



**Annual Financial Report**

**June 30, 2018**

# CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds - Balance Sheet	11
Reconciliation of Total Fund Balances to Net Position Of Governmental Activities in the Statement of Net Assets	12
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues and Other Financing Sources, and Expenditures and Other Financing Uses - Budget and Actual (Budgetary Basis) - General Fund	15
Proprietary Funds - Statement of Net Position	16
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Position	17
Proprietary Funds - Statement of Cash Flows	18
Fiduciary Funds - Statement of Fiduciary Net Position	19
Fiduciary Funds - Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21
Required Supplementary Information	
Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan	48
Schedule of Proportionate Share of Net Pension Liability	49
Schedule of Contributions	50

**Combining Nonmajor Fund Schedules – Governmental Funds**

<b>Combining Balance Sheet – Tax Increment Financing District Funds</b>	<b>51</b>
<b>Combining Statement of Revenues, Expenditures and Changes In Fund Balances Tax Increment Financing District Funds</b>	<b>52</b>
<b>Combining Balance Sheet – Open Space Funds</b>	<b>53</b>
<b>Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Open Space Funds</b>	<b>54</b>
<b>Combining Balance Sheet – Revolving Loan Funds</b>	<b>55</b>
<b>Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Revolving Loan Funds</b>	<b>56</b>
<b>Combining Balance Sheet – Capital Projects Reserve Funds</b>	<b>57</b>
<b>Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Capital Projects Reserve Funds</b>	<b>58</b>
<b>Combining Balance Sheet – Miscellaneous Special Revenue Funds</b>	<b>59</b>
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances Miscellaneous Special Revenue Funds</b>	<b>60</b>
<b>Combining Balance Sheet – Capital Project Funds</b>	<b>61</b>
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds</b>	<b>62</b>
<b>Combining Balance Sheet – Permanent Funds</b>	<b>63</b>
<b>Combining Statement of Revenues, Expenditures and Change in Fund Balance – Permanent Funds</b>	<b>64</b>

**Combining Nonmajor Fund Schedules – Fiduciary Funds**

<b>Combining Statement of Fiduciary Net Position – Private Purpose Trust</b>	<b>65</b>
<b>Combining Statement of Changes in Fiduciary Net Position Private Purpose Trust Funds</b>	<b>66</b>

**Independent Auditor's Report**

City Council  
City of Westbrook  
Westbrook, Maine

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Westbrook, Maine (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Westbrook, Maine, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Westbrook, Maine

### **Change in Accounting Principle**

As discussed in Notes 1, 9 and 12 to the financial statements, City of Westbrook, Maine adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedule of changes in net OPEB liability and related ratios – MMEHT group health insurance plan on page 48, the schedule of proportionate share of net pension liability on page 49 and the schedule of contributions on page 50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westbrook's basic financial statements. The combining nonmajor fund schedules on pages 51 to 66 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund schedules 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 nonmajor fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 28, 2019, on our consideration of the City of Westbrook'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Westbrook's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Westbrook's internal control over financial reporting and compliance.

*Wipfli LLP*

South Portland, Maine  
January 28, 2019

## MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Westbrook, Maine (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018.

### FINANCIAL HIGHLIGHTS

- Total net position as of the year ended June 30, 2018 was \$129,550,817. A portion of that amount, \$106,850,663, is a net investment in capital assets, while the next largest portion, \$21,935,731, is unrestricted, the remainder, \$764,423, is restricted for various purposes. Total net position for the year ended June 30, 2017 was \$127,874,190. A portion of that amount, \$107,638,006, was a net investment in capital assets while the next largest portion, \$19,518,310, was unrestricted, the remainder of \$717,874, is restricted for various purposes. Total net position for governmental activities was \$79,074,581 and business-type activities was \$50,476,236 as of the year ended June 30, 2018.
- Net position increased by \$1,676,627 and \$1,164,146 for the years ended June 30, 2018 and 2017, respectively. Net position increased by \$2,924,135 for governmental activities and decreased by \$1,247,508 for business-type activities for the year ended June 30, 2018.
- The governmental funds reported combined fund balances of \$37,653,240, an increase of \$14,779,547 from the prior year. The increase in fund balance is attributed to an increase in the General Fund fund balance of \$1,590,437 combined with an increase in the Saccarappa Construction fund and Other Governmental Funds fund balance of \$13,189,110, which was primarily the result of unspent bond proceeds in the School Department.
- Total bonds and notes payable, including bond premiums, increased to \$86,396,899 as compared to \$56,882,036 from the prior year, as a result of the issuance of new bonds in the amount of \$32,585,000 with an associated premium of \$2,658,617, the repayments of bond principal in the amount of \$5,305,000 and the amortization of bond premiums in the amount of \$423,755.

### REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The City's Basic Financial Report has 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.

All of the funds of the City are reported using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting is similar to the accounting method used by non-public businesses, in that, revenues and expenditures are recorded in the current year regardless of when the revenue is collected or paid out.

### Government-Wide Financial Statements

- Government-wide financial statements report information on all of the non-fiduciary activities of the City's Governmental activities and Business-Type Activities which are normally supported by taxes and intergovernmental revenues.
- The City's financial statements are comprised of a series of statements such as the statement of net position and the statement of activities. These statements provide an overview of the activities of the government as a whole.
- The statement of net position provides a picture of the difference between assets (including infrastructure), deferred outflows of resources and liabilities and deferred inflows of resources. This is called *net position*. The statement of activities provides a look at how the net position has changed from the prior year to the current year. Increases or decreases in net position can show whether the City is improving or deteriorating. Other factors such as changes in the City's property tax base and the condition of the City's capital assets also need to be considered to assess the overall health of the City.

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**Fund Financial Statements**

- The fund financial statements provide details of the City's most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. Examples of funds within the City's financial statements follow.
- *General Fund* – This is the primary operating fund for the City. Most of the City's basic services are reported in the general fund. The governmental fund statements provide a detailed *short-term* view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- *Saccarappa Construction Fund* – This fund is major fund reported as a capital project fund and is used to account for all of the activity for the Saccarappa elementary school construction project.
- *Other Governmental Funds* – This is the remaining special revenue funds, capital projects funds and permanent funds that do not meet the criteria for reporting as a major fund.
- *Fiduciary Funds* – These funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City is the trustee, or *fiduciary*, for Trust Funds that are set up primarily as scholarships or funds for people in need. These assets, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position and are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-47 of this document.

**THE CITY AS A WHOLE**

The following information is a condensed version of the statement of net position.

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Current and other assets	\$ 47,531,718	\$ 28,663,144	\$ 12,455,719	\$ 8,236,187
Capital assets, net	125,697,200	112,678,362	49,236,803	48,721,302
Total assets	<u>173,228,918</u>	<u>141,341,506</u>	<u>61,692,522</u>	<u>56,957,489</u>
Deferred Outflows of Resources	<u>7,700,985</u>	<u>9,023,348</u>		
Current liabilities	9,812,539	4,894,148	317,721	297,745
Noncurrent liabilities	88,149,598	66,453,738	10,898,565	4,936,000
Total liabilities	<u>97,962,137</u>	<u>71,347,886</u>	<u>11,216,286</u>	<u>5,233,745</u>
Deferred Inflows of Resources	<u>3,893,185</u>	<u>2,866,522</u>		
Net investment in capital assets	62,066,306	61,682,794	44,784,357	45,955,212
Restricted	764,423	717,874		
Unrestricted	16,243,852	13,749,778	5,691,879	5,768,532
Total net position	<u>\$ 79,074,581</u>	<u>\$ 76,150,446</u>	<u>\$ 50,476,236</u>	<u>\$ 51,723,744</u>

## MANAGEMENT'S DISCUSSION & ANALYSIS

Current and other assets are substantially all comprised of cash and investments. Capital assets, which include property, plant, equipment, and infrastructure, are generally defined by the City as assets with an initial, individual cost of greater than or equal to \$10,000 (ten thousand dollars) and an estimated useful life in excess of one year. Capital assets increased in 2018 as new investments in capital assets exceeded depreciation. The governmental activities increase in total net position is due primarily to revenues raised being more than with the budget and expenditures were kept below anticipated budget amounts. The business-type activities decrease is primarily due to operating expenses exceeding operating revenues. By far the largest portion of the City's net position reflects its investment in capital assets less any related debt to acquire those assets still outstanding. New bonds were issued in the current year. Detail of the activity of capital assets and long-term debt can be found in the notes to the financial statements.

The following schedule, the statement of activities, focuses on changes in net position of the City's activities.

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
<b>Program Revenues:</b>				
Charges for services	\$ 2,105,333	\$ 2,066,244	\$ 4,148,136	\$ 4,590,703
Operating grants and contributions	<u>26,573,598</u>	<u>26,409,912</u>		
	<u>28,678,931</u>	<u>28,476,156</u>	<u>4,148,136</u>	<u>4,590,703</u>
<b>General Revenues:</b>				
Property and other taxes	39,410,481	38,160,212		
Licenses, permits and fees	694,160	667,117		
Grants and contributions not restricted to specific programs	3,151,365	2,665,168		
Interest income	147,853	68,600		
Miscellaneous	<u>2,175,145</u>	<u>1,151,152</u>	<u>179,366</u>	<u>1,154,818</u>
	<u>45,579,004</u>	<u>42,712,249</u>	<u>179,366</u>	<u>1,154,818</u>
<b>Total Revenues</b>	<u>74,257,935</u>	<u>71,188,405</u>	<u>4,327,502</u>	<u>5,745,521</u>
<b>Program Expenses:</b>				
General government	5,311,222	5,505,065		
Public safety	8,000,915	7,474,278		
Public works	5,764,601	5,636,519		
Human services	599,716	943,793		
Culture and recreation	2,042,392	2,032,274		
Employee benefits	4,099,283	3,629,506		
Education	42,275,257	42,516,758		
Unclassified	1,473,530	1,280,572		
Interest on debt	1,367,707	803,593		
Capital outlay	399,177	466,567		
Sewer department			5,165,243	5,262,810
Parking garage			<u>409,767</u>	<u>218,045</u>
<b>Total Expenses</b>	<u>71,333,800</u>	<u>70,288,925</u>	<u>5,575,010</u>	<u>5,480,855</u>
<b>Change in Net Position</b>	<b>2,924,135</b>	<b>899,480</b>	<b>(1,247,508)</b>	<b>264,666</b>
<b>Net Position, Beginning of Year, as Restated</b>	<u>76,150,446</u>	<u>75,250,966</u>	<u>51,723,744</u>	<u>51,459,078</u>
<b>Net Position, End of Year</b>	<u>\$ 79,074,581</u>	<u>\$ 76,150,446</u>	<u>\$ 50,476,236</u>	<u>\$ 51,723,744</u>



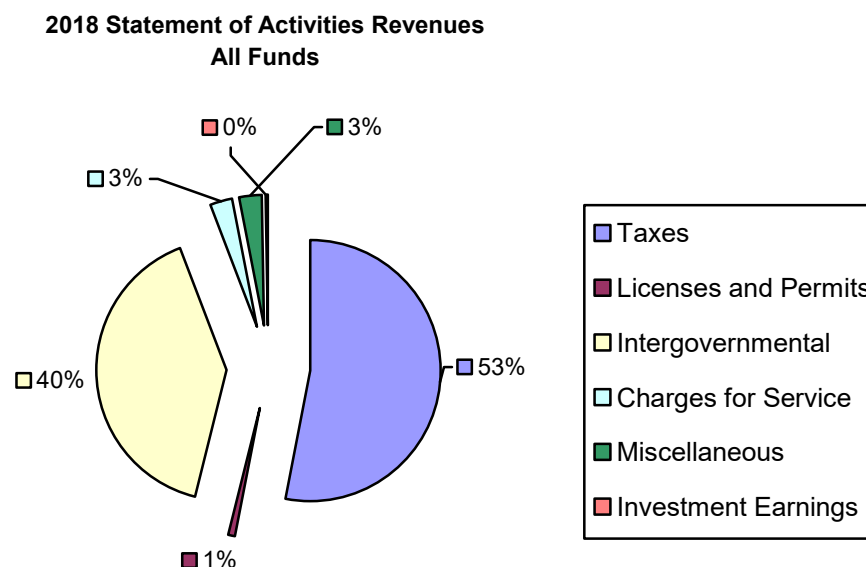
### MANAGEMENT'S DISCUSSION & ANALYSIS

The cost of all governmental activities this year was \$71,333,800, which represents an increase of \$1,044,875 from prior year. Of this amount, Westbrook taxpayers funded \$39,410,481 through property, personal and excise taxes. Municipal and educational departments have continued to aggressively pursue grant revenue to cover programs and services and to help reduce the tax burden to residents.

