School Department Operations	\$ 719,421
School Lunch Program	208,634

These deficits will be funded with anticipated future revenues and assessments.

BUDGETARY VS. GAAP BASIS OF ACCOUNTING

The School Department Operations fund balance as shown on Statement 3 differs from the School fund balance calculated on a budgetary basis due to the accrued teachers summer salaries and benefits. The reconciliation is as follows:

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

BUDGETARY VS. GAAP BASIS OF ACCOUNTING, CONTINUED

	<u>School Department Operations Fund Balance</u>
School fund balance (deficit), June 30, 2019--GAAP Basis	\$ (719,421)
<u>Accrued teacher summer salaries and benefits</u>	<u>1,206,489</u>
<u>Fund balance, June 30, 2019--budgetary basis</u>	<u>\$ 487,068</u>

Teacher employment contracts run from September 1st to August 31st of the next year and payments are made throughout that period. Since teachers' contracted services are constructively performed at the end of the school year, salaries paid to teachers during July and August represent liabilities of the Town at June 30, 2019. The amount of teachers' salaries and benefits earned but unpaid at June 30, 2019 was \$1,206,489.

Additionally, as required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement System contributions made by the State of Maine on behalf of the Winslow School Department. These amounts have not been budgeted in the School Department Operations Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,179,457. These amounts have been included as an intergovernmental revenue and shown as "On-behalf – Maine PERS" expense/expenditure on Statement 2 and in the School Department Operations Fund on Statement 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

SCHOOL EXPENDITURES – BUDGETARY COMPARISON

The School Department is required to report their budget vs. actual expenditure comparison based on 11 categories designated by the State. That comparison for the year ended June 30, 2019 is as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Regular instruction	\$ 6,725,699	6,660,127	65,572
Special education	2,776,877	2,613,002	163,875
CTE instruction	3,228	-	3,228
Other instruction	572,113	659,922	(87,809)
Student and staff support	1,504,563	1,406,424	98,139
System administration	494,330	447,768	46,562
School administration	936,510	904,406	32,104
Transportation	691,255	578,673	112,582
Facilities maintenance	1,395,026	1,478,588	(83,562)
Debt service	414,200	414,200	-
<u>Other expenditures (transfer out)</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
<u>Totals</u>	<u>\$ 15,573,801</u>	<u>15,223,110</u>	<u>350,691</u>

DEPOSITS AND INVESTMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

As of June 30, 2019, the Town had the following investments:

	<u>Fair value</u>	<u>Fair value hierarchy</u>	<u>Weighted average maturity (years)</u>
Mutual funds	\$ 278,179	Level 1	N/A
MCF Funds	99,584	Level 3	N/A

Custodial credit risk-deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town currently does not have a deposit policy for custodial credit risk. As of June 30, 2019, none of the Town’s bank balance of \$14,126,858 was exposed to custodial credit risk as it was covered by FDIC or was collateralized by underlying securities held by the related bank in the Town’s name.

Custodial credit risk-investments – For investments, this is the risk 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. The Town currently does not have an investment policy for custodial credit risk.

Interest rate risk – The Town does not have a deposit policy for interest rate risk.

INTERFUND BALANCES

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers. Individual fund interfund loans receivable and payable balances and transfers in and out at June 30, 2019 arising from these transactions were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	1,778,616	(8,481,502)
School Department Operations	-	7,673,908	7,143,811
High School Renovations	7,729,714	-	-
Capital Improvement Fund	1,560,837	-	1,004,350
Other Governmental Funds:			
Town Special Revenue Funds	3,707	-	-
TIF Funds	213,996	-	273,341
School Special Revenue Funds	184,737	-	-
Adult Education Fund	7,693	-	-
School Lunch Program	-	248,236	60,000
Permanent Funds	76	-	-
Total	\$ 9,700,760	9,700,760	-

The General Fund transferred \$7,203,811 to the School Department Operations for its portion of the local appropriation. The General Fund transferred \$1,004,350 to the Capital Improvement Fund, and \$273,341 to the TIF fund. The School Department Operations transferred \$60,000 to the School Lunch Program.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX

Property taxes for the current year were committed on August 17, 2018, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Taxes were due in four equal installments on October 12, 2018, December 7, 2018, March 8, 2019, and June 7, 2019. Interest was charged at 7% on all taxes unpaid after these dates. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. At April 1, 2018, the date on which the current year's assessed value was based, the assessed value represented 100% of market value.

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 \$21,190 for the year ended June 30, 2019. The variance between actual property tax revenues and budgeted property tax revenues represents supplemental taxes, overlay, and the change in deferred taxes.

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 the tax liens and associated costs remained unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenue.

