

TOWN OF WINSLOW, MAINE

Annual Financial Report

For the Year Ended June 30, 2020

TOWN OF WINSLOW, MAINE
Annual Financial Report
For the year ended June 30, 2020

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Independent Auditor's Report

To the Town Council
Town of Winslow, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winslow, Maine as of June 30, 2020, and the respective changes in financial position, and the respective budgetary comparisons for the General Fund and School Department Operations Fund thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and schedules related to the pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winslow, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of the Town of Winslow, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winslow, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Raymond Kursten Ouellette". The signature is written in a cursive style with a large initial 'R'.

November 23, 2020
South Portland, Maine

TOWN OF WINSLOW, MAINE
Management's Discussion and Analysis
June 30, 2020

As management of the Town of Winslow, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Winslow for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the financial statements, which can be found on pages 21-46 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Winslow exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,384,427 (*net position*). Of this amount, \$985,907 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Winslow's total net position increased by \$704,692.
- As of the close of the current fiscal year, the Town of Winslow's governmental funds reported combined ending fund balances of \$7,471,310, a decrease of \$5,473,983 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance (including School Department Operations deficit) for the general fund was \$2,626,021 or 9.45% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

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

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

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

Fiduciary funds

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

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

Notes to the basic financial statements

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

Other information

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Winslow, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,384,427 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Winslow net position (94%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (\$703,827) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (3% or \$985,907) may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Statement of Net Position

	Governmental Activities	
	2020	2019 (Restated)
Current and Other Assets	\$ 9,551,707	\$ 14,963,907
Capital Assets	41,705,923	34,501,603
Total Assets	51,257,630	49,465,510
Deferred Outflows of Resources Related to Pensions	945,594	748,705
Deferred Outflows of Resources Related to OPEB	248,150	138,385
Total Deferred Outflows of Resources	1,193,744	887,090
Long-term Debt Outstanding	20,950,599	19,586,019
Other Liabilities	1,811,299	1,814,178
Total Liabilities	22,761,898	21,400,197
Deferred Inflows of Resources Related to Pensions	246,159	140,014
Deferred Inflows of Resources Related to OPEB	58,890	132,654
Total Deferred Inflows of Resources	305,049	272,668
Net Investment in Capital Assets	27,694,693	27,716,364
Restricted	703,827	586,537
Unrestricted	985,907	376,834
Total Net Position	\$ 29,384,427	\$ 28,679,735

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

		Change in Net Position	
		Governmental Activities	
		2020	2019
Revenues:			
Program Revenues:			
Charges for Services	\$	2,707,434	3,055,399
Operating Grants and Contributions		11,181,029	10,200,463
Capital Grants and Contributions		634,145	956,483
General Revenues:			
Property Taxes		11,600,361	11,001,640
Excise Taxes		1,600,274	1,547,300
Cable Franchise Fees		80,995	81,328
State Revenue Sharing		648,568	387,436
Homestead and BETE Exemptions		716,749	686,213
Other State Aid		39,558	44,616
Unrestricted Inv. Earnings		122,147	168,029
Misc. Revenues		256,239	69,874
Total Revenues		29,587,499	28,198,781
Expenses:			
General Government		1,244,733	1,171,982
Protection		2,201,143	1,718,733
Public Works		3,839,071	3,745,761
Recreation		253,185	232,794
County Tax		630,536	625,284
Other		1,517,187	1,362,034
Education		16,391,335	16,464,297
On-behalf Payments - Maine PERS		1,479,655	1,179,457
School Lunch		806,304	653,846
Student Activities		150,538	-
Interest on Debt and Debt Service Costs		369,120	478,357
Capital Maintenance Expenses		-	65,989
Total Expenses		28,882,807	27,698,534
Change in Net Position		704,692	500,247
Net Position Prior Year, Restated		28,679,735	28,021,767
Net Position Current Year	\$	29,384,427	28,522,014

Financial Analysis of the Government's Funds

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

Governmental funds

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

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

As of the end of the current fiscal year, the Town of Winslow governmental funds reported combined ending fund balances of \$7,471,310. Approximately 35% or \$2,674,111 of this total amount constitutes *unassigned fund balance* for the general fund (includes School Operations deficit), which is available for spending at the government's discretion.

The fund balance of the Town of Winslow's general fund (including School Department Operations) increased \$989,634 during the current fiscal year. A key factor was the sale of a portion of the Crowe Rope Building.

The Budget

The Adopted Budget for fiscal year 2020 calls for total expenditures of \$25,089,659, representing an increase of \$1,360,814 over the prior fiscal year. By comparison, since the fiscal year 2015-2016 budget was approved, there has been an increase in expenditures totaling \$3,723,378 for an average increase of 4% per year over the past five years.