Special revenue fund program expenses are expenditures from City and School funds, such as the City recreation and school programs, the lunch program and other specifically grant funded programs. These programs are found in the "All Other Governmental Funds" section of this report.

In the statement of activities capital outlay represents the net amount paid for items that are not capital in nature such as paving, maintenance and repairs. Interest on debt indicates the debt service amounts paid from the City and School general fund and the TIF fund.

#### Governmental Activities

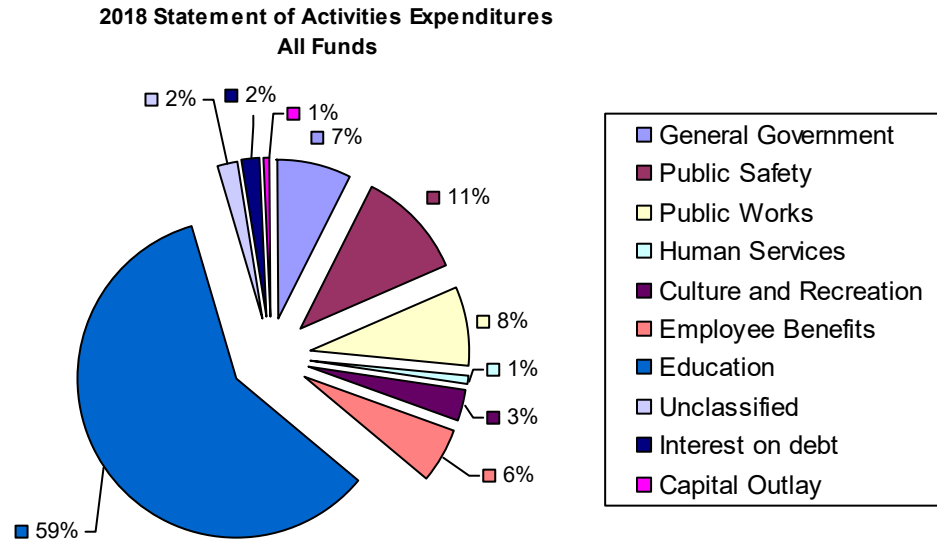


Taxes	Includes real property, personal property and excise taxes
Licenses and permits	Includes city clerk and code enforcement revenue
Intergovernmental	Includes State revenue sharing, homestead, federal and state grants
Charges for service	Includes revenue from the various departments for services
Miscellaneous	Includes miscellaneous revenue, grant revenue, sale of City assets, and contributions
Investment earnings	Includes interest income from general fund investment money

As the revenue chart shows, the major sources of revenue for the City are taxes and intergovernmental revenue.

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**Governmental Activities – Continued**



As the above chart indicates, education is the department with the largest expenditure with public safety and public works following, respectively.

**FUND FINANCIAL STATEMENTS HIGHLIGHTS**

Total governmental fund balance increased by \$14,779,547 for the year ended June 30, 2018. Fund balance for the general fund increased by \$1,590,437 primarily as a result of revenues exceeding expenditures by \$1,545,331, and other financing sources of \$515,150 for proceeds from capital leases, offset by other financing uses of \$3,267,386 representing transfers out which exceeded transfers in as money was transferred to the tax increment financing district funds, and also based on the City's policy to transfer unassigned fund balance in excess of 20% over the tax commitment to the capital projects funds. Fund balance for the Saccarappa construction fund, a new major fund this year, increased by \$11,162,696 as a result of bond proceeds offset by construction expenditures incurred in the current year. Fund balance for other governmental funds increased by \$2,026,414 for the year ended June 30, 2018. The most significant activity contributing to the increase in other governmental fund balance was an increase in capital project fund balance of \$2,407,663, primarily due to bond proceeds, offset by related construction expenditures, associated with the middle school capital project.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Total budgeted revenues were \$62,392,345, and actual revenues were \$63,522,752, resulting in a positive variance of \$1,130,407. Total budgeted expenditures were \$62,466,355, and actual expenditures were \$61,509,001, resulting in a positive variance of \$957,354. For the year, the General Fund had an increase in fund balance of \$1,543,707, resulting from revenues exceeding expenditures by \$2,013,751 and transfers out exceeding bond premium received by \$470,044.

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**ECONOMIC FACTORS AND THE CITY'S BUDGET**

The valuation for the City increased by approximately \$11.8 million or 0.6% in fiscal year ended June 30, 2018. Real estate valuation increased by approximately \$15.5 million or 1% while Personal Property decreased approximately \$3.7 million or 1.5%.

The unemployment rate for the City at fiscal year-end was an estimated 3.0%, which was down from 3.2% from prior year. The rate more than the estimated State average of 2.9% and below the estimated National rate of 4.0%. These figures are from the Maine Center for Workforce Research and Information website.

The 2017/2018 budget adopted by the City Council resulted in an increase in the mil rate to 18.88 mils from the 2016/2017 rate of 18.40 mils.

LD 1, adopted in 2005, imposes a property tax levy limit, which is based on a combination of the State's average personal income growth factor and the property growth factor of each individual municipality. The budget adopted by the City Council was within the limits established by the law.

**REVENUES FROM THE STATE OF MAINE**

The State provides revenue to the City in a number of areas including aid to the City in the areas of education and road maintenance, reimbursement for general assistance, homestead exemption, and BETE, and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State aid are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services ("EPS") model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature.

Furthermore, subsidies for school administrative units are an annual item in the State's budgetary process and are subject to legislative appropriation in that process. The following table displays state aid received by the City for the last five fiscal periods:

Fiscal Year Ending June 30,	State Revenue Sharing	State School Subsidy	Reimbursements			Other State Aid	Total From State
			BETE	General Assistance	Homestead		
2018	\$ 932,991	\$15,547,867	\$1,487,202	\$ 263,010	\$ 696,362	\$ 226,961	\$19,154,393
2017	876,607	14,417,254	1,243,331	492,640	509,702	222,570	17,762,104
2016	946,162	14,507,377	1,147,966	502,265	333,427	213,462	17,650,659
2015	965,718	14,481,936	966,471	150,871	323,274	210,996	17,099,266
2014	1,061,987	13,909,849	834,926	266,210	328,262	262,574	16,663,808

In addition to the amounts listed above, the State makes an annual contribution to the Maine Public Employees Retirement System Teachers Fund in excess of \$2 million annually.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City's Finance Director, 2 York Street, Westbrook, Maine 04092.

## **BASIC FINANCIAL STATEMENTS**

## Statement of Net Position

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and short-term investments	\$ 54,416,852		\$ 54,416,852
Investments	1,115,460		1,115,460
Receivables, net of allowance for uncollectibles:			
Property taxes	1,379,946		1,379,946
Accounts receivable - services	983,764	\$ 452,241	1,436,005
Intergovernmental	1,385,308	40,861	1,426,169
Loans	83,015		83,015
Internal balances	(11,962,617)	11,962,617	
Inventory	62,482		62,482
Prepaid items	67,508		67,508
Capital assets:			
Capital assets not being depreciated	12,738,464	6,180,596	18,919,060
Capital assets, net of accumulated depreciation	112,958,736	43,056,207	156,014,943
<b>Total Assets</b>	<u>173,228,918</u>	<u>61,692,522</u>	<u>234,921,440</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	2,156,720		2,156,720
Deferred pension items	5,544,265		5,544,265
<b>Total Deferred Outflows of Resources</b>	<u>7,700,985</u>		<u>7,700,985</u>
<b>LIABILITIES</b>			
Accounts payable	2,793,504	118,709	2,912,213
Line of credit payable	17,450		17,450
Accrued salaries and benefits	3,717,032		3,717,032
Retainage payable	592,714		592,714
Accrued interest payable	1,053,356	199,012	1,252,368
Due to fiduciary funds	1,397,732		1,397,732
Unearned revenue	240,751		240,751
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	6,508,760	620,332	7,129,092
Capital leases payable	445,689	11,585	457,274
Accrued landfill postclosure care costs	20,000		20,000
Accrued compensated absences	97,099		97,099
Due in more than one year:			
Bonds and notes payable	69,013,173	10,254,633	79,267,806
Capital leases payable	463,196	12,015	475,211
Accrued landfill postclosure care costs	260,000		260,000
Accrued compensated absences	1,634,538		1,634,538
Other post-employment benefits liability	1,383,240		1,383,240
Net pension liability	8,323,903		8,323,903
<b>Total Liabilities</b>	<u>97,962,137</u>	<u>11,216,286</u>	<u>109,178,423</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension items	3,793,763		3,793,763
Deferred other post-employment benefit items	99,422		99,422
<b>Total Deferred Inflows of Resources</b>	<u>3,893,185</u>		<u>3,893,185</u>
<b>NET POSITION</b>			
Net investment in capital assets	62,066,306	44,784,357	106,850,663
Restricted for:			
Nonexpendable trust principal	536,785		536,785
Expendable trust principal	227,638		227,638
Unrestricted	16,243,852	5,691,879	21,935,731
<b>Total Net Position</b>	<u>\$ 79,074,581</u>	<u>\$ 50,476,236</u>	<u>\$ 129,550,817</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

## Statement of Activities

Year Ended June 30, 2018

	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General government	\$ 5,311,222	\$ 52,123	\$ 315,490	\$ (4,943,609)		\$ (4,943,609)
Public safety	8,000,915	1,120,221	351,895	(6,528,799)		(6,528,799)
Public works	5,764,601	15,086	1,106,009	(4,643,506)		(4,643,506)
Human services	599,716		263,010	(336,706)		(336,706)
Culture and recreation	2,042,392	635,338	41,363	(1,365,691)		(1,365,691)
Employee benefits	4,099,283			(4,099,283)		(4,099,283)
Education	42,275,257	282,565	24,495,831	(17,496,861)		(17,496,861)
Unclassified	1,473,530			(1,473,530)		(1,473,530)
Interest on debt	1,367,707			(1,367,707)		(1,367,707)
Capital outlay	399,177			(399,177)		(399,177)
<b>Total Governmental Activities</b>	<u>71,333,800</u>	<u>2,105,333</u>	<u>26,573,598</u>	<u>(42,654,869)</u>		<u>(42,654,869)</u>
<b>Business-Type Activities</b>						
Sewer department	5,165,243	3,951,330			\$ (1,213,913)	(1,213,913)
Parking garage	409,767	196,806			(212,961)	(212,961)
<b>Total Business-Type Activities</b>	<u>5,575,010</u>	<u>4,148,136</u>			<u>(1,426,874)</u>	<u>(1,426,874)</u>
<b>Total</b>	<u>\$ 76,908,810</u>	<u>\$ 6,253,469</u>	<u>\$ 26,573,598</u>	<u>(42,654,869)</u>	<u>(1,426,874)</u>	<u>(44,081,743)</u>
<b>General Revenues</b>						
Taxes:						
Real estate				30,857,879		30,857,879
Excise				3,726,348		3,726,348
Personal property				4,639,350		4,639,350
Other				186,904		186,904
Licenses and permits				694,160		694,160
Grants and contributions not restricted to specific programs				3,151,365		3,151,365
Interest income				147,853		147,853
Miscellaneous				2,175,145	179,366	2,354,511
<b>Total general revenues</b>				<u>45,579,004</u>	<u>179,366</u>	<u>45,758,370</u>
<b>Change in Net Position</b>				2,924,135	(1,247,508)	1,676,627
<b>Net Position, Beginning of year, As Restated</b>				<u>76,150,446</u>	<u>51,723,744</u>	<u>127,874,190</u>
<b>Net Position, End of year</b>				<u>\$ 79,074,581</u>	<u>\$ 50,476,236</u>	<u>\$ 129,550,817</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