The following summarizes the 2019 and 2018 levies:

	<u>2019</u>	<u>2018</u>
Assessed value	\$ 612,203,200	603,424,800
Tax rate (per \$1,000)	17.94	16.74
Commitment	10,982,926	10,101,331
Supplemental taxes assessed	11,173	3,540
Total levy	10,994,099	10,104,871
Less:		
Abatements	6,393	30,527
Collections	10,427,229	9,543,584
Current taxes receivable at end of year	\$ 560,477	530,760

	<u>2019</u>	<u>2018</u>
Due date(s)	¼ Oct 12, 2018	¼ Oct 13, 2017
	¼ Dec 7, 2018	¼ Dec 8, 2017
	¼ Mar 8, 2019	¼ Mar 9, 2018
	¼ Jun 7, 2019	¼ Jun 8, 2018
Interest rate on delinquent taxes	7.0%	7.0%
Collection rate	94.9%	94.7%

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 795,432	30,469	-	825,901
Construction in progress	336,014	2,443,743	2,223,619	556,138
Land	612,440	-	-	612,440
Total capital assets, not being depreciated	1,743,886	2,474,212	2,223,619	1,994,479
Capital assets, being depreciated:				
Land improvements	851,395	-	-	851,395
Buildings and building improvements	25,210,487	-	-	25,210,487
Machinery and equipment	8,995,856	708,478	277,607	9,426,727
Vehicles	2,032,794	237,772	56,919	2,213,647
Infrastructure	34,434,462	2,464,711	-	36,899,173
Total capital assets being depreciated	71,524,994	3,410,961	334,526	74,601,429
Less accumulated depreciation for:				
Land improvements	336,712	45,565	-	382,277
Buildings and building improvements	8,701,892	544,156	-	9,246,048
Machinery and equipment	6,556,405	288,161	273,384	6,571,182
Vehicles	1,372,648	144,229	56,919	1,459,958
Infrastructure	23,633,349	801,491	-	24,434,840
Total accumulated depreciation	40,601,006	1,823,602	330,303	42,094,305
Total capital assets being depreciated, net	30,923,988	1,587,359	4,223	32,507,124
Governmental activities capital assets, net	\$ 32,667,874	4,061,571	2,227,842	34,501,603

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 143,872
Protection	136,401
Public works, including depreciation of general infrastructure assets	992,614
Recreation	43,415
Education	507,300
Total depreciation expense – governmental activities	\$ 1,823,602

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

Long-term liability activity the year ended June 30, 2019 was as follows:

	(Restated) Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 6,125,000	8,199,000	750,000	13,574,000	860,800
Bond premium	-	523,437	-	523,437	68,415
Capital leases	500,530	196,724	279,738	417,516	241,062
Net pension liability	766,373	45,357	-	811,730	-
OPEB liabilities	4,026,273	-	149,582	3,876,691	-
Accrued compensated absences	295,926	86,719	-	382,645	-
Governmental activity					
<u>long-term liabilities</u>	<u>\$ 11,714,102</u>	<u>9,051,237</u>	<u>1,179,320</u>	<u>19,586,019</u>	<u>1,170,277</u>

Bonds Payable

Long-term debt payable at June 30, 2019 is comprised of the following:

	<u>Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<u>Governmental activities:</u>				
2015 Refunding – School	\$ 3,590,000	3.00% - 4.00%	2027	2,920,000
2015 Refunding – Town	500,000	3.00%	2023	380,000
2015 General Obligation Bonds	695,000	3.00%	2021	275,000
2017 General Obligation Bonds	2,000,000	2.00% - 4.00%	2028	1,800,000
2018 General Obligation Bonds	504,000	3.14%	2024	504,000
2019 School Bond	7,695,000	3.00% - 4.00%	2039	7,695,000
Total governmental activities				<u>\$ 13,574,000</u>

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

General Obligation Bonds

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2019 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 860,800	606,623	1,467,423
2021	1,270,800	434,779	1,705,579
2022	1,140,800	396,360	1,537,160
2023	1,155,800	361,700	1,517,500
2024	1,075,800	325,991	1,401,791
2025-2029	4,020,000	1,124,525	5,144,525
2030-2034	2,025,000	607,500	2,632,500
2035-2039	2,025,000	202,500	2,227,500
Total	\$ 13,574,000	4,059,978	17,633,978

Capital Leases

During the year ended June 30, 2019, the Town and School Department were obligated under various capital leases for buses, vehicles, and equipment.

The following is a schedule, by year, of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2019:

2020	\$ 253,953
2021	90,655
2022	64,710
2023	29,313
2024	2,292
Total minimum lease payments	440,923
Less: Amount representing interest	23,407
Present value of net minimum lease payments	\$ 417,516

STATUTORY DEBT LIMIT

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2019, the Town was in compliance with these limitations.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCES

As of June 30, 2019, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund:				
Inventory	\$ 11,598	-	-	-
Sewerage	-	-	-	300,851
Stumpage	-	-	-	14,086
MSW Reserve	-	-	-	559,034
Unemployment insurance	-	-	-	30,843
Recreation	-	-	-	54,516
Other purposes	-	-	-	58,270
Capital improvement and projects	-	7,729,714	1,329,656	-
Other governmental funds:				
Grants and other purposes	-	582,637	-	-
Permanent funds - principal	3,434	-	-	-
Permanent funds - unexpended	-	466	-	-
Totals	\$ 15,032	8,312,817	1,329,656	1,017,600

The School Department Operations fund budgeted to use \$100,000 of fund balance for the fiscal year 2020 budget. Funds cannot be assigned if the result of that assignment would cause or increase a deficit in unassigned fund balance.