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

ACCOUNT	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Administration	372,430	380,880	368,400	381,650	374,452
Town Council	5,800	6,460	6,460	6,680	9,380
Assessing	111,094	113,155	114,915	117,885	122,095
Elections	10,350	8,900	8,900	8,900	11,010
Library	209,539	210,135	216,031	219,151	226,263
Cemeteries	6,000	6,000	6,000	6,000	20,000
Information Technology	52,100	48,935	48,935	48,785	49,611
Police Dept.	722,456	741,263	742,937	801,366	828,198
Fire Dept.	515,564	534,492	559,950	568,846	852,505
Emergency Mgt.	2,500	2,500	2,500	2,500	2,500
Code Enforcement	49,979	50,804	65,352	68,106	69,053
Other Town Utilities	222,200	222,200	234,714	242,326	205,826
Organization Support	28,850	28,850	25,900	25,500	25,500
Public Works	747,816	751,328	756,260	881,573	902,620
Sewer Dept.	747,053	774,322	773,878	840,462	992,181
Sanitation	493,808	489,576	457,000	569,400	569,784
Recreation	136,602	135,264	141,008	153,283	154,750
Education	14,203,284	14,378,120	14,530,033	15,573,801	16,275,872
Health and Welfare	27,900	28,100	34,900	25,300	22,900
Insurance and Pensions	909,397	940,651	1,051,200	1,118,511	1,262,899
Community Services	75,444	81,044	81,332	78,936	80,340
Debt Service	582,683	593,875	276,213	517,250	497,125
Capital Imp.	537,400	537,400	823,804	804,350	861,257
County Tax	553,032	578,211	597,991	625,284	630,538
Overlay & Contingency	43,000	43,000	43,000	43,000	43,000
Total Expenditures	21,366,281	21,685,465	21,967,613	23,728,845	25,089,659
Town Revenues	3,238,423	3,322,712	3,335,441	3,984,247	3,735,070
Education Revenues	7,775,498	7,950,504	7,557,764	8,369,990	8,267,408
Fund Balance	972,000	677,000	346,000	0	914,000
Total Revenues	11,985,921	11,950,216	11,239,205	12,354,237	12,916,478
Commitment	9,380,360	9,735,249	10,728,408	11,374,608	12,173,181
Taxable Valuation	605,167,182	611,689,243	640,844,507	634,036,120	653,067,650
Tax Rate	15.50	15.74	16.74	17.94	18.64

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

Capital Assets

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

CAPITAL IMPROVEMENT FUND

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Reserves		
Industrial Building	\$ 38,398	\$ 38,398
Municipal Building	34	5,938
Street Lights	5,686	-
Computer Equipment & Technology	9,169	5,888
Election Equipment	1,371	1,371
Assessing Technology	9,500	7,000
Legal & Assessing Consultant	5,762	5,762
Fire Truck Replacement	291,675	309,675
Rescue Replacement	8,000	4,000
Fire Communication & Equipment	86,660	23,858
Fire Dept. Facility	10,101	8,101
Police Dept. Radios	12,790	8,359
Police Dept. Facility	(2,082)	2,046
Police Dept. Equipment	380	6,939
Police Vehicle	(30,753)	1,867
Town Garage	1,687	2,916
Street & Road Construction	229,655	537,624
Public Works Equipment	11,326	19,785
Recycling Fund	4,060	10,060
Sewer Dept CSO & Equipment	200,334	318,578
Storm Drains	125,000	(100,257)
Recreation Equipment	21,495	19,444
Recreation Development	41,609	45,218
Library Equipment	13,085	-
Library Building & Equipment	30,063	5,225
Fuel Reserve	4,535	5,025
Sports Track	6,000	3,000
Fort Halifax Park	22,709	23,815
1804 Schoolhouse	10,021	10,021
Capital Fund Reserves	\$ 1,168,270	\$ 1,329,656

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

Long-term Debt

At the end of the current fiscal year, the Town of Winslow had total bonded debt outstanding of \$12,713,200; of this amount, \$10,290,000 is what remains on the bonded School projects.

Project	Balance Remaining 6/30/20	Retired
High School (refinanced)	\$ 2,595,000	October 2026
2017 Roads	1,600,000	October 2027
Town Garage (refinanced)	285,000	October 2022
2015 Bond	135,000	October 2020
2018 Sewer Bond	403,200	July 2023
2018 School Renovation Bond	7,695,000	October 2038

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the Town of Winslow is \$96,562,500, which is significantly in excess of the Town of Winslow's outstanding general obligation debt.

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

Economic Factors and Next FY's Projected Tax Rate

We continue to experience a healthy housing market, which is an indicator that the economy is continuing to grow. In addition, the Winslow business community has shown signs of growth as well. The tax rate in FY 2020/2021 is expected to be at \$18.64.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF WINSLOW, MAINE
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,995,268
Investments	3,976
Receivables:	
Taxes and liens	693,907
Sewer and liens	318,477
Accounts	97,205
Due from other governments	406,669
Inventories	36,205
Capital assets, not being depreciated	8,355,417
Capital assets, net of accumulated depreciation	33,350,506
Total assets	51,257,630
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	945,594
Deferred outflows of resources related to OPEB	248,150
Total deferred outflows of resources	1,193,744
LIABILITIES	
Accounts payable and other current liabilities	182,514
Accrued payroll	1,493,614
Accrued interest	114,902
Taxes collected in advance	20,269
Noncurrent liabilities:	
Due within one year	1,673,246
Due in more than one year	19,277,353
Total liabilities	22,761,898
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	246,159
Deferred inflows of resources related to OPEB	58,890
Total deferred inflows of resources	305,049
NET POSITION	
Net investment in capital assets	27,694,693
Restricted for:	
Grants and other purposes	700,448
Nonexpendable trust principal	3,379
Unrestricted	985,907
Total net position	\$ 29,384,427

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Activities
For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 1,244,733	423,860	34,501	-	(786,372)
Protection	2,201,143	2,505	9,032	-	(2,189,606)
Public works	3,839,071	1,112,559	127,964	634,145	(1,964,403)
Recreation	253,185	31,931	3,329	-	(217,925)
County tax	630,536	-	-	-	(630,536)
Other	1,517,187	-	-	-	(1,517,187)
Education	16,391,335	1,002,332	8,640,739	-	(6,748,264)
On-behalf payment - Maine PERS	1,479,655	-	1,479,655	-	-
School lunch	806,304	134,247	724,600	-	52,543
Student activities	150,538	-	161,209	-	10,671
Interest on debt and debt service costs	369,120	-	-	-	(369,120)
Total governmental activities	28,882,807	2,707,434	11,181,029	634,145	(14,360,199)
General revenues:					
Property taxes, levied for general purposes					11,600,361
Motor vehicle excise taxes					1,600,274
Cable television franchise					80,995
Grants and contributions not restricted to specific programs:					
Homestead and BETE exemptions					716,749
Other State aid					39,558
State Revenue Sharing					648,568
Unrestricted investment earnings					122,147
Miscellaneous revenues					36,908
Gain on sale of assets					219,331
Total general revenues and gain					15,064,891
Change in net position					704,692
Net position - beginning, restated					28,679,735
Net position - ending					\$ 29,384,427