**Governmental Funds****Balance Sheet**

June 30, 2018

	General	Saccarappa Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and short-term investments	\$ 54,370,131		\$ 46,721	\$ 54,416,852
Investments			1,115,460	1,115,460
Receivables, net of allowance for uncollectibles:				
Taxes	1,379,946			1,379,946
Accounts receivable - services	822,667		161,097	983,764
Intergovernmental	18,154		1,367,154	1,385,308
Loans			83,015	83,015
Interfund receivable		\$ 11,486,078	8,136,692	19,622,770
Inventory			62,482	62,482
Prepaid items	67,508			67,508
<b>Total Assets</b>	<u>56,658,406</u>	<u>11,486,078</u>	<u>10,972,621</u>	<u>79,117,105</u>
<b>LIABILITIES</b>				
Accounts payable	795,749	905,598	1,092,157	2,793,504
Line of credit			17,450	17,450
Accrued salaries and benefits	3,537,727		179,305	3,717,032
Accrued compensated absences	97,099			97,099
Retainage payable		447,477	145,237	592,714
Interfund payable	30,643,035		2,340,084	32,983,119
Unearned revenue	78,647		162,104	240,751
<b>Total Liabilities</b>	<u>35,152,257</u>	<u>1,353,075</u>	<u>3,936,337</u>	<u>40,441,669</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,022,196			1,022,196
<b>Total Deferred Inflows of Resources</b>	<u>1,022,196</u>			<u>1,022,196</u>
<b>FUND BALANCES</b>				
Nonspendable	67,508		599,267	666,775
Restricted	2,268,110	10,133,003	2,704,493	15,105,606
Committed	10,492,531		5,024,417	15,516,948
Assigned	1,006,440			1,006,440
Unassigned	6,649,364		(1,291,893)	5,357,471
<b>Total Fund Balances</b>	<u>\$ 20,483,953</u>	<u>\$ 10,133,003</u>	<u>\$ 7,036,284</u>	<u>\$ 37,653,240</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

## Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Assets

June 30, 2018

<b>Total Governmental Fund Balances</b>	\$ 37,653,240
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	125,697,200
• Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. Property taxes	1,022,196
• Deferred outflows/inflows of resources represent a consumption/acquisition of net position that applies to a future period, therefore will not be recognized as an expenditure or revenue until then, and therefore, are not reported in the funds.	3,807,800
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(1,053,356)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds and notes payable	(69,726,194)
Unamortized bond premium	(5,795,739)
Capital leases payable	(908,885)
Compensated absences	(1,634,538)
Liability for hazardous waste-site cleanup	(280,000)
Other Post-Employment Benefits (OPEB) liability	(1,383,240)
Net pension liability	(8,323,903)
<b>Net Position of Governmental Activities</b>	<u>\$ 79,074,581</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.



**Governmental Funds****Statement of Revenues, Expenditures and Changes in Fund Balances**

Year Ended June 30, 2018

	General	Saccarappa Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 39,604,981		\$ 861,060	\$ 40,466,041
Licenses, permits and fees	548,587			548,587
Intergovernmental	23,401,922		6,196,582	29,598,504
Charges for services	1,420,333		1,150,568	2,570,901
Miscellaneous	989,929	\$ 152,393	1,018,512	2,160,834
<b>Total Revenues</b>	<u>65,965,752</u>	<u>152,393</u>	<u>9,226,722</u>	<u>75,344,867</u>
<b>Expenditures</b>				
Current:				
General government	4,350,183		722,028	5,072,211
Public safety	7,494,773		320,385	7,815,158
Public works	4,319,280		41,831	4,361,111
Human services	599,716			599,716
Culture and recreation	1,109,650		874,027	1,983,677
Employee benefits	4,099,283			4,099,283
Unclassified	1,352,140			1,352,140
Education	38,495,869		6,721,654	45,217,523
Debt service	2,599,527		913,308	3,512,835
Capital outlay		9,365,701	6,694,732	16,060,433
<b>Total Expenditures</b>	<u>64,420,421</u>	<u>9,365,701</u>	<u>16,287,965</u>	<u>90,074,087</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>1,545,331</u>	<u>(9,213,308)</u>	<u>(7,061,243)</u>	<u>(14,729,220)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	644,725		5,205,107	5,849,832
Transfers out	(3,267,386)		(2,582,446)	(5,849,832)
Proceeds from capital leases	515,150			515,150
Bond proceeds and premiums	2,152,617	20,376,004	6,464,996	28,993,617
<b>Total Other Financing Sources (Uses)</b>	<u>45,106</u>	<u>20,376,004</u>	<u>9,087,657</u>	<u>29,508,767</u>
<b>Net change in fund balances</b>	1,590,437	11,162,696	2,026,414	14,779,547
<b>Fund Balances, Beginning of Year</b>	<u>18,893,516</u>	<u>(1,029,693)</u>	<u>5,009,870</u>	<u>22,873,693</u>
<b>Fund Balances, End of Year</b>	<u>\$ 20,483,953</u>	<u>\$ 10,133,003</u>	<u>\$ 7,036,284</u>	<u>\$ 37,653,240</u>

See independent auditors' report.  
The accompanying notes are an integral part of these financial statements.

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2018

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ 14,779,547</b>																												
<ul style="list-style-type: none"> <li>• 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 and reported as depreciation expense: <table border="0" style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay purchases</td> <td style="text-align: right;">16,681,082</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td style="text-align: right;">(101,064)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(3,561,179)</td> </tr> </table> </li>   <li> <table border="0" style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">                     Certain of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. However, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.                 </td> <td style="text-align: right; vertical-align: bottom;">(515,150)</td> </tr> </table> </li>   <li>• Deferred outflows/inflows of resources represent a consumption/acquisition of net position that applies to a future period, but the change in the balances affects reporting in the financial statements. <span style="float: right;">(2,136,995)</span></li>   <li>• Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Property taxes</td> <td style="text-align: right;">(194,500)</td> </tr> </table> </li>   <li>• The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table border="0" style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Bond proceeds</td> <td style="text-align: right;">(28,993,617)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">4,998,500</td> </tr> <tr> <td>Repayments of capital leases</td> <td style="text-align: right;">559,561</td> </tr> </table> </li>   <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due, this amount reflects the change in accrued interest. <span style="float: right;">(664,074)</span></li>   <li>• 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 the governmental funds: <table border="0" style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Increase in liability for compensated absences</td> <td style="text-align: right;">(301,345)</td> </tr> <tr> <td>Decrease in net pension liability</td> <td style="text-align: right;">2,108,630</td> </tr> <tr> <td>Decrease in OPEB liability, as restated</td> <td style="text-align: right;">37,550</td> </tr> <tr> <td>Decrease in liability for hazardous waste-site cleanup</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Amortization of bond premiums</td> <td style="text-align: right;">419,220</td> </tr> <tr> <td>Amortization of deferred charge</td> <td style="text-align: right;">(212,031)</td> </tr> </table> </li> </ul>		Capital outlay purchases	16,681,082	Loss on disposal of capital assets	(101,064)	Depreciation	(3,561,179)	Certain of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. However, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.	(515,150)	Property taxes	(194,500)	Bond proceeds	(28,993,617)	Repayments of debt	4,998,500	Repayments of capital leases	559,561	Increase in liability for compensated absences	(301,345)	Decrease in net pension liability	2,108,630	Decrease in OPEB liability, as restated	37,550	Decrease in liability for hazardous waste-site cleanup	20,000	Amortization of bond premiums	419,220	Amortization of deferred charge	(212,031)
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Amortization of bond premiums	419,220																												
Amortization of deferred charge	(212,031)																												
<b>Changes in Net Position of Governmental Activities</b>	<b><u>\$ 2,924,135</u></b>																												

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

## Statement of Revenues and Other Financing Sources, and Expenditures and Other Financing Uses - Budget and Actual (Budgetary Basis) - General Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Taxes	\$ 38,912,901	\$ 38,912,901	\$ 39,604,981	\$ 692,080
Licenses, permits and fees	702,000	702,000	548,587	(153,413)
Intergovernmental	20,363,604	20,363,604	20,958,922	595,318
Charges for services	800,100	800,100	1,420,333	620,233
Miscellaneous	1,613,740	1,613,740	989,929	(623,811)
<b>Total Revenues</b>	62,392,345	62,392,345	63,522,752	1,130,407
<b>Expenditures</b>				
Current:				
General government	4,611,287	4,611,287	4,350,564	260,723
Public safety	7,236,118	7,236,118	7,405,501	(169,383)
Public works	4,239,595	4,239,595	4,179,331	60,264
Human services	879,863	879,863	599,716	280,147
Culture and recreation	1,215,125	1,215,125	1,086,921	128,204
Employee benefits	4,003,995	4,003,995	4,099,283	(95,288)
County tax	1,352,140	1,352,140	1,352,140	
Education	36,126,447	36,126,447	35,836,018	290,429
Debt service:				
Other	50,000	50,000		50,000
Principal	2,127,354	2,127,354	1,993,354	134,000
Interest	624,431	624,431	606,173	18,258
<b>Total Expenditures</b>	62,466,355	62,466,355	61,509,001	957,354
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(74,011)	(74,011)	2,013,751	2,087,762
<b>Other Financing Sources (Uses)</b>				
Transfers in	787,237	787,237	644,725	(142,512)
Transfer out	(1,638,226)	(1,638,226)	(3,267,386)	(1,629,160)
Bond premium			2,152,617	2,152,617
<b>Total Other Financing Sources (Uses)</b>	(850,989)	(850,989)	(470,044)	380,945
<b>Net Change in Fund Balance - Budgetary Basis</b>	(925,000)	(925,000)	1,543,707	2,468,707
<b>Beginning Fund Balance Utilized - Budgetary Basis</b>	\$ 925,000	\$ 925,000	18,808,806	17,883,806
<b>Fund Balance, End of Year - Budgetary Basis</b>	\$ 0	\$ 0	20,352,513	\$ 20,352,513
Add encumbrances			131,440	
<b>Fund Balance, End of Year, Per Fund Financial Statements</b>			\$ 20,483,953	

See independent auditors' report.  
The accompanying notes are an integral part of these financial statements.