DEFERRED COMPENSATION PLAN

Deferred Compensation Plan - The Town of Winslow, Maine offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

RISK MANAGEMENT

The Town and School Department are 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 either carries commercial insurance or participates in a public entity risk pools. The Town participates in several public entity and self-insured risk pools and self-insurance programs sponsored by the Maine Municipal Association for unemployment, workers' compensation and property and casualty. The School Department carries commercial insurance for workers' compensation and property and casualty.

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2019.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OPERATING LEASES

On June 1, 2017, the Town entered into a lease agreement with Orion Ropeworks, LLC (Orion) whereby Orion agrees to lease approximately 147,000 square feet of the former Crowe Rope buildings. From July 1, 2017 through the end of the lease, June 30, 2022, the Town will receive between \$23,464 and \$24,412 per month.

On July 1, 2016, the Town entered into a lease agreement with Johnny's Selected Seeds whereby Johnny's Selected Seeds agrees to lease space in the former Crowe Rope buildings. From July 1, 2016 through the end of the lease, June 30, 2022, the Town will receive between \$8,548 and \$9,071 per month.

The following are the future minimum lease payments to be received under the terms of the leases for the years ended June 30:

2020	\$ 393,920
2021	393,920
<u>2022</u>	<u>401,799</u>
 <u>Totals</u>	 <u>\$ 1,189,639</u>

TAX INCREMENT FINANCING DISTRICTS

The Town has established three tax increment financing districts (TIF) under the terms of applicable state laws.

	<u>Original value</u>	<u>Increase in value</u>	<u>TIF cap</u>	<u>Captured value</u>	<u>Captured tax</u>
ALCOM TIF	\$ 56,045	3,654,600	100%	3,654,600	66,563
Lohmann TIF	4,521,100	9,722,500	100%	9,722,500	174,422
Natural Gas TIF	-	1,859,300	100%	1,859,300	33,356

The Town entered into property tax abatement agreements (credit enhancement agreements) with local businesses under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2019, the Town abated property taxes totaling \$154,877 through these credit enhancement agreements. A high-end aluminum recreational trailer manufacturer (ALCOM Inc.) receives a 50% property tax abatement on all new value created with the expansion of their facilities. The abatement amounted to \$32,782. A manufacturer and supplier of poultry biologics (Lohmann Animal Health International) receives a 70% tax abatement on all new value created with the expansion of their facilities. The abatement amounted to \$122,095.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

NET POSITION

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2019:

	<u>Governmental activities</u>
Capital assets	\$ 76,595,908
Accumulated depreciation	(42,094,305)
Bonds payable	(13,574,000)
Capital leases payable	(417,516)
Bond premium	(523,437)
Unspent bond proceeds	<u>7,729,714</u>
<u>Total net investment in capital assets</u>	<u>\$ 27,716,364</u>

NET PENSION LIABILITY

General Information about the Pension Plan

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

Benefits Provided - The PLD and SET Plans 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. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014) except for special plan members, primarily uniformed public safety employees, who can retire after twenty-five years of creditable service at any age. For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

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

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

PLD Plan - Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2019 were 10.0% to 10.5% of annual payroll. Contributions to the pension plan from the Town were \$124,083 for the year ended June 30, 2019.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2019, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$314,543 for the year ended June 30, 2019.

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

The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2019, the Town reported a liability of \$289,077 for its proportionate share of the net pension liability. At June 30, 2018, the Town's proportion of the PLD Plan was 0.1056%.

SET Plan - At June 30, 2019, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 522,653
State's proportionate share of the net pension liability associated with the Town	<u>7,310,488</u>
Total	<u>\$ 7,833,141</u>

At June 30, 2018, the Town's proportion of the SET Plan was 0.0387%.

For the year ended June 30, 2019, the Town recognized pension expense of \$85,429 for the PLD plan and \$1,146,255 for the SET plan with revenue of \$877,868 for support provided by the State. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

	<u>PLD Plan</u>		<u>SET Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	2,270	\$ 15,963	-
Changes of assumptions	46,139	-	32,876	-
Net difference between projected and actual earnings on pension plan investments	-	69,800	-	67,944
Changes in proportion and differences between Town contributions and proportionate share of contributions	214,285	-	816	-
Town contributions subsequent to the measurement date	124,083	-	314,543	-
Total	\$ 384,507	72,070	364,198	67,944

\$438,626 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>PLD Plan</u>	<u>SET Plan</u>
2020	\$ 177,674	41,710
2021	76,206	6,622
2022	(47,485)	(48,369)
2023	(18,041)	(18,252)

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Public equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the PLD and the SET Plans. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75% for the PLD Plan and the SET Plan, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75% for PLD Plan and for SET Plan) or 1 percentage-point higher (7.75% for PLD Plan and for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town’s proportionate share of the net pension liability	\$681,317	289,077	(77,559)
 <u>SET Plan</u>	 1% Decrease <u>(5.75%)</u>	 Current Discount Rate <u>(6.75%)</u>	 1% Increase <u>(7.75%)</u>
Town’s proportionate share of the net pension liability	\$965,862	522,653	153,531

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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

Payables to the Pension Plan - None as of June 30, 2019.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing group term life insurance to retiring teachers (hereafter referred to as GTL Plan). The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.maineopers.org.

Benefits Provided - Under the GTL Plan, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$18,738 for the year ended June 30, 2019. Employers and employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Town reported no liability related to the GTL Plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$205,352 as of June 30, 2019. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.00%.