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General	School Department Operations	High School Renovations Project	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,194,321	2,632,555	-	-	168,392	7,995,268
Investments	-	-	-	-	3,976	3,976
Receivables:						
Taxes and liens	693,907	-	-	-	-	693,907
Sewer and liens	318,477	-	-	-	-	318,477
Accounts	89,705	-	-	7,500	-	97,205
Due from other governments	147,629	15,308	-	-	243,732	406,669
Interfund loans receivable	-	-	1,315,278	1,160,770	506,675	2,982,723
Inventory	7,051	-	-	-	29,154	36,205
Total assets	\$ 6,451,090	2,647,863	1,315,278	1,168,270	951,929	12,534,430
LIABILITIES						
Accounts payable	31,344	-	128,299	-	-	159,643
Accrued payroll	82,585	1,411,029	-	-	-	1,493,614
Interfund loans payable	1,398,294	1,408,628	-	-	175,801	2,982,723
Due to other governments	22,871	-	-	-	-	22,871
Taxes collected in advance	20,269	-	-	-	-	20,269
Total liabilities	1,555,363	2,819,657	128,299	-	175,801	4,679,120
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	384,000	-	-	-	-	384,000
Total deferred inflows of resources	384,000	-	-	-	-	384,000
FUND BALANCES						
Nonspendable	7,051	-	-	-	3,379	10,430
Restricted	-	-	1,186,979	-	700,448	1,887,427
Committed	48,090	-	-	1,168,270	168,392	1,384,752
Assigned	1,658,771	-	-	-	-	1,658,771
Unassigned	2,797,815	(171,794)	-	-	(96,091)	2,529,930
Total fund balances (deficits)	4,511,727	(171,794)	1,186,979	1,168,270	776,128	7,471,310
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,451,090	2,647,863	1,315,278	1,168,270	951,929	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						41,705,923
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						384,000
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:						
Accrued liabilities						(605,759)
Net pension liability, including related deferred outflows and inflows of resources						(464,744)
Total and net OPEB liabilities, including related deferred outflows and inflows of resources						(3,908,094)
Financed purchases payable						(2,029,988)
Bonds payable						(12,713,200)
Bond premium						(455,021)
Net position of governmental activities						\$ 29,384,427

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	General	School Department Operations	High School Renovations Project	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 13,290,635	-	-	-	-	13,290,635
Licenses and permits	83,814	-	-	-	-	83,814
Intergovernmental	1,535,308	8,956,680	-	627,504	1,866,957	12,986,449
Charges for services	1,104,221	780,510	-	25,000	356,069	2,265,800
Investment income	61,032	60,963	-	-	152	122,147
Student activity fees and fundraisers	-	-	-	-	161,209	161,209
Other revenue	512,121	19,561	-	6,641	9,791	548,114
Total revenues	16,587,131	9,817,714	-	659,145	2,394,178	29,458,168
Expenditures:						
Current:						
General government	816,105	-	-	30,616	227,428	1,074,149
Protection	1,730,867	-	-	118,040	3,911	1,852,818
Public works	2,472,725	-	-	2,323,975	25,954	4,822,654
Recreation	180,713	-	-	17,664	12,388	210,765
County tax	630,536	-	-	-	-	630,536
Other	1,505,981	-	-	-	-	1,505,981
Education	-	14,883,823	-	-	1,268,623	16,152,446
On-behalf payment - MainePERS	-	1,479,655	-	-	-	1,479,655
School lunch	-	-	-	-	806,304	806,304
Student activities	-	-	-	-	150,538	150,538
Debt service	497,125	855,073	-	-	-	1,352,198
Capital outlay	1,707,368	204,949	6,542,735	-	-	8,455,052
Total expenditures	9,541,420	17,423,500	6,542,735	2,490,295	2,495,146	38,493,096
Excess (deficiency) of revenues over (under) expenditures	7,045,711	(7,605,786)	(6,542,735)	(1,831,150)	(100,968)	(9,034,928)
Other financing sources (uses):						
Proceeds from financed purchases	1,707,368	204,949	-	-	-	1,912,317
Sale of property	1,056,121	-	-	592,507	-	1,648,628
Transfers in	-	8,008,464	-	1,077,257	341,472	9,427,193
Transfers out	(9,367,193)	(60,000)	-	-	-	(9,427,193)
Total other financing sources (uses)	(6,603,704)	8,153,413	-	1,669,764	341,472	3,560,945
Net change in fund balances	442,007	547,627	(6,542,735)	(161,386)	240,504	(5,473,983)
Fund balances (deficits), beginning of year, restated	4,069,720	(719,421)	7,729,714	1,329,656	535,624	12,945,293
Fund balances (deficits), end of year	\$ 4,511,727	(171,794)	1,186,979	1,168,270	776,128	7,471,310

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2020

Net change in fund balances - total governmental funds (from Statement 4)	\$	(5,473,983)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

More specifically, this is the amount by which depreciation expense and loss on disposal exceeded capital outlay in the current period.