## Proprietary Funds

### Statement of Net Position

June 30, 2018

	Business-Type Activities Enterprise Funds		
	Sewer Department	Parking Garage	Total
<b>ASSETS</b>			
Current:			
Accounts receivable, net of allowance for uncollectible	\$ 452,241		\$ 452,241
Intergovernmental receivable	40,861		40,861
Interfund receivable	11,398,468	\$ 564,149	11,962,617
Total current assets	<u>11,891,570</u>	<u>564,149</u>	<u>12,455,719</u>
Noncurrent:			
Capital assets:			
Land and construction in progress	6,140,107	40,489	6,180,596
Buildings and building improvements	2,789,000	7,072,318	9,861,318
Machinery and equipment	453,651	31,102	484,753
Infrastructure	81,145,349		81,145,349
Less accumulated depreciation	<u>(46,423,864)</u>	<u>(2,011,349)</u>	<u>(48,435,213)</u>
Total noncurrent assets	<u>44,104,243</u>	<u>5,132,560</u>	<u>49,236,803</u>
<b>Total Assets</b>	<u>55,995,813</u>	<u>5,696,709</u>	<u>61,692,522</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	115,259	3,450	118,709
Accrued interest	199,012		199,012
Current portion of long-term liabilities:			
Capital lease payable	11,585		11,585
Bonds payable	620,332		620,332
Total current liabilities	<u>946,188</u>	<u>3,450</u>	<u>949,638</u>
Noncurrent:			
Capital lease payable, noncurrent	12,015		12,015
Bonds payable, noncurrent	10,254,633		10,254,633
Total noncurrent liabilities	<u>10,266,648</u>		<u>10,266,648</u>
<b>Total Liabilities</b>	<u>11,212,836</u>	<u>3,450</u>	<u>11,216,286</u>
<b>NET POSITION</b>			
Net investment in capital assets	39,651,797	5,132,560	44,784,357
Unrestricted	5,131,180	560,699	5,691,879
<b>Total Net Position</b>	<u>\$ 44,782,977</u>	<u>\$ 5,693,259</u>	<u>\$ 50,476,236</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

## Proprietary Funds

### Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2018

	Business-Type Activities Enterprise Funds		
	Sewer Department	Parking Garage	Total
<b>Operating Revenues</b>			
Sewer assessments	\$ 3,951,330		\$ 3,951,330
Parking garage revenue		\$ 196,806	196,806
<b>Total Operating Revenues</b>	<u>3,951,330</u>	<u>196,806</u>	<u>4,148,136</u>
<b>Operating Expenses</b>			
Portland Water District assessment	2,533,176		2,533,176
Sewer operations	772,985		772,985
Parking garage		268,321	268,321
Depreciation expense	1,522,336	141,446	1,663,782
<b>Total Operating Expenses</b>	<u>4,828,497</u>	<u>409,767</u>	<u>5,238,264</u>
<b>Operating Loss</b>	<u>(877,167)</u>	<u>(212,961)</u>	<u>(1,090,128)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Miscellaneous	101,458		101,458
Investment earnings	70,920	6,988	77,908
Interest on bonds	(336,746)		(336,746)
<b>Total Nonoperating Revenues (Expenses) Net</b>	<u>(164,368)</u>	<u>6,988</u>	<u>(157,380)</u>
<b>Change in Net Position</b>	(1,041,535)	(205,973)	(1,247,508)
<b>Net Position, Beginning of Year</b>	<u>45,824,512</u>	<u>5,899,232</u>	<u>51,723,744</u>
<b>Net Position, End of Year</b>	<u>\$ 44,782,977</u>	<u>\$ 5,693,259</u>	<u>\$ 50,476,236</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

**Proprietary Funds****Statement of Cash Flows**

Year Ended June 30, 2018

	Business-Type Activities Enterprise Funds		
	Sewer Department	Parking Garage	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers and users	\$ 3,957,136	\$ 260,882	\$ 4,218,018
Payments to suppliers and employees	<u>(3,454,619)</u>	<u>(267,870)</u>	<u>(3,722,489)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>502,517</u>	<u>(6,988)</u>	<u>495,529</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of capital assets	(2,143,219)		(2,143,219)
Bond proceeds	6,159,306		6,159,306
Bond premium	90,693		90,693
Principal payments on bonds and notes	(306,500)		(306,500)
Interest paid on bonds	(168,763)		(168,763)
Bond premium amortization	(4,535)		(4,535)
Payments on capital lease	(12,463)		(12,463)
Investment earnings	70,920	6,988	77,908
Other financing sources	101,458		101,458
Change in interfund receivable	<u>(9,379,723)</u>		<u>(9,379,723)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(5,592,826)</u>	<u>6,988</u>	<u>(5,585,838)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(5,090,309)		(5,090,309)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,090,309</u>		<u>5,090,309</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating loss	(877,167)	(212,961)	(1,090,128)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,522,336	141,446	1,663,782
Decrease in operating assets:			
Accounts receivable	5,806		5,806
Interfund receivable		64,076	64,076
Increase (decrease) in operating liabilities:			
Accounts payable	<u>(148,458)</u>	<u>451</u>	<u>(148,007)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 502,517</u>	<u>\$ (6,988)</u>	<u>\$ 495,529</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

## Fiduciary Funds

### Statement of Fiduciary Net Position

June 30, 2018

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and short term investments	\$ 437,368	\$ 221,421
Due from other funds	119,090	1,278,642
<b>Total Assets</b>	<u>556,458</u>	<u>1,500,063</u>
<b>LIABILITIES</b>		
Accounts payable	9,164	
Due to student groups		221,421
Escrow and performance deposits		1,278,642
<b>Total Liabilities</b>	<u>9,164</u>	<u>\$ 1,500,063</u>
<b>NET POSITION</b>		
Held in Trust	<u>\$ 547,294</u>	

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Private Purpose Trust Funds
<b>Additions</b>	
Investment earnings	\$ 3,387
Contributions	93,845
<b>Total Additions</b>	<u>97,232</u>
<b>Deductions</b>	
Disbursements by agent	<u>98,079</u>
<b>Total deductions</b>	<u>98,079</u>
<b>Change in Net Position</b>	(847)
<b>Net Position</b>	
Beginning of year	<u>548,141</u>
End of year	<u><u>\$ 547,294</u></u>



**NOTES TO THE FINANCIAL STATEMENTS**

## Notes to Financial Statements

June 30, 2018

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Westbrook, Maine (the City/Government) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled State and Local Governments. The more significant of the City's accounting policies are described below.

#### Reporting Entity

The City of Westbrook is a municipal corporation governed by an elected Mayor and seven-member City Council consisting of five members elected by ward and two elected at-large. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable and, as such, should be included within the City's financial statements. In accordance with GASB Statement No. 14 as amended by GASB Statement No. 61, the City is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading. The City identified one organization as a blended component unit, although legally separate is, in substance, part of the government's operations.

Blended component unit – The Westbrook Environmental Improvement Corporation is a nonprofit corporation organized by the City of Westbrook for the purpose of coordinating the implementation of tax increment financing districts and undertaking various environmental improvement projects. The Westbrook Environmental Improvement Corporation (WEIC) activity has been reported as a blended component unit in the Special Revenue Funds.

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. The City participates in the following related organization:

Greater Portland Transit District – The City, in conjunction with one other community, participates in the District. The District provides public transportation services to the residents of the participating communities. The District is managed by a Board of Directors selected by the elected municipal officers of each participating municipality. Except for members' proportional share of bonds payable, which are repaid through member assessments, no participant has any obligation or entitlement and the City's share of any residual interest has not been determined. Audited financial statements are available from the organization.

#### Government-Wide and Fund Financial Statements

##### Government Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and city general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

## Notes to Financial Statements

June 30, 2018

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the City's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

#### Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual, governmental and proprietary funds are reported in separate columns with composite columns for the nonmajor governmental funds.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

##### Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met. The agency funds are custodial in nature and do not measure results of operations.

##### Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest, which are reported as expenditures in the year due.

Major revenues susceptible to accrual are real estate and personal property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

The City reports the General Fund and the Saccarappa Fund as the two major funds. The General Fund reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds. The Saccarappa Fund reports the bond proceeds and capital outlay associated with the construction of a new elementary school.

The City reports the following major enterprise funds:

Sewer Department Fund – Accounts for the operating activities of the City's sewer system.

Parking Garage Fund – Accounts for the operating activities of the City's parking garage

## Notes to Financial Statements

June 30, 2018

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The City reports the following fiduciary funds:

Private Purpose Trust Funds account for assets that benefit other entities or individuals.

Agency Funds – Account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. Agency funds are used to account for various student-managed activities and minor city employee funds.

#### Cash and Investments

The laws of the State of Maine require that the City's treasurer have custody of all monies belonging to the City and pay out the same only upon orders of the Mayor and City Council. The treasurer shall deposit all monies in accordance with Maine State Statute 30-A §5706. Investments are stated at fair value based on quoted market prices.

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the City uses various methods, including market, income and cost approaches. Based on these approaches, the City often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the City is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the City performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

#### Receivables

Management has reviewed property taxes receivable, accounts receivable, intergovernmental receivables and loans receivable for collectability and has recorded an allowance for uncollectible amounts as is considered necessary. The most significant account needing an allowance is the allowance for uncollectible rescue/ambulance billings receivable for which there is an allowance of \$1,041,761 at June 30, 2018.

## Notes to Financial Statements

June 30, 2018

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Capital Assets and Depreciation

The City's property, plant and equipment with useful lives of more than one year are stated at historical cost or estimated historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are, as follow:

	Years
Buildings and building improvements	25 – 50
Machinery and equipment	5 – 20
Vehicles	5 – 15
Infrastructure	50

#### Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused, sick, vacation, and general leave time at various rates in accordance with union contracts and the City's personnel policy. In the fund financial statements, these amounts for accumulated vacation and vested sick leave are only recorded as a liability if they have matured, for example, as a result of paid time off or employee resignations and retirements, as applicable. All accumulated leave is accrued when incurred on the government-wide financial statements.

#### Deferred Outflows of Resources and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One item is deferred outflows related to the pension liability as is more fully disclosed in the pension footnote and the other item is the deferred charge on refunding, both reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item reported in the statement of net position that qualifies for reporting in this category. It is the deferred inflows related to the pension liability as is more fully disclosed in the pension footnote. The City's balance sheet under governmental funds reports one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

## Notes to Financial Statements

June 30, 2018

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### 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 to the basic financial statements, are deferred and amortized over the life of the bonds using the straight-line 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 bond 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Fund Balances

The governmental funds financial statements fund balance is reported in five classifications.

Nonspendable fund balance represents fund balance amounts that are not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance represents resources with constraints placed through external creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provision or by enabling legislation.

Committed fund balance represents resources that are determined by the City's highest decision-making level of authority and remain binding unless removed in the same manner. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the fiscal year, commit a fund balance.

Assigned fund balance is the portion of fund balance that has been approved by formal action of the City Council for appropriation in future budgets. The amounts are not for a highly specified purpose and their use has some discretion by the administration.

Unassigned fund balance is fund balance that has not been reported in any other classification. Note that in all governmental funds other than the general fund, amounts expended in excess of resources that do not meet the above categories are classified here – i.e. residual deficits.

The City has no formal revenue spending policy for programs with multiple revenue sources. The City uses resources in the following hierarchy unless otherwise directed by Statute or the City Council: Bond proceeds, federal funds and state funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

## Notes to Financial Statements

June 30, 2018

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### Recently Adopted Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. This statement improves accounting and financial reporting by state and local governments for OPEB. The new statement is effective for periods beginning after June 15, 2017. The adoption of this statement is disclosed in Note 9.

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The City is allowed to use beginning fund balance to balance the budget.

Each year, the Mayor submits to the City Council a budget for the ensuing fiscal year. It provides a complete financial plan of the City's General Fund. It begins with a general summary of its contents and shows in detail all estimated income, indicating the proposed property tax levy affecting the General Fund, and all proposed expenditures, including debt service, for the ensuing fiscal year, arranged to show comparative figures for actual and estimated income and expenditures to the preceding fiscal year.

The Mayor, with City Council approval, may transfer budgeted amounts between departments. The City Council may, by resolution, appropriate additional amounts but only up to the amount of excess revenues and unencumbered budget surplus remaining after the purpose of the original appropriation has been satisfied. At the end of the fiscal year, all unencumbered appropriations lapse unless specifically continued by resolution of the City Council. No supplementary appropriations of the City's fund balance were made during the year ended June 30, 2018.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year. Encumbrances are treated as expenditures under the budgetary basis.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: General government, public safety, public works, human services, culture and recreation, employee benefits, unclassified, debt service and capital outlay.

## Notes to Financial Statements

June 30, 2018

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

#### Deficit Fund Equity

Following is a list of other individual projects within the following funds having deficits exceeding \$50,000 as of June 30, 2018:

Nonmajor Governmental Funds	
Tax Increment Financing District Funds:	
Downtown TIF	\$(909,750)
Miscellaneous Special Revenue Funds – School Grants and Programs:	
IDEA Local Entitlement	(288,800)
Medicaid	(426,138)
Title I Disadvantaged	(94,786)
Drug Free Communities	(105,760)
Spring Harbor	(79,432)
Food Service	(79,592)
Capital Projects Funds – School Capital Projects	
Other Capital Projects	(189,966)

The deficit in the Downtown TIF fund is the result of the amount of tax recovered in the districts being less than the annual debt payments. The City expects future tax amounts will be greater than the annual debt payments as the captured value increases with development.