For the year ended June 30, 2019, the Town recognized OPEB expense for the GTL Plan of \$18,738 and also revenues of \$18,738 for support provided by the State. At June 30, 2019, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation for the GTL Plan was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 14.50%
Investment rate of return	6.75%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
U.S. Government Securities	10.0%	2.3%

Discount Rate - The rate used to measure the total OPEB liability for the GTL plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position - Detailed information about the GTL plan’s fiduciary net position is available in a separately issued MPERS financial report.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – TOWN

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. 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*.

Benefits Provided - Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employee entitled to but not yet receiving benefits	-
Active employees	43
Total	46

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town’s total Health Plan OPEB liability of \$254,827 was measured as of January 1, 2019, and was determined by an actuarial valuation as of January 1, 2018.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 264,011
Changes for the year:	
Service cost	15,484
Interest	9,510
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(28,058)
Benefit payments	(6,120)
Net changes	(9,184)
Balance at June 30, 2019	\$ 254,827

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – TOWN, CONTINUED

For the year ended June 30, 2019, The Town recognized OPEB expense of \$18,670 related to the Health Plan. At June 30, 2019, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	2,928
Changes of assumption or other inputs	-	1,616
Total	\$ -	4,544

Deferred outflows of resources and deferred inflows of resources related to the Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (204)
2021	(204)
2022	(204)
2023	(204)
2024	(204)
Thereafter	(3,524)

Actuarial Assumptions - The total OPEB liability in the January 1, 2019 measurement for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	4.10% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability for the Health plan was 4.10% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – TOWN, CONTINUED

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town’s total OPEB liability related to the Health Plan calculated using the discount rate of 4.10%, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 299,080	254,827	219,482

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town’s total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 215,743	254,827	305,562

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. 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*.

Benefits Provided - MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	100
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>166</u>
Total	<u><u>266</u></u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town’s total OPEB liability of \$3,621,864 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 3,762,262
Changes for the year:	
Service cost	20,297
Interest	133,045
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(160,138)
Benefit payments	<u>(133,602)</u>
Net changes	<u>(140,398)</u>
Balance at June 30, 2019	\$ <u><u>3,621,864</u></u>

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87%.

For the year ended June 30, 2019, The Town recognized OPEB expense of \$121,314. At June 30, 2019, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption or other inputs	\$ -	128,110
Town contributions subsequent to measurement date	<u>138,385</u>	<u>-</u>
Total	<u><u>\$ 138,385</u></u>	<u><u>128,110</u></u>

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

\$138,385 is 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 total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (32,028)
2021	(32,028)
2022	(32,028)
2023	(32,026)
2024	-
Thereafter	-

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per year
Discount rate	3.87% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability was 3.87% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability calculated using the discount rate of 3.87%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 4,220,737	3,621,864	3,140,802

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town’s total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$	3,118,577	3,621,864	4,246,774

RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2019, the Town has restated beginning net position in the government-wide statement of net position to account for the addition of the Town’s total OPEB liability in regards to an implicit liability for retiree health insurance through the Maine Education Association Benefits Trust (MEABT), which effectively decreased the Town’s net position as of July 1, 2018 by \$3,628,660

CONSTRUCTION COMMITMENTS

The Town has entered into contracts in connection with the high school renovation project. The following is a summary of commitments at June 30, 2019.

		<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Retainage</u>	<u>Balance Remaining</u>
High School Renovations	\$	6,590,544	0%	-	-	6,590,544
Engineering		520,000	80%	416,000	-	104,000

DISSOLUTION OF ALTERNATIVE ORGANIZATIONAL STRUCTURE (AOS) 92

The Kennebec Valley Consolidated Schools was an Alternative Organizational Structure (AOS) formed by the municipalities of Vassalboro, Waterville, and Winslow under the 2007 State of Maine School Administrative Reorganization law. AOS 92 combined administrative, special education, transportation, and various other functions as required by law. Additional functions were combined where cost savings could be found. Along with a combined AOS budget and board, each member school unit retained a local budget and school board. In March of 2018, voters in all three communities voted to approve dissolving AOS 92 on July 1, 2018. As part of the dissolution of AOS 92 the School Department received a disbursements of \$94,638, which represents their share of the remaining cash balance, after all liabilities were paid.

WITHDRAWAL FROM MUNICIPAL REVIEW COMMITTEE (MRC)

The Municipal Review Committee, Inc. is a Maine nonprofit corporation created in 1991 consisting of Maine municipalities and public entities with an objective of ensuring the continuing availability to its members of long-term, reliable, safe, and environmentally sound methods of solid waste disposal at a stable and reasonable cost. Effective April 1, 2018 the Town has elected to withdraw as a member of the MRC. As part of the withdrawal, the Town received a disbursement of \$598,326, which represents the Town’s collective contributions to capital and reserve accounts.