Capital outlays	10,595,609	
Less: book value of disposed assets	(1,429,297)	
Less: depreciation expense	(1,961,992)	7,204,320

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

(90,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the (increase) decrease in:

Accrued compensated absences	(108,212)	
Accrued interest	154,662	
Net pension liability with related deferred outflows and inflows of resources	(261,705)	
Total and net OPEB liabilities with related deferred outflows and inflows of resources	(37,134)	(252,389)

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

Financed purchases proceeds	(1,912,317)	
Financed purchases repayments	299,845	
Bond principal repayments	860,800	
Bond premium amortization	68,416	(683,256)

Change in net position of governmental activities (see Statement 2)	\$	704,692
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See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the year ended June 30, 2020

	Town General Fund				School Department Operations			
	Budgeted amounts		Actual	Variance with final budget positive (negative)	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 13,113,158	13,113,158	13,290,635	177,477	-	-	-	-
Licenses and permits	67,500	67,500	83,814	16,314	-	-	-	-
Intergovernmental	1,495,059	1,495,059	1,535,308	40,249	7,415,455	7,415,455	7,477,025	61,570
Charges for services	1,110,580	1,110,580	1,208,492	97,912	731,953	731,953	780,510	48,557
Investment earnings	56,000	56,000	61,032	5,032	-	-	60,963	60,963
Other revenues	368,590	368,590	1,431,844	1,063,254	20,000	20,000	19,561	(439)
Total revenues	16,210,887	16,210,887	17,611,125	1,400,238	8,167,408	8,167,408	8,338,059	170,651
Expenditures:								
Current:								
General government	792,811	830,118	807,923	22,195	-	-	-	-
Protection	1,752,256	1,751,613	1,729,809	21,804	-	-	-	-
Public works	2,470,411	2,389,867	2,470,578	(80,711)	-	-	-	-
Recreation	154,750	154,750	153,092	1,658	-	-	-	-
County tax	630,538	630,538	630,536	2	-	-	-	-
Other	1,476,022	1,519,902	1,464,672	55,230	-	-	-	-
Education	-	-	-	-	15,297,891	15,297,891	14,836,984	460,907
Debt service	497,125	497,125	497,125	-	917,981	917,981	855,073	62,908
Total expenditures	7,773,913	7,773,913	7,753,735	20,178	16,215,872	16,215,872	15,692,057	523,815
Excess (deficiency) of revenues over (under) expenditures	8,436,974	8,436,974	9,857,390	1,420,416	(8,048,464)	(8,048,464)	(7,353,998)	694,466
Other financing sources (uses):								
Transfers from other funds	-	-	-	-	8,008,464	8,008,464	8,008,464	-
Transfers to other funds	(9,350,974)	(9,350,974)	(9,351,193)	(219)	(60,000)	(60,000)	(60,000)	-
Utilization of prior year surplus	914,000	914,000	-	(914,000)	100,000	100,000	-	(100,000)
Total other financing sources (uses)	(8,436,974)	(8,436,974)	(9,351,193)	(914,219)	8,048,464	8,048,464	7,948,464	(100,000)
Net change in fund balance - budgetary basis	-	-	506,197	506,197	-	-	594,466	594,466
Reconciliation to GAAP basis:								
Change in assigned balances			(64,190)				-	
Change in summer teacher payroll accrual			-				(46,839)	
Net change in fund balance - GAAP basis			442,007				547,627	
Fund balances (deficits), beginning of year			4,069,720				(719,421)	
Fund balances (deficits), end of year	\$		4,511,727				(171,794)	

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private-purpose Trust Fund (Scholarships)	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 13,022	288,013
Investments	333,547	95,051
Total assets	346,569	383,064
LIABILITIES		
Accounts payable	-	-
Total liabilities	-	-
NET POSITION		
Restricted for individuals and organizations	\$ 346,569	383,064

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2020

	Private-purpose Trust Fund (Scholarships)	Custodial Funds
Additions:		
Investment income	\$ 12,833	4,395
Realized/unrealized gain (loss)	9,592	1,151
Donations	23,673	-
Total additions	46,098	5,546
Deductions:		
Other miscellaneous	15,080	9,259
Total deductions	15,080	9,259
Change in net position	31,018	(3,713)
Net position, beginning of year	315,551	386,777
Net position, end of year	\$ 346,569	383,064

See accompanying notes to basic financial statements.

TOWN OF WINSLOW, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Authority derives the bulk of its operating revenue from the participants, but also receives some grant revenues from the State of Maine. In fiscal year June 30, 2020, the Town of Winslow contributed \$54,782. Complete financial statements may be obtained from Kennebec Regional Development Authority/FirstPark at 46C First Park Drive, Oakland, ME 04963.

B. Government-wide and Fund Financial Statements

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Additionally, the Town reports the following fund type:

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

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

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

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

D. Deposits and Investments

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

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

E. Inventory

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

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

G. Deferred Outflows and Inflows of Resources

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

H. Compensated Absences

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

I. Interfund Transactions

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

J. Long-term Obligations

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Use of Estimates

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

L. Fund Equity

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

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

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

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

M. Pensions and Other Postemployment Benefits (OPEB)

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

N. Comparative Data/Reclassifications

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

B. Excess of Expenditures over Appropriations - For the year ended June 30, 2020, expenditures exceeded appropriations in the following department:

Elections	\$ 847	Sewer	5,606
Police department	12,486	Sanitation	13,153
Public works	34,154	Community services	7,123
Other Town utilities	27,798		

These overexpenditures lapsed to fund balance.

C. Deficit Fund Balance - For the year ended June 30, 2020, the following funds had deficit fund balances:

School Department Operations	\$ 171,794
School Lunch Program	96,091

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

BUDGETARY VS. GAAP BASIS OF ACCOUNTING

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

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

BUDGETARY VERSUS GAAP BASIS OF ACCOUNTING, CONTINUED

	School Department Operations <u>Fund Balance</u>
School fund balance (deficit), June 30, 2020--GAAP Basis	\$ (171,794)
<u>Accrued teacher summer salaries and benefits</u>	<u>1,241,626</u>
<u>Fund balance, June 30, 2020--budgetary basis</u>	<u>\$ 1,069,832</u>

Teacher employment contracts run from September 1st to August 31st of the next year and payments are made throughout that period. Since teachers' contracted services are constructively performed at the end of the school year, salaries paid to teachers during July and August represent liabilities of the Town at June 30, 2020. The amount of teachers' salaries and benefits earned but unpaid at June 30, 2020 was \$1,241,626.