The deficits in the other funds will be eliminated through future grant reimbursements, departmental revenues and transfers from other funds.

### NOTE 3 – CASH AND INVESTMENTS

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2018, the City reported deposits of \$55,075,641, with a bank balance of \$56,549,104. Of the City's bank balances of \$56,549,104, \$64,445 was exposed to custodial credit risk as uninsured and uncollateralized; the remainder was covered by the FDIC or is secured by additional collateral pledged on behalf of the City by the respective banking institutions.

Included in cash is \$19,246,043 of bond proceeds that are restricted for capital projects.

#### Investments

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, commercial paper, repurchase agreements and certain corporate stocks and bonds.

As of June 30, 2018, the City's reporting entity had the following investments:

Certificates of Deposit	\$ 461,133
Mutual Funds	654,327
	<u>\$ 1,115,460</u>



## Notes to Financial Statements

June 30, 2018

### NOTE 3 – CASH AND INVESTMENTS – CONTINUED

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy that places any restrictions on its investment choices.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have an investment policy that addresses limiting interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have an investment policy that addresses concentration of credit risk. As of June 30, 2018, there are no investments representing more than 5% of the total investments.

**Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City has no investments with material exposure to custodial credit risk.

#### Fair Value

Fair values of assets measured on a recurring basis at June 30, 2018 are as follows:

	Total	Level 1	Level 2	Level 3
<b>June 30, 2018</b>				
Certificates of deposit	\$ 461,133	\$ 461,133		
Mutual funds	654,327	654,327		
	<u>\$ 1,115,460</u>	<u>\$ 1,115,460</u>	<u>\$</u>	<u>\$</u>

There were no assets classified as Level 2 or 3 as of June 30, 2018.

### NOTE 4 – PROPERTY TAX

Property taxes for the current year were committed on July 20, 2017 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in four installments, 25% on August 25, 2017, 25% on November 15, 2017, 25% on February 15, 2018, and 25% on May 15, 2018. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. The assessed value was 100% of the estimated market value and 100% of the 2017 state valuation of \$1,891,607,800.

The City 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 \$140,655 for the year ended June 30, 2018.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain 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 60 days following the end of the fiscal year have been recorded as revenues. The remaining receivables, in the funds financial statements, have been recorded as a deferred inflow of resources, unavailable revenue – property taxes.

## Notes to Financial Statements

June 30, 2018

### NOTE 4 –PROPERTY TAX – CONTINUED

The tax rates and amounts assessed for the year ended June 30, 2018 were, as follows:

Valuation:	
Real estate	\$ 1,641,154,300
Personal property	250,453,500
Total assessed valuation	<u>1,891,607,800</u>
Total assessed valuation	1,891,607,800
Tax rate (per \$1,000)	18.88
Total tax commitment	<u>35,713,555</u>
The following details the taxes receivable at year-end:	
Taxes receivable - current year	651,705
Taxes receivable - prior years	728,241
Taxes receivable	<u>\$ 1,379,946</u>

### NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Generally, outstanding balances between funds reported as "interfund receivables/payables" include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as "interfund receivables/payables."

As of June 30, 2018, the balances of interfund loans receivable/payable were, as follows:

	Interfund Loans Receivable	Interfund Loans Payable
General fund		\$ 30,643,035
Saccarappa construction fund	\$ 11,486,078	
Other governmental funds	8,136,692	2,340,084
Sewer department	11,398,468	
Parking garage	564,149	
Fiduciary funds	1,397,732	
Totals	<u>\$ 32,983,119</u>	<u>\$ 32,983,119</u>

## Notes to Financial Statements

June 30, 2018

### NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – CONTINUED

#### Transfers

Transfers within the reporting entity are substantially for the purposes of distributing tax revenues to the fund for which the appropriation was made, and distributing trust income to the applicable fund, and other voted amounts. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	General Fund	Transfers In Nonmajor Governmental Funds	Total
Transfers out:			
Governmental funds:			
General		\$ 3,267,386	\$ 3,267,386
Nonmajor	\$ 644,725	1,937,721	2,582,446
	\$ 644,275	\$ 5,205,107	\$ 5,849,832

The amount transferred to the nonmajor funds from the General Fund represents the transfer of tax revenues to the tax increment finance (TIF) districts and other funds in accordance with the various agreements and voted amounts. The amounts from the nonmajor funds to other nonmajor funds represents transfers of the balances of bond proceeds from completed capital projects to other ongoing capital projects, and transfers from the TIF districts in accordance with the agreements.

## Notes to Financial Statements

June 30, 2018

### NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was, as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental activities:</b>				
Not being depreciated:				
Land	\$ 2,284,662	\$ 192,427		\$ 2,477,089
Construction in progress	1,275,201	13,421,784	\$ (4,435,610)	10,261,375
Total capital assets not being depreciated	<u>3,559,863</u>	<u>13,614,211</u>	<u>(4,435,610)</u>	<u>12,738,464</u>
Being depreciated:				
Buildings and improvements	83,250,408	4,702,861		87,953,269
Machinery and equipment	5,751,679	321,859	(158,213)	5,915,325
Vehicles	9,793,852	875,920	(1,144,371)	9,525,401
Infrastructure	81,147,294	1,601,840		82,749,134
Total capital assets being depreciated	<u>179,943,233</u>	<u>7,502,480</u>	<u>(1,302,584)</u>	<u>186,143,129</u>
Total all capital assets	<u>183,503,096</u>	<u>21,116,691</u>	<u>(5,738,194)</u>	<u>198,881,593</u>
Less accumulated depreciation:				
Buildings and improvements	(18,244,748)	(1,342,918)		(19,587,666)
Machinery and equipment	(3,943,218)	(308,300)	152,705	(4,098,813)
Vehicles	(6,424,165)	(536,156)	1,048,815	(5,911,506)
Infrastructure	(42,212,603)	(1,373,805)		(43,586,408)
Total accumulated depreciation	<u>(70,824,734)</u>	<u>(3,561,179)</u>	<u>1,201,520</u>	<u>(73,184,393)</u>
Net book value, capital assets being depreciated	<u>109,118,499</u>	<u>3,941,301</u>	<u>(101,064)</u>	<u>112,958,736</u>
Net book value, total capital assets	<u>\$112,678,362</u>	<u>\$ 17,555,512</u>	<u>\$ (4,536,674)</u>	<u>\$125,697,200</u>
<b>Business-type activities:</b>				
Not being depreciated:				
Land	\$ 146,822			\$ 146,822
Construction in progress	3,890,555	\$ 2,143,219		6,033,774
Total capital assets not being depreciated	<u>4,037,377</u>	<u>2,143,219</u>		<u>6,180,596</u>
Being depreciated:				
Buildings and improvements	9,861,318			9,861,318
Machinery and equipment	31,102			31,102
Vehicles	417,588	36,063		453,651
Infrastructure	81,145,349			81,145,349
Total capital assets being depreciated	<u>91,455,357</u>	<u>36,063</u>		<u>91,491,420</u>
Total all capital assets	<u>95,492,734</u>	<u>2,179,282</u>		<u>97,672,016</u>
Less accumulated depreciation:				
Buildings and improvements	(3,088,654)	(208,023)		(3,296,677)
Machinery and equipment	(31,101)			(31,101)
Vehicles	(214,707)	(30,972)		(245,679)
Infrastructure	(43,436,969)	(1,424,787)		(44,861,756)
Total accumulated depreciation	<u>(46,771,431)</u>	<u>(1,663,782)</u>		<u>(48,435,213)</u>
Net book value, capital assets being depreciated	<u>44,683,925</u>	<u>(1,627,718)</u>		<u>43,056,207</u>
Net book value, total capital assets	<u>\$ 48,721,302</u>	<u>\$ 515,500</u>		<u>\$ 49,236,803</u>

## Notes to Financial Statements

June 30, 2018

### NOTE 6 – CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to functions or activities of the City, as follows:

Governmental Activities		Business-type activities:	
General government	\$ 247,544	Sewer department	\$ 1,522,336
Public safety	362,211	Parking garage	141,446
Public works	1,707,666	Total depreciation expense	<u>\$ 1,663,782</u>
Culture and recreation	243,848		
Education	999,910		
Total depreciation expense	<u>\$ 3,561,179</u>		

Construction-in-progress as of June 30, 2018 consists of school renovations, community center renovations/upgrades to city buildings, emergency communication radio system and various sewer projects. These projects are expected to be completed during 2019 and 2020 and the total cost of the projects is expected to be approximately \$27.3 million for the School Department, \$1.1 million for upgrades to city buildings, and \$6.3 million for sewer projects.

### NOTE 7 – LONG-TERM DEBT

#### Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 48,299,000	\$ 26,425,694	\$ (4,998,500)	\$ 69,726,194	\$ 6,094,203
Unamortized bond premium	3,647,036	2,567,924	(419,220)	5,795,739	414,557
Capital leases	953,297	515,150	(559,561)	908,885	445,689
Net pension liability	10,432,533		(2,108,630)	8,323,903	
Compensated absences	1,401,082	233,456		1,731,637	97,099
Other post-employment benefits, as restated	1,420,790		(37,550)	1,383,240	
Landfill postclosure care costs	300,000		(20,000)	280,000	20,000
Long-term liabilities	<u>\$ 66,453,738</u>	<u>\$ 29,742,224</u>	<u>\$ (8,143,461)</u>	<u>\$ 88,149,600</u>	<u>\$ 7,071,548</u>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 4,936,000	\$ 6,159,306	\$ (306,500)	\$ 10,788,806	\$ 615,797
Capital Leases		36,063	(12,463)	23,600	11,585
Unamortized bond premium		90,694	(4,535)	86,159	4,535
	<u>\$ 4,936,000</u>	<u>\$ 6,286,063</u>	<u>\$ (323,498)</u>	<u>\$ 10,898,565</u>	<u>\$ 631,917</u>
Long-term liabilities	<u>\$ 4,936,000</u>	<u>\$ 6,286,063</u>	<u>\$ (323,498)</u>	<u>\$ 10,898,565</u>	<u>\$ 631,917</u>

#### General Obligation Bonds

General obligation bonds and notes are approved by the voters and repaid with general revenues (taxes). These notes are backed by the full faith and credit of the City.

## Notes to Financial Statements

June 30, 2018

### NOTE 7 – LONG-TERM DEBT – CONTINUED

#### School Construction

In November 2016, the taxpayers approved bonds for expansion projects at Saccarappa School for \$23 million and the Middle School for \$4.3 million. Construction began in the summer of 2017. Capitalized costs to date are approximately \$9.7 million for Saccarappa School and approximately \$4.3 million for the Middle School. The Middle School project was completed during fall 2018 and completion for Saccarappa School is anticipated for fall 2019. The bonds for the school renovations were issued on November 1, 2017.