TOWN OF WINSLOW, MAINE
Required Supplementary Information

Schedule of Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
 Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD Plan					
Town's proportion of the net pension liability	0.1056%	0.0505%	N/A	N/A	N/A
Town's proportionate share of the net pension liability	\$ 289,077	206,696	N/A	N/A	N/A
Towns covered payroll	584,373	584,373	N/A	N/A	N/A
Town's proportion share of the net pension liability as a percentage of its covered payroll	49.47%	35.37%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of of the total pension liability	91.14%	86.43%	N/A	N/A	N/A
SET Plan					
Town's proportion of the net pension liability	0.0387%	0.0385%	0.0388%	0.0388%	0.0386%
Town's proportionate share of the net pension liability	522,653	559,677	684,722	524,237	417,051
State's proportionate share of the net pension liability associated with the Town	7,310,488	8,039,926	10,015,808	7,916,658	6,198,199
Total	\$ 7,833,141	8,599,603	10,700,530	8,440,895	6,615,250
Town's covered payroll	\$ 7,130,379	7,160,836	7,111,584	7,112,501	6,868,246
Town's proportion share of the net pension liability as a percentage of its covered payroll	7.33%	7.82%	9.63%	7.37%	6.07%
Plan fiduciary net position as a percentage of of the total pension liability	82.90%	80.78%	76.21%	81.18%	83.91%

* Only five years of information available

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

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
 Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>						
Contractually required contribution	\$ 124,083	59,022	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(124,083)	(59,022)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	-	N/A	N/A	N/A	N/A
Town's covered payroll	1,190,812	584,373	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	10.42%	10.10%	N/A	N/A	N/A	N/A
<u>SET Plan</u>						
Contractually required contribution	\$ 314,543	283,076	240,604	238,949	188,481	182,008
Contributions in relation to the contractually required contribution	(314,543)	(283,076)	(240,604)	(238,949)	(188,481)	(182,008)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
Town's covered payroll	7,922,994	7,130,379	7,160,836	7,111,584	7,112,501	6,868,246
Contributions as a percentage of covered payroll	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

* Only six years of information available

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the Health Insurance – Town Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2019	2018
Total OPEB Liability		
Service cost	\$ 15,484	12,243
Interest	9,510	8,759
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(3,764)
Changes of assumptions or other inputs	(28,058)	29,988
Benefit payments	(6,120)	(5,336)
Net change in total OPEB Liability	(9,184)	41,890
Total OPEB liability - beginning	264,011	222,121
Total OPEB liability - ending	\$ 254,827	264,011
Covered-employee payroll	\$ 1,886,942	1,886,942
Total OPEB liability as a percentage of covered- employee payroll	13.5%	14.0%

* Only two years of information available.

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

Schedule of Town's Proportionate Share of the Net OPEB Liability
 Last 10 Fiscal Years*

	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	-
State's proportionate share of the net OPEB liability associated with the Town	205,352	189,237
Total	\$ 205,352	189,237
 Plan fiduciary net position as a percentage of the total OPEB liability	 48.04%	 47.29%

* Only two years of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the Health Insurance – School Department Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

		<u>2019</u>
Total OPEB Liability		
Service cost	\$	20,297
Interest		133,045
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions or other inputs		(160,138)
Benefit payments		<u>(133,602)</u>
Net change in total OPEB Liability		<u>(140,398)</u>
Total OPEB liability - beginning		<u>3,762,262</u>
Total OPEB liability - ending	\$	<u><u>3,621,864</u></u>
Covered-employee payroll	\$	7,725,354
Total OPEB liability as a percentage of covered-employee payroll		46.9%

* Only one year of information available.

TOWN OF WINSLOW, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate – PLD	6.750%	6.875%	7.125%	7.250%	7.250%
Discount rate – SET	6.750%	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	1.91%	2.20%	2.55%	3.12%	3.12%
Cost of living increases – SET	2.20%	2.20%	2.55%	2.55%	2.55%

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

Changes of Benefit Terms (OPEB) - None

Changes of Assumptions (OPEB) - The following are changes in actuarial assumptions used in the most recent valuations regarding the MPERS life insurance plans:

	<u>2018</u>	<u>2017</u>
Discount rate – SET	6.750%	6.875%

Under the Health Plan - Town, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2019	4.10%
2018	3.44%
2017	3.78%

Under the Health Plan - School Department, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2019	3.87%
2018	3.58%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

These statements provide a more detailed view of the "basic financial statements" presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type. Several individual fund statements are presented to provide additional detail and to present budgetary comparison.

GENERAL FUND

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

TOWN OF WINSLOW, MAINE
Comparative Balance Sheets - General Fund
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 5,177,788	6,122,938
Receivables:		
Taxes - current year	560,477	530,760
Taxes - prior years	59,266	51,995
Tax liens - prior years	157,662	176,713
Sewer	272,683	368,447
Sewer liens	28,052	23,873
Accounts	-	34,238
Due from other governments	155,154	110,775
Inventory	11,598	23,289
Total assets	\$ 6,422,680	7,443,028
LIABILITIES		
Accrued payroll	63,969	51,211
Interfund loans payable	1,778,616	3,106,983
Due to other governments	20,503	22,575
Taxes collected in advance	15,872	27,469
Total liabilities	1,878,960	3,208,238
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	474,000	447,000
Total deferred inflows of resources	474,000	447,000
FUND BALANCE		
Nonspendable - inventory	11,598	23,289
Assigned for other purposes	1,017,600	514,793
Unassigned	3,040,522	3,249,708
Total fund balance	4,069,720	3,787,790
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,422,680	7,443,028

TOWN OF WINSLOW, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2019
(with comparative actual amounts for the year ended June 30, 2018)