Additionally, as required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement System contributions made by the State of Maine on behalf of the Winslow School Department. These amounts have not been budgeted in the School Department Operations Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$1,479,655. These amounts have been included as an intergovernmental revenue and shown as "On-behalf payment - MainePERS" expense/expenditure on Statement 2 and in the School Department Operations Fund on Statement 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

DEPOSITS AND INVESTMENTS

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

As of June 30, 2020, the Town had the following investments:

	<u>Fair value</u>	<u>Fair value hierarchy</u>	<u>Weighted average maturity (years)</u>
Mutual funds	\$ 307,402	Level 1	N/A
MCF Funds	125,172	Level 3	N/A

Custodial credit risk-deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town currently does not have a deposit policy for custodial credit risk. As of June 30, 2020, none of the Town's bank balance of \$9,568,689 was exposed to custodial credit risk as it was covered by FDIC or was collateralized by underlying securities held by the related bank in the Town's name.

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

DEPOSITS AND INVESTMENTS, CONTINUED

Custodial credit risk-investments – For investments, this is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town currently does not have an investment policy for custodial credit risk.

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

INTERFUND BALANCES

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers. Individual fund interfund loans receivable and payable balances and transfers in and out at June 30, 2020 arising from these transactions were as follows:

	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>	Transfers <u>in (out)</u>
General Fund	\$ -	1,398,294	(9,367,193)
School Department Operations	-	1,408,628	7,948,464
High School Renovations Project	1,315,278	-	-
Capital Improvement Fund	1,160,770	-	1,077,257
Other Governmental Funds:			
Town Special Revenue Funds	7,389	-	-
TIF Funds	230,135	-	281,472
School Special Revenue Funds	261,458	-	-
Adult Education Fund	7,693	-	-
School Lunch Program	-	175,801	60,000
Total	\$ 2,982,723	2,982,723	-

The General Fund transferred \$8,008,464 to the School Department Operations for its portion of the local appropriation. The General Fund transferred \$1,061,257 to the Capital Improvement Fund, and \$281,472 to the TIF fund. The School Department Operations transferred \$60,000 to the School Lunch Program.

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

PROPERTY TAX

Property taxes for the current year were committed on August 16, 2019, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Taxes were due in four equal installments on October 11, 2019, December 6, 2019, March 6, 2020, and June 5, 2020. Interest was charged at 7% on all taxes unpaid after these dates. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. At April 1, 2019, the date on which the current year's assessed value was based, the assessed value represented 100% of market value.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$21,383 for the year ended June 30, 2020. The variance between actual property tax revenues and budgeted property tax revenues represents supplemental taxes, overlay, and the change in deferred taxes.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remained unpaid.

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

The following summarizes the June 30, 2020 and 2019 levies:

	<u>2020</u>	<u>2019</u>
Assessed value	\$ 622,540,600	612,203,200
Tax rate (per \$1,000)	18.64	17.94
Commitment	11,604,158	10,982,926
Supplemental taxes assessed	11,925	11,173
Total levy	11,616,083	10,994,099
Less:		
Abatements	5,379	6,393
Collections	11,107,996	10,427,229
Current taxes receivable at end of year	\$ 502,708	560,477

	<u>2020</u>	<u>2019</u>
Due date(s)	¼ Oct 11, 2019 ¼ Dec 6, 2019 ¼ Mar 6, 2020 ¼ Jun 5, 2020	¼ Oct 12, 2018 ¼ Dec 7, 2018 ¼ Mar 8, 2019 ¼ Jun 7, 2019
Interest rate on delinquent taxes	7.0%	7.0%
Collection rate	95.7%	94.9%

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 825,901	-	31,463	794,438
Construction in progress	556,138	7,973,476	1,501,285	7,028,329
Land	612,440	-	79,790	532,650
Total capital assets, not being depreciated	1,994,479	7,973,476	1,612,538	8,355,417
Capital assets, being depreciated:				
Land improvements	851,395	-	-	851,395
Buildings and building improvements	25,210,487	155,065	2,043,371	23,322,181
Machinery and equipment	9,426,727	87,646	348,335	9,166,038
Vehicles	2,213,647	2,084,946	25,700	4,272,893
Infrastructure	36,899,173	1,795,761	172,502	38,522,432
Total capital assets being depreciated	74,601,429	4,123,418	2,589,908	76,134,939
Less accumulated depreciation for:				
Land improvements	382,277	45,564	-	427,841
Buildings and building improvements	9,246,048	512,917	912,488	8,846,477
Machinery and equipment	6,571,182	315,246	278,475	6,607,953
Vehicles	1,459,958	207,142	25,700	1,641,400
Infrastructure	24,434,840	881,123	55,201	25,260,762
Total accumulated depreciation	42,094,305	1,961,992	1,271,864	42,784,433
Total capital assets being depreciated, net	32,507,124	2,161,426	1,318,044	33,350,506
Governmental activities capital assets, net	\$ 34,501,603	10,134,902	2,930,582	41,705,923

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

Governmental activities:	
General government	\$ 143,834
Protection	174,054
Public works, including depreciation of general infrastructure assets	1,108,160
Recreation	41,015
Education	494,929
Total depreciation expense – governmental activities	\$ 1,961,992

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

LONG-TERM DEBT

Long-term liability activity the year ended June 30, 2020 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 13,574,000	-	860,800	12,713,200	1,270,800
Bond premium	523,437	-	68,416	455,021	45,820
Financed purchases	417,516	1,912,317	299,845	2,029,988	311,496
Net pension liability	811,730	352,449	-	1,164,179	-
OPEB liabilities	3,876,691	221,809	1,146	4,097,354	-
Accrued compensated absences	382,645	108,212	-	490,857	45,130
Governmental activity long-term liabilities	\$ 19,586,019	2,594,787	1,230,207	20,950,599	1,673,246

Bonds Payable

Long-term debt payable at June 30, 2020 is comprised of the following:

	<u>Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<u>Governmental activities:</u>				
2015 Refunding – School	\$ 3,590,000	3.00% - 4.00%	2027	2,595,000
2015 Refunding – Town	500,000	3.00%	2023	285,000
2015 General Obligation Bonds	695,000	3.00%	2021	135,000
2017 General Obligation Bonds	2,000,000	2.00% - 4.00%	2028	1,600,000
2018 General Obligation Bonds	504,000	3.14%	2024	403,200
2019 School Bond	7,695,000	3.00% - 4.00%	2039	7,695,000
Total governmental activities				\$ 12,713,200

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

LONG-TERM DEBT, CONTINUED

General Obligation Bonds

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,270,800	434,779	1,705,579
2022	1,140,800	396,360	1,537,160
2023	1,155,800	361,700	1,517,500
2024	1,075,800	325,991	1,401,791
2025	985,000	291,050	1,276,050
2026-2030	3,440,000	987,375	4,427,375
2031-2035	2,025,000	526,500	2,551,500
<u>2036-2039</u>	<u>1,620,000</u>	<u>129,600</u>	<u>1,749,600</u>
Total	\$ 12,713,200	3,453,355	16,166,555

Financed Purchases

During the year ended June 30, 2020, the Town and School Department were obligated under various financed purchase agreements for buses, vehicles, and equipment.

The following is a schedule, by year, of future minimum lease payments under the financed purchase agreements together with the present value of the net minimum payments as of June 30, 2020:

2021	\$ 381,879
2022	372,031
2023	336,634
2024	309,614
2025	263,534
<u>2026-2030</u>	<u>647,035</u>
Total minimum lease payments	2,310,727
<u>Less: Amount representing interest</u>	<u>(280,739)</u>
<u>Present value of net minimum lease payments</u>	<u>\$ 2,029,988</u>

STATUTORY DEBT LIMIT

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2020, the Town was in compliance with these limitations.

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

FUND BALANCES

As of June 30, 2020, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund:				
Inventory	\$ 7,051	-	-	-
Sick leave payout	-	-	48,090	-
Sewerage	-	-	-	389,660
Stumpage	-	-	-	8,386
MSW Reserve	-	-	-	419,277
Unemployment insurance	-	-	-	33,315
Recreation	-	-	-	58,061
Other purposes	-	-	-	50,072
Subsequent budget	-	-	-	700,000
Capital improvement and projects	-	1,186,979	1,168,270	-
Other governmental funds:				
Grants and other purposes	-	699,851	-	-
Student activities	-	-	168,392	-
Permanent funds - principal	3,379	-	-	-
Permanent funds - unexpended	-	597	-	-
Totals	\$ 10,430	1,887,427	1,384,752	1,658,771

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

DEFERRED COMPENSATION PLAN

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

RISK MANAGEMENT

The Town and School Department are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pools. The Town participates in several public entity and self-insured risk pools and self-insurance programs sponsored by the Maine Municipal Association for unemployment, workers' compensation and property and casualty. The School Department carries commercial insurance for workers' compensation and property and casualty.

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

RISK MANAGEMENT, CONTINUED

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2020.

OPERATING LEASES AND SALE OF PROPERTY

In November of 2019, the Town sold a portion of the former Crowe Rope buildings to Johnny's Selected Seeds for \$1,646,568. Previous to this sale, the Town leased space to Johnny's Selected Seeds at the former Crowe Rope buildings.

On November 26, 2019, the Town amended a lease agreement with Orion Ropeworks, LLC (Orion) whereby Orion agrees to lease approximately 112,200 square feet of the former Crowe Rope buildings. From December 1, 2019 through the end of the lease, June 30, 2022, the Town will receive between \$18,169 and \$18,532 per month.

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

2021	\$ 218,024
<u>2022</u>	<u>222,384</u>
<u>Totals</u>	<u>\$ 440,408</u>

TAX INCREMENT FINANCING DISTRICTS

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

	<u>Original value</u>	<u>Increase in value</u>	<u>TIF cap</u>	<u>Captured value</u>	<u>Captured tax</u>
ALCOM TIF	\$ 56,045	3,506,900	100%	3,506,900	65,369
Lohmann TIF	4,521,100	9,722,500	100%	9,722,500	181,446
Natural Gas TIF	-	1,859,300	100%	1,859,300	34,657

The Town entered into property tax abatement agreements (credit enhancement agreements) with local businesses under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2020, the Town abated property taxes totaling \$159,543 through these credit enhancement agreements. A high-end aluminum recreational trailer manufacturer (ALCOM Inc.) receives a 50% property tax abatement on all new value created with the expansion of their facilities. The abatement amounted to \$32,684. A manufacturer and supplier of poultry biologics (Lohmann Animal Health International) receives a 70% tax abatement on all new value created with the expansion of their facilities. The abatement amounted to \$126,859.

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

NET POSITION

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and financed purchases payable and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2020:

	<u>Governmental activities</u>
Capital assets	\$ 84,490,356
Accumulated depreciation	(42,784,433)
Bonds payable	(12,713,200)
Bond premium	(455,021)
Financed purchases	(2,029,988)
<u>Unspent bond proceeds</u>	<u>1,186,979</u>
<u>Total net investment in capital assets</u>	<u>\$ 27,694,693</u>

NET PENSION LIABILITY

General Information about the Pension Plan

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

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

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

NET PENSION LIABILITY, CONTINUED

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

PLD Plan - Employees are required to contribute 7.35%, 8.0%, or 8.1% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2020 were 10.0% or 10.6% of annual payroll. Contributions to the pension plan from the Town were \$151,440 for the year ended June 30, 2020.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2020, was 18.49% of annual payroll of which 4.16% of payroll was required from the Town and 14.33% was required from the State. Contributions to the pension plan from the Town were \$339,275 for the year ended June 30, 2020.