Bonds payable currently outstanding in the governmental activities are, as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding At 6/30/2018	Current Portion
General obligation bonds payable:						
2009 General Obligation Bond	\$ 38,276,000	2009	2029	4.99	\$ 2,075,000	\$ 2,075,000
2011 General Obligation Bond	12,350,000	2011	2031	3.24	4,115,500	1,213,500
2012 General Obligation Bond	7,745,000	2012	2028	1.00-3.5	5,320,000	790,000
2014 General Obligation Bond	1,760,000	2014	2039	2.00-4.25	1,065,000	210,000
2014 GOB Refunding	5,985,000	2014	2039	0.35-5.10	5,345,000	165,000
2015 GOB and Refunding	26,470,000	2015	2036	3.00-5.00	25,380,000	540,000
2017 General Obligation Bond	\$ 26,425,694	2017	2043	3.00-5.00	26,425,694	1,100,703
					<u>\$69,726,194</u>	<u>\$ 6,094,203</u>

Bonds payable currently outstanding in the business-type activities are, as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding At 6/30/2018	Current Portion
General obligation bonds payable:						
2011 General Obligation Bond	\$ 1,215,000	2011	2031	3.24	\$ 769,500	\$ 61,500
2014 General Obligation Bond	\$ 4,840,000	2014	2034	2.00-4.25	3,860,000	245,000
2017 General Obligation Bond	\$ 6,159,306	2017	2038	3.00-5.00	6,159,306	309,297
Total					<u>\$10,788,806</u>	<u>\$ 615,697</u>

## Notes to Financial Statements

June 30, 2018

### NOTE 7 – LONG-TERM DEBT – CONTINUED

The annual debt service requirements to maturity for the bonds outstanding as of year-end are, as follows:

For Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 6,094,203	\$ 3,232,202	\$ 9,326,405
2020	5,452,906	2,553,675	8,006,581
2021	5,447,906	2,318,981	7,766,887
2022	4,584,406	2,098,405	6,682,811
2023	4,614,420	1,892,260	6,506,680
2024-2028	19,342,100	6,750,236	26,092,336
2029-2033	10,786,942	3,229,650	14,016,592
2034-2038	8,008,311	1,636,569	9,644,880
2039-2043	5,395,000	485,069	5,880,069
Totals	<u>\$ 69,726,194</u>	<u>\$ 24,197,047</u>	<u>\$ 93,923,241</u>

For Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 615,797	\$ 526,725	\$ 1,142,522
2020	617,094	397,854	1,014,948
2021	617,094	373,739	990,833
2022	615,594	348,430	964,024
2023	610,580	323,225	933,805
2024-2028	3,052,900	1,219,013	4,271,913
2029-2033	2,893,058	568,677	3,461,735
2034-2038	1,766,689	144,410	1,911,099
Totals	<u>\$ 10,788,806</u>	<u>\$ 3,902,073</u>	<u>\$ 14,690,879</u>

The City is subject to a statutory limitation by the State of Maine of its general long-term debt equal to 15% of the State's valuation of the City. Based on a valuation of \$1,891,607,800, the City's debt limit is \$283,741,170. The City's outstanding long-term debt of \$69,726,194 at June 30, 2018 was within the statutory limit.

### Conduit Debt and Overlapping Debt

The City has, from time to time, assisted third parties in financing capital activities by participating in conduit debt transactions. The City is not obligated in any manner for this debt and, as a result, has not reported these liabilities or any related assets in the basic financial statements. The outstanding principal balance of conduit debt, as of June 30, 2018, was approximately \$2,410,900. The City is directly liable for a line of credit used for the purpose of providing loans to local businesses as part of the Revolving Loan Fund program, which had an outstanding balance of \$17,450 as of June 30, 2018. Also, the City is potentially liable for a portion of the June 30, 2018 overlapping debt of Cumberland County, in the amount of \$1,629,931 and the Portland Water District, in the amount of \$7,817,914, should either of these entities default on their debt payments.

## Notes to Financial Statements

June 30, 2018

### NOTE 7 – LONG-TERM DEBT – CONTINUED

#### Capital Leases

The City and School Department have lease agreements for modular buildings, equipment, vehicles and school buses. Those leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception in the government-wide financial statements. The following is a schedule of future minimum lease payments under the capital leases and the present value of the minimum lease payments at June 30, 2017:

For Year Ending June 30,	Principal	Interest	Total
2019	\$ 457,274	\$ 26,869	\$ 484,143
2020	295,526	15,615	311,141
2021	129,105	6,260	135,365
2022	50,578	1,782	52,360
Totals	<u>\$ 932,483</u>	<u>\$ 50,526</u>	<u>\$ 983,009</u>

The total costs of capital assets held under capital leases was \$1,940,222, accumulated depreciation was \$434,613 and net book value was \$1,505,609, as of June 30, 2018.

### NOTE 8 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City presently has two landfills, both of which have been closed. Use of the Sandy Hill landfill ceased in 1987 and it has been covered with clay. The City ceased the use of the Rocky Hill Demolition Debris landfill in 1999. Federal and State laws and regulations require that the City continue to perform certain maintenance and monitoring functions at the landfill sites. A liability is being recognized based on the postclosure care costs that will be incurred. The estimated total current cost of the landfill postclosure care has a balance of \$280,000 as of June 30, 2018, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2018. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The City annually appropriates an amount for postclosure care costs.



## Notes to Financial Statements

June 30, 2018

### NOTE 9 – POST-EMPLOYMENT HEALTH CARE

#### *General Information*

*Plan description.* The City sponsors a post-retirement benefit (OPEB) plan that provides health insurance (Health Plan) to retiring employees. The Health Plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Insurance Trust (MMEHT). The City Council has the authority to establish and amend the benefit terms and financing requirements.

MMEHT does not issue a separate financial report for its OPEB as the City does not fund an OPEB plan and operates on a pay-as-you-go basis. Employers fund their own benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Benefits provided.* The Health Plan provides healthcare benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service at retirement are eligible to participate in the Health Plan. Retirees who are not eligible for Medicare retain coverage in the same group health insurance plan as active employees. Retirees must pay for Medicare Part B coverage to be eligible to participate in the State-sponsored employer funded Companion Plan.

*Plan membership.* At January 1, 2018, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	19
Active employees	<u>136</u>
	<u>155</u>

#### *Total OPEB Liability*

The City's total OPEB liability of \$1,383,240 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

General inflation of 3.00% was used along with an aggregate payroll increase of 2.75%. Merit payroll increases, mortality, termination, disability and retirement assumptions relied on the System's June 30, 2012 through June 30, 2015's experience study. Mortality rates were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males or females. The mortality improvement scale RPEC-2015 was modified to converge to an ultimate rate of 0.85% for ages 20 to 85 grading down to 0.00% for ages 111 to 120 with convergence to the ultimate rate in 2020.

The discount rate was based on high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer index.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study, conducted by the Maine State Retirement Consolidated Plan for Participating Local Districts, for the period July 1, 2012 through June 30, 2015.

## Notes to Financial Statements

June 30, 2018

### NOTE 9 – POST-EMPLOYMENT HEALTH CARE - CONTINUED

#### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$1,420,790
Changes for the year:	
Service cost	53,580
Interest	55,062
Changes in benefit terms	
Differences between expected and actual experience	(88,889)
Changes in assumptions or other inputs	(21,580)
Benefit payments	(35,723)
Net changes	<u>(37,550)</u>
Balance at June 30, 2018	<u>\$1,383,240</u>

Changes of assumptions reflect a decrease of \$21,580 and differences between expected and actual experience reflect a decrease of \$88,889.

Changes in assumptions or other inputs reflect a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

*Sensitivity of the total OPEB liability to changes in the discount rate.*

The following table shows how the total OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 3.44%.

	1% Decrease <u>(2.44%)</u>	Discount Rate <u>(3.44%)</u>	1% Increase <u>(4.44%)</u>
Total OPEB liability	\$ 1,630,196	\$ 1,383,240	\$ 1,186,115

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

The following table shows how the total OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 8.27%.

	1% Decrease <u>(7.27%)</u>	Healthcare Cost Trend Rates <u>(8.27%)</u>	1% Increase <u>(9.27%)</u>
Total OPEB liability	\$ 1,174,504	\$ 1,383,240	\$ 1,651,224

## Notes to Financial Statements

June 30, 2018

### NOTE 9 – POST-EMPLOYMENT HEALTH CARE - CONTINUED

For the year ended June 30, 2018, the City recognized OPEB expense of \$97,595. At June 30, 2018, the City 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
Differences between expected and actual experience	\$	\$ 80,000
Changes in assumptions		19,422
Total	<u>\$</u>	<u>\$ 99,422</u>

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,	
2019	\$ (11,047)
2020	(11,047)
2021	(11,047)
2022	(11,047)
2023	(11,047)
Thereafter	(44,187)
Total	<u>\$ (99,422)</u>

### NOTE 10 – PENSION PLANS

#### Plan Descriptions

The City contributes to the Maine Public Employees Retirement System as part of the State Employee and Teacher Plan (the Teacher Plan) and also the Participating Local District Consolidated Plan (the PLD plan) or (the Plans), which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the City of Westbrook, the School Department's teaching certified employees, plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 236 participating employers. The City's Police, Fire/Rescue and certain other City employees and the City's school custodians, school lunch personnel, and other non-teacher personnel, including some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 300 participating employers.

## Notes to Financial Statements

June 30, 2018

### NOTE 10 – PENSION PLANS - CONTINUED

Employee membership data related to the Plans, as of June 30, 2018 was, as follows:

	Teachers	PLD
Current participants: Vested and non-vested	39,843	11,416
Terminated participants: Vested	7,965	2,319
Terminated participants: Inactive due refunds	39,074	7,779
Retirees and beneficiaries receiving benefits	35,601	9,256
	<u>122,483</u>	<u>30,770</u>

Benefit terms are established by Maine statute. In the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the Plan and periodically makes recommendations. The Plans' retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for Teacher Plan members is age 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. For PLD Plan members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The Plans also provides disability and death benefits, which are established by statute for State employee members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 5%.

For the year ended June 30, 2018, the City's total payroll for all employees was \$34,958,200. Total covered payroll was \$19,124,858 for the Teacher Plan and \$7,876,222 for the PLD Plan. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

## Notes to Financial Statements

June 30, 2018

### NOTE 10 – PENSION PLANS - CONTINUED

#### Contributions

The contribution requirements of the Teacher Plan members are defined by law or the Plan's Board. Teacher Plan members of the City of Westbrook school department are required to contribute 7.65% of covered compensation to the Teacher Plan. Employee contributions are deducted from the employee's wages or salary and remitted by the City of Westbrook's school department to the Teacher Plan on a monthly basis. The State is statutorily required to contribute 11.08% of annual Teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 2018, was 3.97% percent of annual Teacher payroll, plus 11.08% for grant fund wages, 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 (normal cost contributions). The School Department's contributions to the Teacher Plan for the year ended June 30, 2018 were \$901,062.

The contribution requirements of the PLD Plan members are defined by law or the Plan's Board. Employees of the City of Westbrook and school department, other than Police and Fire/Rescue, are required to contribute 8.0% of covered compensation to the PLD Plan. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2018 was between 8%-9.5%. The contributions are deducted from the employee's wages or salary and remitted by the City of Westbrook to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The City of Westbrook's contribution rate for school and city employees, other than Police and Fire/Rescue, for the year ended June 30, 2018, was 9.6% percent of annual payroll. The Police contribution rate was 15.7% and Fire/Rescue contribution rate was 12.2% for the year ended June 30, 2018. The 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. The City of Westbrook and the School Department's contributions to the Plan for the year ended June 30, 2018 were \$971,898.

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

##### Teacher Plan

At June 30, 2018, the City of Westbrook School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the City of Westbrook School Department. The amount recognized by the City of Westbrook School Department 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 City of Westbrook School Department were, as follows:

City of Westbrook School Department's proportionate share of the net pension liability	\$ 1,615,583
State's proportionate share of the net pension liability associated with the City of Westbrook School Department	<u>20,324,409</u>
Total	<u>\$ 21,939,992</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Westbrook School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the School Department's proportion was 0.111 percent, which was an increase of 0.013 from its proportion measured as of June 30, 2016.

## Notes to Financial Statements

June 30, 2018

### NOTE 10 – PENSION PLANS - CONTINUED

For the year ended June 30, 2018, the School Department recognized pension expense of \$854,063 and revenue of \$1,709,419 for support provided by the State. In addition, the School Department reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,947	
Changes of assumptions		\$ 25,233
Net difference between projected and actual earnings on Plan investments	450,734	474,495
Changes in proportion and differences between contributions and proportionate share of contributions	123,226	1,641
Contributions subsequent to the measurement date	<u>901,062</u>	
Total	<u>\$ 1,542,969</u>	<u>\$ 501,369</u>

The \$901,062 of deferred outflows of resources resulting from the School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense), as follows:

Years ending June 30,	
2019	\$ 39,900
2020	176,324
2021	10,800
2022	<u>(86,486)</u>
Total	<u>\$ 140,538</u>

### PLD Plan

At June 30, 2018, the City and the City School Department reported a liability of \$6,708,320 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City and the City School Department's proportion of the net pension liability was based on a projection of the City and the City School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City and the City School Department's proportion was 1.64%, which was unchanged from its proportion measured as of June 30, 2016.