	2019		Variance positive (negative)	2018 Actual
	Adjusted Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 10,982,926	10,974,640	(8,286)	10,144,133
Excise taxes	1,509,000	1,547,300	38,300	1,499,716
Total taxes	12,491,926	12,521,940	30,014	11,643,849
Licenses and permits:				
Town Clerk fees	37,000	40,671	3,671	39,111
Other	30,500	43,379	12,879	42,151
Total licenses and permits	67,500	84,050	16,550	81,262
Intergovernmental:				
State Revenue Sharing	363,489	387,436	23,947	362,407
State homestead reimbursement	459,312	459,312	-	347,418
BETE reimbursement	226,901	226,901	-	188,874
State highway block grant	120,000	114,956	(5,044)	115,716
Contractual service - MDOT	18,900	19,278	378	18,900
General assistance	4,000	1,054	(2,946)	3,721
Tree growth reimbursement	23,000	20,255	(2,745)	20,899
Veterans exemptions	13,000	24,361	11,361	14,624
Snowmobiles	2,500	2,502	2	2,674
Total intergovernmental	1,231,102	1,256,055	24,953	1,075,233
Charges for services:				
Sewer fees	817,462	841,888	24,426	777,475
Police department fees	2,000	1,815	(185)	1,642
Public works/sanitation	116,400	116,450	50	55,498
Recreation	2,160	2,240	80	2,914
Library fees	4,000	3,503	(497)	3,416
Total charges for services	942,022	965,896	23,874	840,945

TOWN OF WINSLOW, MAINE
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2019			2018 Actual
	Adjusted Budget	Actual	Variance positive (negative)	
Revenues, continued:				
Investment earnings:				
Investment interest/interest on taxes	\$ 50,000	84,194	34,194	72,569
Interest - sewerage	6,000	4,685	(1,315)	3,796
Total investment earnings	56,000	88,879	32,879	76,365
Other revenues:				
Lien costs and fees	23,000	19,889	(3,111)	25,472
Cable television franchise	68,000	81,328	13,328	75,577
Rental payments	-	461,503	461,503	422,530
Sale of Town owned property	745,836	21,148	(724,688)	143,985
Miscellaneous revenue	28,000	48,726	20,726	39,973
Total other revenues	864,836	632,594	(232,242)	707,537
Total revenues	15,653,386	15,549,414	(103,972)	14,425,191
Expenditures:				
Current:				
General governmental:				
Administration	399,857	402,207	(2,350)	408,946
Town Council	6,680	8,305	(1,625)	5,031
Assessing	136,605	135,944	661	130,666
Elections	8,900	8,633	267	12,491
Library	219,151	212,244	6,907	210,926
Information technology	48,785	55,040	(6,255)	59,591
Total general governmental	819,978	822,373	(2,395)	827,651
Protection:				
Police department	801,366	806,392	(5,026)	731,968
Fire department	571,346	615,371	(44,025)	587,812
Code enforcement	67,483	65,023	2,460	64,600
Total protection	1,440,195	1,486,786	(46,591)	1,384,380

TOWN OF WINSLOW, MAINE
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2019			2018 Actual
	Adjusted Budget	Actual	Variance positive (negative)	
Expenditures, continued				
Current, continued:				
Public works:				
Public works	\$ 959,676	1,064,513	(104,837)	1,048,867
Other Town utilities	242,326	232,943	9,383	236,004
Sewer	510,698	523,098	(12,400)	399,070
Sanitation	552,380	548,358	4,022	442,282
Total public works	2,265,080	2,368,912	(103,832)	2,126,223
Recreation:				
Parks and recreation	153,283	152,134	1,149	130,775
Total recreation	153,283	152,134	1,149	130,775
County tax	625,284	625,284	-	596,317
Other:				
General assistance	7,204	1,506	5,698	4,199
Insurance	1,168,984	1,205,915	(36,931)	1,023,854
Organizational support	25,500	25,500	-	25,500
Community services	84,936	88,217	(3,281)	109,368
Contingency	43,000	-	43,000	9,000
Overlay/abatements	21,190	6,393	14,797	30,527
Total other	1,350,814	1,327,531	23,283	1,202,448

TOWN OF WINSLOW, MAINE
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2019		Variance positive (negative)	2018 Actual
	Budget	Actual		
Expenditures, continued				
Debt service:				
Principal	\$ 440,000	440,000	-	245,000
Interest	77,250	77,250	-	31,213
Total debt service	517,250	517,250	-	276,213
Total expenditures	7,171,884	7,300,270	(128,386)	6,544,007
Excess of revenues over expenditures	8,481,502	8,249,144	(232,358)	7,881,184
Other financing sources (uses):				
Transfers out - Capital improvement fund	(1,004,350)	(1,004,350)	-	(1,023,804)
Transfers out - Education (local share)	(7,203,811)	(7,203,811)	-	(6,602,394)
Transfer out - TIF fund	(273,341)	(273,341)	-	(254,659)
Total other financing sources (uses)	(8,481,502)	(8,481,502)	-	(7,880,857)
Net change in fund balance - budgetary basis	-	(232,358)	(232,358)	327
Reconciliation to GAAP basis:				
Premium recognized in the General fund		118,437		-
Bond issuance costs recognized in the General fund		(74,974)		-
Change in committed/assigned balances		470,825		77,700
Net change in fund balance - GAAP basis		281,930		78,027
Fund balance, beginning of year		3,787,790		3,709,763
Fund balance, ending of year	\$	4,069,720		3,787,790