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

The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2020, the Town reported a liability of \$620,017 for its proportionate share of the net pension liability. At June 30, 2019, the Town's proportion of the PLD Plan was 0.2028%.

SET Plan - At June 30, 2020, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 544,162
State's proportionate share of the net pension liability	
associated with the Town	8,556,930
Total	\$ 9,101,092

At June 30, 2019, the Town's proportion of the SET Plan was 0.0371%.

For the year ended June 30, 2020, the Town recognized pension expense of \$401,879 for the PLD plan and \$1,519,244 for the SET plan with revenue of \$1,168,703 for support provided by the State. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NET PENSION LIABILITY, CONTINUED

	<u>PLD Plan</u>		<u>SET Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 73,412	-	42,328	-
Changes of assumptions	31,399	-	15,755	-
Net difference between projected and actual earnings on pension plan investments	-	155,298	-	76,812
Changes in proportion and differences between Town contributions and proportionate share of contributions	291,985	-	-	14,049
Town contributions subsequent to the measurement date	151,440	-	339,275	-
Total	\$ 548,236	155,298	397,358	90,861

\$490,715 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>PLD Plan</u>	<u>SET Plan</u>
2021	\$ 174,301	18,499
2022	5,375	(34,248)
2023	61,919	(17,261)
2024	(97)	232

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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

NET PENSION LIABILITY, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

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

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

<u>PLD Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 1,412,359	620,017	(121,143)
 <u>SET Plan</u>	 1% Decrease <u>(5.75%)</u>	 Current Discount Rate <u>(6.75%)</u>	 1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 983,832	544,162	177,778

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

NET PENSION LIABILITY, CONTINUED

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

Payables to the Pension Plan - None as of June 30, 2020.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

General Information about the OPEB Plan

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

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

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$20,611 for the year ended June 30, 2020. Employers and employees are not required to contribute to the OPEB plan.

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

At June 30, 2020, the Town reported no liability related to the GTL Plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$223,923 as of June 30, 2020. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.00%.

For the year ended June 30, 2020, the Town recognized OPEB expense for the GTL Plan of \$20,611 and also revenues of \$20,611 for support provided by the State. At June 30, 2020, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation for the GTL Plan was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

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

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

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – TOWN

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employee entitled to but not yet receiving benefits	-
Active employees	44
Total	47

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

The Town’s total Health Plan OPEB liability of \$253,681 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 254,827
Changes for the year:	
Service cost	13,578
Interest	10,875
Changes of benefit terms	(5,109)
Differences between expected and actual experience	(63,427)
Changes in assumptions or other inputs	49,302
Benefit payments	(6,365)
Net changes	(1,146)
Balance at June 30, 2020	\$ 253,681

Change in assumptions reflects a change in the discount rate from 4.10% to 2.47%.

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

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

For the year ended June 30, 2020, The Town recognized OPEB expense of \$17,571 related to the Health Plan. At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	58,890
Changes of assumption or other inputs	41,994	-
Total	\$ 41,994	58,890

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

Year ended June 30:	
2021	\$ (1,773)
2022	(1,773)
2023	(1,773)
2024	(1,773)
2025	(1,773)
Thereafter	(8,031)

Actuarial Assumptions - The total OPEB liability in the January 1, 2020 measurement for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	1.50% per annum
Discount rate	2.74% per annum
Healthcare cost trend rates	8.55% for 2020, decreasing to 3.53% for 2040
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability for the Health plan was 2.74% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

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

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

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town’s total OPEB liability related to the Health Plan calculated using the discount rate of 2.74% as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 298,941	253,681	217,532

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 215,340	253,681	308,623

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

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

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms:

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

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

The Town’s total OPEB liability of \$3,843,673 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 3,621,864
Changes for the year:	
Service cost	18,733
Interest	138,239
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	203,222
Benefit payments	(138,385)
Net changes	221,809
Balance at June 30, 2020	\$ 3,843,673

Change in assumptions reflects a change in the discount rate from 3.87% to 3.50%.

For the year ended June 30, 2020, The Town recognized OPEB expense of \$165,588. At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption or other inputs	\$ 66,496	-
Town contributions subsequent to measurement date	139,660	-
Total	\$ 206,156	-

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

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

\$139,660 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 8,616
2022	8,616
2023	8,618
2024	40,646
2025	-
Thereafter	-

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

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

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

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

Discount Rate - The rate used to measure the total OPEB liability was 3.50% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability calculated using the discount rate of 3.87%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.50%) or 1 percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 4,484,186	3,843,673	3,329,543

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

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

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

		<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$	3,274,357	3,843,673	4,554,746

NEW PRONOUNCEMENT

For the fiscal year ended June 30, 2020, the Town has elected to implement Statement No. 84 of the Government Accounting Standards Board – *Fiduciary Activities*. As a result on implementing GASB Statement No. 84, the Town has restated beginning net position of the governmental activities and beginning fund balance in the nonmajor governmental funds to account for certain activities that were previously reported as fiduciary funds. Net position and fund balance were increased as of July 1, 2019 by \$157,721.

CONSTRUCTION COMMITMENTS

The Town has entered into contracts in connection with the high school renovation project. The following is a summary of commitments at June 30, 2020.