## Notes to Financial Statements

June 30, 2018

### NOTE 10 – PENSION PLANS - CONTINUED

For the year ended June 30, 2018, the City and the City School Department recognized pension expense of \$948,137. At June 30, 2018, the City and the City School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 322,287
Changes of assumptions	\$ 570,836	
Net difference between projected and actual earnings on Plan investments	2,311,879	2,496,342
Changes in proportion and differences between contributions and proportionate share of contributions	146,665	473,765
Contributions subsequent to the measurement date	<u>971,898</u>	
Total	<u>\$ 4,001,278</u>	<u>\$ 3,292,394</u>

The \$971,898 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense), as follows:

Years ending June 30,	
2018	\$ (308,028)
2019	456,738
2020	45,005
2021	<u>(456,729)</u>
Total	<u>\$ (263,014)</u>

### Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Teachers Plan 2.75% and PLD Plan 2.75%, per annum
Salary increases	Teachers Plan 2.75%-14.5% and PLD Plan 2.75%-9%, per year
Investment rate of return	Teachers Plan 6.875% and PLD Plan 6.875%, per annum, compounded annually

Mortality rates for active members and non-disabled retirees were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males or females. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2012 to June 30, 2015.

## Notes to Financial Statements

June 30, 2018

### NOTE 10 – PENSION PLANS – 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
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 %
Total	100%	

#### Discount Rate

The discount rate used to measure the total pension liability was 6.875% for each of the Teacher Plan and the PLD Plan. 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 employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

##### Teacher Plan

The following presents the City of Westbrook School Department's proportionate share of the net pension liability calculated using the discount rate of 6.875% percent, as well as what the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1-percentage-point higher (7.875%) than the current rate:

	Discount rate	City School Department's proportionate share of net pension liability
1% decrease	5.875%	\$ 2,834,871
Current discount rate	6.875%	\$ 1,615,583
1% increase	7.875%	\$ 608,889



## Notes to Financial Statements

June 30, 2018

### NOTE 10 – PENSION PLANS – CONTINUED

#### PLD Plan

The following presents the City and the School Department's proportionate share of the net pension liability calculated using the discount rate of 6.875% percent, as well as what the City and the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1-percentage-point higher (7.875%) than the current rate:

	<b>Discount Rate</b>	<b>City and School Department's Proportionate Share of Net Pension Liability</b>
1% decrease	5.875%	\$ 13,458,950
Current discount rate	6.875%	\$ 6,708,320
1% increase	7.875%	\$ 1,626,141

#### Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Maine Public Employees Retirement System financial report.

#### On-Behalf Payments

The State of Maine makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the City's School Department. The actual payment, which is made by the State, is determined by an actuary for the entire teachers' fund. The Maine Public Employees Retirement System estimates the payment made on-behalf of the City School Department to approximate 11.08% of the qualified teachers' salaries, plus an additional 3.97% for health insurance. For the year ended June 30, 2018, the total amount of on-behalf payments was approximately \$2,443,000 and was recognized in the fund financial statements. The amount of on-behalf payments recognized in the government wide financial statements for pension expense was approximately \$1,534,000.

#### Deferred Compensation Plan

The City provides pension benefits for certain of its full-time employees through both Section 401(a) and Section 457(k) of the Internal Revenue Code, as amended, Deferred Compensation Plans (the "DCP") administered by International City Managers Association Retirement Corporation ("ICMA/RC"). In a DCP, benefits depend solely on amounts contributed to the plan, plus investment earnings. Participation for fixed-term contract employees is provided in lieu of the defined benefit through MSRS. Covered employees are eligible to participate and are fully vested from the date of employment. The City contributes to the Section 401(a) DCP at various rates depending upon employment contracts.

In addition, all City employees may participate in the 457 plan and defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City determined that, effective July 1, 1997, it is no longer required to record assets and associated liability of the plan.

## Notes to Financial Statements

June 30, 2018

### NOTE 10 – PENSION PLANS – CONTINUED

#### Other Retirement

The City participates in the Social Security Administration's Retirement Program ("FICA") for its employees, except for Public Safety employees and certain School Department employees; and the Medicare supplement for all employees, including Public Safety employees and School Department employees, hired as of and after March 31, 1986.

### NOTE 11 – OTHER INFORMATION

#### Risk Management

The City is exposed to various risks from loss-related torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City either carries commercial insurance or is self-insured.

As of the date of this report, there are no unpaid claims outstanding, nor is the City aware of any potential claims, which have been incurred yet remain unreported and which should be recorded at June 30, 2018.

#### Contingent Liabilities

There are various legal claims and suits pending against the City, which arose in the normal course of the City's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

### NOTE 12 – FUND BALANCE AND NET POSITION

#### Restatement of Beginning Equity

Beginning net position was reduced by \$769,217 as a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018.

Net position at July 1, 2017 was restated as follows:

	Governmental Activities
Net position as previously reported	\$ 76,919,663
Less: GASB No. 75	<u>(769,217)</u>
Net position, as restated	<u>\$ 76,150,446</u>

## Notes to Financial Statements

June 30, 2018

### NOTE 12 – FUND BALANCE AND NET POSITION – CONTINUED

The following is a schedule of fund balance classifications for the governmental funds as of June 30, 2018:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments		\$ 536,785
Prepaid items and inventory	\$ 67,508	62,482
Total nonspendable	<u>67,508</u>	<u>599,267</u>
Restricted:		
Endowments		227,638
School	236,883	146,512
Future bond interest payments	2,031,227	
Capital projects funds		12,609,858
Total restricted	<u>2,268,110</u>	<u>12,837,496</u>
Committed:		
Open space funds		258,121
Revolving loan funds		5,016
Capital project reserve funds		913,535
City special revenue funds		1,608,858
City capital projects funds		2,238,887
Employee retirement reserve	9,992,531	
Capital outlay	500,000	
Total committed	<u>10,492,531</u>	<u>5,024,417</u>
Assigned:		
Subsequent budget - School	500,000	
Subsequent budget - City	375,000	
Encumbrances	131,440	
Total assigned	<u>1,006,440</u>	
Unassigned		
City	6,649,364	
School special revenue funds		(856,619)
Tax increment financing funds		(435,274)
Total unassigned	<u>6,649,364</u>	<u>(1,291,893)</u>
Total fund balance	<u>\$ 20,483,953</u>	<u>\$ 17,169,287</u>

## Notes to Financial Statements

June 30, 2018

### NOTE 12 – FUND BALANCE AND NET POSITION – CONTINUED

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net position invested in capital assets, net of related debt was calculated as follows at June 30, 2018:

	Governmental Activities	Business-Type Activities
Capital assets	\$198,881,593	\$ 97,672,017
Accumulated depreciation	(73,184,393)	(48,435,214)
Bond payable, total	(75,521,933)	(10,874,965)
Unspent bond proceeds	12,799,924	6,446,119
Capital leases payable, total	(908,885)	(23,600)
Total invested in capital assets, net of related debt	<u>\$ 62,066,306</u>	<u>\$ 44,784,357</u>

### NOTE 13 – TAX ABATEMENTS AND TAX INCREMENT FINANCING DISTRICTS

The City 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. Under the agreements, the City may grant reimbursement limited to incremental taxes from the new actual increased assessed value projected at 25 percent to 100 percent of the increase. The agreements may be granted to businesses located within the City that is providing economic development.

For the fiscal year ended June 30, 2018, the City abated property taxes totaling \$601,200 under the program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A 67 percent property tax abatement to IDEXX. The abatement amounted to \$145,941.

A 100 percent property tax abatement to TAF. The abatement amounted to \$300,000.

A 50 percent property tax abatement to Sysco. The abatement amounted to \$62,725.

All the remaining businesses abatements in the aggregate totaled \$92,534, with a percent of property tax abatement from 25 to 50 percent.

The City also has a downtown tax increment financing district with local tax captured of \$520,860 for which the tax revenues are set aside and utilized primarily for debt service.

## Required Supplementary Information - Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan

June 30, 2018

	June 30, 2018
Total OPEB liability	
Service Cost	\$ 53,580
Interest	55,062
Changes in benefit terms	
Difference between expected and actual experience	(88,889)
Changes in assumptions or other inputs	(21,580)
Benefit payments	<u>(35,723)</u>
<b>Net change in total OPEB liability</b>	<b>(37,550)</b>
<b>Total OPEB liability - beginning</b>	<b><u>1,420,790</u></b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 1,383,240</u></b>
<b>Covered - employee payroll</b>	<b>7,613,812</b>
<b>Total OPEB liability as a percentage of covered - employee payroll</b>	<b>18.2%</b>

**Notes to schedule:**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

June 30, 2018    3.44%

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

This schedule is presented to illustrate requirements to show information for 10 years. However, until a full 10-year trend is complete, the City presents information for those years for which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION**

## Required Supplementary Information - Schedule of Proportionate Share of Net Pension Liability

June 30, 2018

### Maine Public Employees Retirement System

#### Teacher Plan

Fiscal Year	Actuarial Valuation Date	City Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Covered Employee Payroll	City Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>2018</b>	<b>06-30-2017</b>	<b>0.111%</b>	<b>\$ 1,615,583</b>	<b>\$ 20,324,409</b>	<b>\$ 21,939,992</b>	<b>\$ 19,124,858</b>	<b>8.45%</b>	<b>80.78%</b>
2017	06-30-2016	0.098%	\$ 1,739,490	\$ 24,385,665	\$ 26,125,155	\$ 18,270,655	9.52%	76.21%
2016	06-30-2015	0.099%	\$ 1,334,160	\$ 19,029,949	\$ 20,364,109	\$ 17,364,382	7.68%	81.18%
2015	06-30-2014	0.087%	\$ 934,691	\$ 14,716,914	\$ 15,651,605	\$ 16,836,599	5.55%	83.91%

#### PLD Plan

Fiscal Year	Actuarial Valuation Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>2018</b>	<b>06-30-2017</b>	<b>1.64%</b>	<b>\$ 6,708,320</b>	<b>\$ 7,876,222</b>	<b>85.17%</b>	<b>86.43%</b>
2017	06-30-2016	1.64%	\$ 8,693,043	\$ 7,254,647	119.83%	81.61%
2016	06-30-2015	1.81%	\$ 5,782,057	\$ 6,797,421	85.06%	88.27%
2015	06-30-2014	1.85%	\$ 2,841,527	\$ 7,056,623	40.27%	94.10%

## Required Supplementary Information - Schedule of Contributions

June 30, 2018

### Maine Public Employees Retirement System

#### Teachers Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contributions	Contributions Relative to Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<b>2018</b>	<b>06-30-2017</b>	<b>\$ 901,602</b>	<b>\$ 901,602</b>	<b>\$ 0</b>	<b>\$ 19,124,858</b>	<b>4.71%</b>
2017	06-30-2016	\$ 749,776	\$ 749,776	\$ 0	\$ 18,270,655	4.10%
2016	06-30-2015	\$ 561,938	\$ 561,938	\$ 0	\$ 17,364,382	3.24%
2015	06-30-2014	\$ 604,585	\$ 604,585	\$ 0	\$ 16,836,599	3.59%

#### PLD Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contributions	Contributions Relative to Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<b>2018</b>	<b>06-30-2017</b>	<b>\$ 971,898</b>	<b>\$ 971,898</b>	<b>\$ 0</b>	<b>\$ 7,876,222</b>	<b>12.34%</b>
2017	06-30-2016	\$ 837,547	\$ 837,547	\$ 0	\$ 7,254,647	11.54%
2016	06-30-2015	\$ 762,842	\$ 762,842	\$ 0	\$ 6,797,421	11.22%
2015	06-30-2014	\$ 771,553	\$ 771,553	\$ 0	\$ 7,056,623	10.93%