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF WINSLOW, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	3,824	3,824
Due from other governments	193,573	-	193,573
Interfund loans receivable	410,133	76	410,209
Inventory	18,533	-	18,533
Total assets	\$ 622,239	3,900	626,139
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund loans payable	248,236	-	248,236
Total liabilities	248,236	-	248,236
Fund balances:			
Nonspendable - Principal	-	3,434	3,434
Restricted	582,637	466	583,103
Unassigned	(208,634)	-	(208,634)
Total fund balances	374,003	3,900	377,903
Total liabilities and fund balances	\$ 622,239	3,900	626,139

TOWN OF WINSLOW, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 1,569,857	-	1,569,857
Charges for services	406,886	-	406,886
Interest revenue	-	2	2
Other revenue	2,114	-	2,114
Total revenues	1,978,857	2	1,978,859
Expenditures:			
Current:			
General government	154,877	-	154,877
Protection	12,395	-	12,395
Public works	60,304	-	60,304
Education	1,350,441	-	1,350,441
School lunch	653,846	-	653,846
Total expenditures	2,231,863	-	2,231,863
Excess (deficiency) of revenues over (under) expenditures	(253,006)	2	(253,004)
Other financing sources (uses):			
Transfers in	333,341	-	333,341
Total financing sources (uses)	333,341	-	333,341
Net change in fund balances	80,335	2	80,337
Fund balances, beginning of year	293,668	3,898	297,566
Fund balances, end of year	\$ 374,003	3,900	377,903

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

Special revenue funds are established for the following purposes:

Town Special Revenue Funds

To account for various federal and other grants for special programs administered by the Town.

TIF Funds

To account for the Town's tax increment finance districts.

School Special Revenue Funds

To account for various federal and state grants for special programs administered by the School Department.

Adult Education Fund

To account for the revenues and expenditures associated with the Adult Education Program.

School Lunch Program

To account for the activity of the school lunch operations.

TOWN OF WINSLOW, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2019
(with comparative totals for June 30, 2018)

		Town Special Revenue Funds	TIF Funds	School Special Revenue Funds	Adult Education Fund	School Lunch Program	Totals	
							2019	2018
ASSETS								
Due from other governments	\$	-	-	172,504	-	21,069	193,573	200,043
Interfund loans receivable		3,707	213,996	184,737	7,693	-	410,133	367,254
Inventory		-	-	-	-	18,533	18,533	14,477
Total assets	\$	3,707	213,996	357,241	7,693	39,602	622,239	581,774
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		-	-	-	-	-	-	36,016
Interfund loans payable		-	-	-	-	248,236	248,236	252,090
Total liabilities		-	-	-	-	248,236	248,236	288,106
Fund balances (deficits):								
Restricted		3,707	213,996	357,241	7,693	-	582,637	504,383
Unassigned		-	-	-	-	(208,634)	(208,634)	(210,715)
Total fund balances (deficits)		3,707	213,996	357,241	7,693	(208,634)	374,003	293,668
Total liabilities and fund balances	\$	3,707	213,996	357,241	7,693	39,602	622,239	581,774

TOWN OF WINSLOW, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Town Special Revenue Funds	TIF Funds	School Special Revenue Funds	Adult Education Fund	School Lunch Program	Totals		
						2019	2018	
Revenues:								
Intergovernmental	\$ 11,943	-	1,147,390	-	410,524	1,569,857	1,397,574	
Charges for services	-	-	221,483	-	185,403	406,886	405,145	
Other revenue	1,500	-	614	-	-	2,114	3,315	
Total revenues	13,443	-	1,369,487	-	595,927	1,978,857	1,806,034	
Expenditures:								
Current:								
General government	-	154,877	-	-	-	154,877	144,065	
Protection	12,395	-	-	-	-	12,395	18,190	
Public works	-	60,304	-	-	-	60,304	57,317	
Education	-	-	1,350,441	-	-	1,350,441	1,231,707	
School lunch	-	-	-	-	653,846	653,846	627,626	
Total expenditures	12,395	215,181	1,350,441	-	653,846	2,231,863	2,078,905	
Excess (deficiency) of revenues over (under) expenditures	1,048	(215,181)	19,046	-	(57,919)	(253,006)	(272,871)	
Other financing sources (uses):								
Transfers in	-	273,341	-	-	60,000	333,341	314,659	
Transfers out	-	-	-	-	-	-	(100,000)	
Total financing sources (uses)	-	273,341	-	-	60,000	333,341	214,659	
Net change in fund balances	1,048	58,160	19,046	-	2,081	80,335	(58,212)	
Fund balances (deficits), beginning of year	2,659	155,836	338,195	7,693	(210,715)	293,668	351,880	
Fund balances (deficits), end of year	\$ 3,707	213,996	357,241	7,693	(208,634)	374,003	293,668	

TOWN OF WINSLOW, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
School Special Revenue Funds
For the year ended June 30, 2019