**COMBINING NONMAJOR FUND SCHEDULES - GOVERNMENTAL AND FIDUCIARY FUND**

## Non-Major Governmental Funds

### Combining Balance Sheet

### Tax Increment Financing District Funds

June 30, 2018

	All Funds
<b>LIABILITIES</b>	
Interfund payable	\$ 435,274
<b>Total Liabilities</b>	<u>435,274</u>
<b>FUND BALANCES</b>	
Unassigned	(435,274)
<b>Total Fund Balances (Deficit)</b>	<u>\$ (435,274)</u>

## Non-Major Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Tax Increment Financing District Funds

Year Ended June 30, 2018

	All Funds
<b>Revenues</b>	
Taxes	\$ 861,060
<b>Total Revenues</b>	<u>861,060</u>
<b>Expenditures</b>	
Current:	
General government	471,191
Debt service	737,469
<b>Total Expenditures</b>	<u>1,208,660</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(347,600)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	1,626,225
Transfers out	<u>(1,060,277)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>565,948</u>
<b>Net Change in Fund Balances</b>	218,348
<b>Fund Balances, Beginning of Year (Deficit)</b>	<u>(653,622)</u>
<b>Fund Balances, End of Year (Deficit)</b>	<u>\$ (435,274)</u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Open Space Funds

June 30, 2018

	All Funds
<b>ASSETS</b>	
Interfund receivable	\$ 258,121
<b>Total Assets</b>	<u>258,121</u>
<b>LIABILITIES</b>	
Accounts payable	<u>                    </u>
<b>Total Liabilities</b>	<u>                    </u>
<b>FUND BALANCES</b>	
Committed	258,121
<b>Total Fund Balances</b>	<u>\$ 258,121</u>

## Non-Major Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Open Space Funds

Year Ended June 30, 2018

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ 43,759
<b>Total Revenues</b>	<u>43,759</u>
<b>Expenditures</b>	
Current:	
General government	22,437
<b>Total Expenditures</b>	<u>22,437</u>
<b>Excess of Revenues Over Expenditures</b>	21,322
<b>Other Financing Sources (Uses)</b>	
Transfers out	<u>(18,200)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(18,200)</u>
<b>Net Change in Fund Balances</b>	3,122
<b>Fund Balances, Beginning of Year</b>	<u>254,999</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 258,121</u></u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Revolving Loan Funds

June 30, 2018

	All Funds
<b>ASSETS</b>	
Loans receivable	\$ 83,015
<b>Total Assets</b>	<u>83,015</u>
<b>LIABILITIES</b>	
Line of credit payable	17,450
Interfund payable	60,549
<b>Total Liabilities</b>	<u>77,999</u>
<b>FUND BALANCES</b>	
Committed	5,016
<b>Total Fund Balances</b>	<u>\$ 5,016</u>

## Non-Major Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Revolving Loan Funds

Year Ended June 30, 2018

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ 2,177
<b>Total Revenues</b>	<u>2,177</u>
<b>Expenditures</b>	
Current:	
Debt service	907
<b>Total Expenditures</b>	<u>907</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,270</u>
<b>Net Change in Fund Balances</b>	1,270
<b>Fund Balances, Beginning of Year</b>	<u>3,746</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,016</u>

## Non-Major Governmental Funds

### Combining Balance Sheet

### Capital Projects - Reserve Funds

June 30, 2018

	All Funds
<b>ASSETS</b>	
Interfund receivable	\$ 913,686
<b>Total Assets</b>	<u>913,686</u>
<b>LIABILITIES</b>	
Accounts payable	151
<b>Total Liabilities</b>	<u>151</u>
<b>FUND BALANCES</b>	
Committed	913,535
<b>Total Fund Balances</b>	<u>\$ 913,535</u>



## Non-Major Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Capital Projects - Reserve Funds

Year Ended June 30, 2018

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ 301,632
<b>Total Revenues</b>	<u>301,632</u>
<b>Expenditures</b>	
Current:	
Public safety	21,922
Public works	41,831
Culture and recreation	20,091
<b>Total Expenditures</b>	<u>83,844</u>
<b>Excess of Revenues Over Expenditures</b>	<u>217,788</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	12,000
Transfers out	<u>(369,170)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(357,170)</u>
<b>Net Change in Fund Balances</b>	(139,382)
<b>Fund Balances, Beginning of Year</b>	<u>1,052,917</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 913,535</u></u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Miscellaneous Special Revenue Funds

June 30, 2018

	City Grants	School Grants	Total
<b>ASSETS</b>			
Cash and short-term investments		\$ 40	\$ 40
Investments	\$ 435,566		435,566
Receivables, net of allowance for uncollectibles:			
Accounts	161,097		161,097
Intergovernmental		1,367,154	1,367,154
Interfund receivable	1,180,861		1,180,861
Inventory		62,482	62,482
<b>Total Assets</b>	<u>1,777,524</u>	<u>1,429,676</u>	<u>3,207,200</u>
<b>LIABILITIES</b>			
Accounts payable	10,401	196,408	206,809
Interfund payable		1,844,261	1,844,261
Accrued payroll		179,305	179,305
Unearned revenue	158,265	3,839	162,104
<b>Total Liabilities</b>	<u>168,666</u>	<u>2,223,813</u>	<u>2,392,479</u>
<b>FUND BALANCES</b>			
Nonspendable		62,482	62,482
Committed	1,608,858		1,608,858
Unassigned		(856,619)	(856,619)
<b>Total Fund Balances (Deficit)</b>	<u>\$ 1,608,858</u>	<u>\$ (794,137)</u>	<u>\$ 814,721</u>

## Non-Major Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Miscellaneous Special Revenue Funds

Year Ended June 30, 2018

	City Grants	School Grants	Total
<b>Revenues</b>			
Intergovernmental	\$ 289,065	\$ 5,907,517	\$ 6,196,582
Charges for services	868,003	282,565	1,150,568
Miscellaneous	63,596		63,596
<b>Total Revenues</b>	<u>1,220,664</u>	<u>6,190,082</u>	<u>7,410,746</u>
<b>Expenditures</b>			
Current:			
General government	228,400		228,400
Public safety	298,463		298,463
Culture and recreation	848,665		848,665
Education		6,721,654	6,721,654
Debt service	174,932		174,932
<b>Total Expenditures</b>	<u>1,550,460</u>	<u>6,721,654</u>	<u>8,272,114</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(329,796)</u>	<u>(531,572)</u>	<u>(861,368)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	436,012		436,012
Transfers out	(85,800)		(85,800)
<b>Total Other Financing Sources (Uses)</b>	<u>350,212</u>		<u>350,212</u>
<b>Net Change in Fund Balances</b>	20,416	(531,572)	(511,156)
<b>Fund Balances, Beginning of Year (Deficit)</b>	<u>1,588,442</u>	<u>(262,565)</u>	<u>1,325,877</u>
<b>Fund Balances, End of Year (Deficit)</b>	<u>\$ 1,608,858</u>	<u>\$ (794,137)</u>	<u>\$ 814,721</u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Capital Projects Funds

June 30, 2018

	Capital Projects	Major Capital Projects	School Capital Projects	Total
<b>ASSETS</b>				
Interfund receivable	\$ 1,906,861	\$ 1,705,134	\$ 2,134,181	\$ 5,746,176
<b>Total Assets</b>	<u>1,906,861</u>	<u>1,705,134</u>	<u>2,134,181</u>	<u>5,746,176</u>
<b>LIABILITIES</b>				
Accounts payable	354,006	119,851	411,340	885,197
Retainage payable			145,237	145,237
<b>Total Liabilities</b>	<u>354,006</u>	<u>119,851</u>	<u>556,577</u>	<u>1,030,434</u>
<b>FUND BALANCES</b>				
Restricted		899,251	1,577,604	2,476,855
Committed	1,552,855	686,032		2,238,887
<b>Total Fund Balances</b>	<u>\$ 1,552,855</u>	<u>\$ 1,585,283</u>	<u>\$ 1,577,604</u>	<u>\$ 4,715,742</u>

**Non-Major Governmental Funds****Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances****Capital Projects Funds**

Year Ended June 30, 2018

	Capital Projects	Major Capital Projects	School Capital Projects	Total
<b>Revenues</b>				
Miscellaneous	\$ 111,633	\$ 443,895	\$ -	\$ 555,528
<b>Total Revenues</b>	<u>111,633</u>	<u>443,895</u>	<u>-</u>	<u>555,528</u>
<b>Expenditures</b>				
Capital outlay	2,038,970	1,262,669	3,393,093	6,694,732
<b>Total Expenditures</b>	<u>2,038,970</u>	<u>1,262,669</u>	<u>3,393,093</u>	<u>6,694,732</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(1,927,337)</u>	<u>(818,774)</u>	<u>(3,393,093)</u>	<u>(6,139,204)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,932,700	198,170		3,130,870
Transfers out	(7,000)	(1,041,999)		(1,048,999)
Bond proceeds		1,100,000	5,364,996	6,464,996
<b>Total Other Financing Sources (Uses)</b>	<u>2,925,700</u>	<u>256,171</u>	<u>5,364,996</u>	<u>8,546,867</u>
<b>Net Change in Fund Balances</b>	998,363	(562,603)	1,971,903	2,407,663
<b>Fund Balances, Beginning of Year (Deficit)</b>	<u>554,492</u>	<u>2,147,886</u>	<u>(394,299)</u>	<u>2,308,079</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,552,855</u>	<u>\$ 1,585,283</u>	<u>\$ 1,577,604</u>	<u>\$ 4,715,742</u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Permanent Funds

June 30, 2018

	All Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 46,681
Investments	679,894
Interfund receivable	37,848
<b>Total Assets</b>	<u>764,423</u>
<b>LIABILITIES</b>	
Accounts payable	<u>                    </u>
<b>Total Liabilities</b>	<u>                    </u>
<b>FUND BALANCES</b>	
Nonspendable	536,785
Restricted	227,638
<b>Total Fund Balances</b>	<u>\$ 764,423</u>

## Non-Major Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Permanent Funds

Year Ended June 30, 2018

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ 51,820
<b>Total Revenues</b>	<u>51,820</u>
<b>Expenditures</b>	
Current:	
Culture and recreation	5,271
<b>Total Expenditures</b>	<u>5,271</u>
<b>Excess of Revenues Over Expenditures</b>	<u>46,549</u>
<b>Other Financing Sources (Uses)</b>	
Transfers out	
<b>Total Other Financing Sources (Uses)</b>	<u>          </u>
<b>Net Change in Fund Balances</b>	46,549
<b>Fund Balances, Beginning of Year</b>	<u>717,874</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 764,423</u></u>

## Combining Statement of Fiduciary Net Position

### Private Purpose Trust Funds

June 30, 2018

	City Trusts	School Trusts	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 59,019	\$ 378,349	\$ 437,368
Due from other funds	119,090		119,090
<b>Total Assets</b>	<u>178,109</u>	<u>378,349</u>	<u>556,458</u>
<b>LIABILITIES</b>			
Accounts payable	9,164		9,164
<b>Total Liabilities</b>	<u>9,164</u>		<u>9,164</u>
<b>NET POSITION</b>			
Held in Trust	<u>\$ 168,945</u>	<u>\$ 378,349</u>	<u>\$ 547,294</u>



## Combining Statement of Changes in Fiduciary Net Position

### Private Purpose Trust Funds

Year Ended June 30, 2018

	City Trusts	School Trusts	Total
<b>Additions</b>			
Investment earnings	\$ 862	\$ 2,525	\$ 3,387
Contributions		93,845	93,845
<b>Total Additions</b>	<u>862</u>	<u>96,370</u>	<u>97,232</u>
<b>Deductions:</b>			
Disbursements by agent		98,079	98,079
<b>Total Deductions</b>		<u>98,079</u>	<u>98,079</u>
<b>Change in Net Position</b>	862	(1,709)	(847)
<b>Net Position, Beginning of Year</b>	<u>168,083</u>	<u>380,058</u>	<u>548,141</u>
<b>Net Position, End of Year</b>	<u>\$ 168,945</u>	<u>\$ 378,349</u>	<u>\$ 547,294</u>