	Fund balance beginning of year	Revenues	Expenditures	Fund balance end of year
Grant funds:				
Title I	\$ -	379,986	379,986	-
MaineCare	172,771	238,193	184,738	226,226
Local Entitlement	-	376,369	376,369	-
Pre-school Handicapped	-	4,509	4,509	-
Title IIA - Supporting Effective Instruction	-	31,287	31,287	-
Title V - Rural Small Schools	-	59,463	59,463	-
21st Century	-	50,000	50,000	-
E-Rate	24,965	-	-	24,965
Transition grant	94	-	94	-
Fiscal agent	8,845	7,583	11,452	4,976
Total grant funds	206,675	1,147,390	1,097,898	256,167
Other Special Funds:				
Before and after school care	124,305	221,483	251,339	94,449
Insurance proceeds	2,008	-	-	2,008
Gizmo Garden Fund	3,001	-	346	2,655
Special education fund	347	-	200	147
Homeless	1,859	614	658	1,815
Total other special funds	131,520	222,097	252,543	101,074
Total	\$ 338,195	1,369,487	1,350,441	357,241

NONMAJOR PERMANENT FUNDS

TOWN OF WINSLOW, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2019
(with comparative totals for June 30, 2018)

	Cemetery Fund	Memorial Fund	School Fund	Totals	
				2019	2018
ASSETS					
Cash and cash equivalents	\$ 3,824	-	-	3,824	3,822
Interfund loans receivable	-	35	41	76	76
Total assets	\$ 3,824	35	41	3,900	3,898
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund loans payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Nonspendable - principal	3,379	25	30	3,434	3,434
Restricted	445	10	11	466	464
Total fund balances	3,824	35	41	3,900	3,898
Total liabilities and and fund balances	\$ 3,824	35	41	3,900	3,898

TOWN OF WINSLOW, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Cemetery Fund	Memorial Fund	School Fund	Totals	
				2019	2018
Revenues:					
Investment income	\$ 2	-	-	2	3
Total revenues	2	-	-	2	3
Expenditures:					
Current:					
Other miscellaneous	-	-	-	-	-
Total expenditures	-	-	-	-	-
Net change in fund balances	2	-	-	2	3
Fund balances, beginning of year	3,822	35	41	3,898	3,895
Fund balances, end of year	\$ 3,824	35	41	3,900	3,898

PRIVATE-PURPOSE TRUST FUNDS

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

AGENCY FUNDS

The Agency funds account for the various student activity accounts and library funds.

TOWN OF WINSLOW, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2019
(with comparative totals for June 30, 2018)

		Bowden Scholarship Fund	Esther Gagne Scholarship Fund	High School Scholarships	Totals	
					2019	2018
ASSETS						
Cash and cash equivalents	\$	9,961	25,110	2,301	37,372	36,617
Investments		-	-	278,179	278,179	102,248
Total assets	\$	9,961	25,110	280,480	315,551	138,865
NET POSITION						
Restricted for principal		1,646	25,000	-	26,646	26,646
Unrestricted		8,315	110	280,480	288,905	112,219
Total net position	\$	9,961	25,110	280,480	315,551	138,865

TOWN OF WINSLOW, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Bowden Scholarship Fund	Esther Gagne Scholarship Fund	High School Scholarships	Totals	
				2019	2018
Additions:					
Investment income	\$ 13	83	12,969	13,065	4,996
Realized/unrealized gain (loss)	-	-	4,640	4,640	4,268
Donations	1,083	-	169,578	170,661	7,842
Total additions	1,096	83	187,187	188,366	17,106
Deductions:					
Other miscellaneous	300	100	11,280	11,680	16,295
Total deductions	300	100	11,280	11,680	16,295
Change in net position	796	(17)	175,907	176,686	811
Net position, beginning of year	9,165	25,127	104,573	138,865	138,054
Net position, end of year	\$ 9,961	25,110	280,480	315,551	138,865

TOWN OF WINSLOW, MAINE
Agency Funds
Combining Statement of Net Position
June 30, 2019
(with comparative totals for June 30, 2018)

	High School Activity Funds	High School Athletics Fund	Junior High Activity Funds	Elementary School Activity Funds	Library Funds	Totals	
						2019	2018
ASSETS							
Cash and cash equivalents	\$ 49,904	16,017	50,484	41,316	287,193	444,914	443,312
Investments	-	-	-	-	99,584	99,584	-
Total assets	\$ 49,904	16,017	50,484	41,316	386,777	544,498	443,312
LIABILITIES							
Amounts held for others	49,904	16,017	50,484	41,316	386,777	544,498	443,312
Total liabilities	\$ 49,904	16,017	50,484	41,316	386,777	544,498	443,312

TOWN OF WINSLOW, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2019

	Balance beginning of year	Additions	Deductions	Balance end of year
ASSETS				
High School activity funds	\$ 54,559	98,870	103,525	49,904
High School athletics fund	14,348	11,995	10,326	16,017
Junior High activity funds	49,449	31,061	30,026	50,484
Elementary school activity funds	35,220	37,437	31,341	41,316
Library funds	289,736	104,791	7,750	386,777
Total assets	\$ 443,312	284,154	182,968	544,498
LIABILITIES				
Amounts held for others	443,312	284,154	182,968	544,498
Total liabilities	\$ 443,312	284,154	182,968	544,498