		<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Retainage</u>	<u>Balance Remaining</u>
High School Renovations	\$	6,979,376	90%	6,258,679	128,299	720,697

TOWN OF WINSLOW, MAINE
Required Supplementary Information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD Plan						
Town's proportion of the net pension liability	\$ 0.2028%	0.1056%	0.5050%	N/A	N/A	N/A
Town's proportionate share of the net pension liability	620,017	289,077	206,696	N/A	N/A	N/A
Town's covered payroll	1,190,812	584,373	584,373	N/A	N/A	N/A
Town's proportionate share of the net pension liability as a percentage of its covered payroll	52.07%	49.47%	35.37%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	N/A	N/A	N/A
SET Plan						
Town's proportion of the net pension liability	0.3710%	0.0387%	0.0385%	0.0388%	0.0388%	0.0386%
Town's proportionate share of the net pension liability	544,162	522,653	559,677	684,722	524,237	417,051
State's proportionate share of the net pension liability associated with the Town	8,556,930	7,310,488	8,039,926	10,015,808	7,916,658	6,198,199
Total	\$ 9,101,092	7,833,141	8,599,603	10,700,530	8,440,895	6,615,250
Town's covered payroll	\$ 7,922,994	7,130,379	7,160,836	7,111,584	7,112,501	6,868,246
Town's proportionate share of the net pension liability as a percentage of its covered payroll	6.87%	7.33%	6.96%	9.63%	7.37%	6.07%
Plan fiduciary net position as a percentage of the total pension liability	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only six years of information available.

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

The Town joined the PLD Plan during the year ended June 30, 2018.

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PLD Plan							
Contractually required contribution	\$ 151,440	124,083	59,022	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(151,440)	(124,083)	(59,022)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	-	-	N/A	N/A	N/A	N/A
Town's covered payroll	1,447,071	1,190,812	584,373	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	10.47%	10.42%	10.10%	N/A	N/A	N/A	N/A
SET Plan							
Contractually required contribution	339,275	314,543	283,076	240,604	238,949	188,481	182,008
Contributions in relation to the contractually required contribution	(339,275)	(314,543)	(283,076)	(240,604)	(238,949)	(188,481)	(182,008)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Town's covered payroll	\$ 8,155,639	7,922,994	7,130,379	7,160,836	7,111,584	7,112,501	6,868,246
Contributions as a percentage of covered payroll	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

* Only seven years of information available.

The Town joined the PLD Plan during the year ended June 30, 2018.

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 13,578	15,484	12,243
Interest	10,875	9,510	8,759
Changes of benefit terms	(5,109)	-	-
Differences between expected and actual experience	(63,427)	-	(3,764)
Changes of assumptions or other inputs	49,302	(28,058)	29,988
Benefit payments	(6,365)	(6,120)	(5,336)
Net change in total OPEB Liability	<u>(1,146)</u>	<u>(9,184)</u>	<u>41,890</u>
Total OPEB liability - beginning	<u>254,827</u>	<u>264,011</u>	<u>222,121</u>
Total OPEB liability - ending	\$ <u>253,681</u>	<u>254,827</u>	<u>264,011</u>
Covered-employee payroll	\$ 2,033,965	1,886,942	1,886,942
Total OPEB liability as a percent of covered-employee payroll	12.5%	13.5%	14.0%

*Only three years of information available.

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the School Department's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 18,733	20,297
Interest	138,239	133,045
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	203,222	(160,138)
Benefit payments	<u>(138,385)</u>	<u>(133,602)</u>
Net change in total OPEB Liability	221,809	(140,398)
Total OPEB liability - beginning	<u>3,621,864</u>	<u>3,762,262</u>
Total OPEB liability - ending	\$ <u>3,843,673</u>	<u>3,621,864</u>
Covered-employee payroll	\$ 7,937,801	7,725,354
Total OPEB liability as a percent of covered-employee payroll	48.4%	46.9%

*Only two years of information available.

TOWN OF WINSLOW, MAINE
Required Supplementary Information, Continued

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

	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	\$ 223,923	205,352	189,237
Total	\$ 223,923	205,352	189,237
Plan fiduciary net position as a percentage of the total OPEB liability	49.22%	48.04%	47.29%

* Only three years of information available.

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

TOWN OF WINSLOW, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate - PLD	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

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

Net OPEB Liability

Changes of Benefit Terms - None

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

	<u>2018</u>	<u>2017</u>
Discount rate	6.75%	6.875%

Total OPEB Liability

Changes of Benefit Terms - None

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - Town Health Plan	2.74%	4.10%	3.44%	3.78%
Discount rate - School Department Health Plan	3.50%	3.87%	3.58%	N/A

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

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

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

GENERAL FUND

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

TOWN OF WINSLOW, MAINE
General Fund
Comparative Balance Sheets
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 5,194,321	5,177,788
Receivables:		
Taxes - current year	502,708	560,477
Taxes - prior years	56,158	59,266
Tax liens - prior years	135,041	157,662
Sewer	309,494	272,683
Sewer liens	8,983	28,052
Accounts	89,705	-
Due from other governments	147,629	155,154
Inventory	7,051	11,598
Total assets	\$ 6,451,090	6,422,680
LIABILITIES		
Accounts payable	31,344	-
Accrued payroll	82,585	63,969
Interfund loans payable	1,398,294	1,778,616
Due to other governments	22,871	20,503
Taxes collected in advance	20,269	15,872
Total liabilities	1,555,363	1,878,960
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	384,000	474,000
Total deferred inflows of resources	384,000	474,000
FUND BALANCE		
Nonspendable - inventory	7,051	11,598
Committed for sick leave payout	48,090	-
Assigned for subsequent budget	700,000	914,000
Assigned for other purposes	958,771	1,017,600
Unassigned	2,797,815	2,126,522
Total fund balance	4,511,727	4,069,720
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,451,090	6,422,680

TOWN OF WINSLOW, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2020
(with comparative actual amounts for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Adjusted Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 11,604,158	11,690,361	86,203	10,974,640
Excise taxes	1,509,000	1,600,274	91,274	1,547,300
Total taxes	13,113,158	13,290,635	177,477	12,521,940
Licenses and permits:				
Town Clerk fees	37,000	46,427	9,427	40,671
Other	30,500	37,387	6,887	43,379
Total licenses and permits	67,500	83,814	16,314	84,050
Intergovernmental:				
State Revenue Sharing	601,910	648,568	46,658	387,436
State homestead reimbursement	477,443	477,443	-	459,312
BETE reimbursement	239,306	239,306	-	226,901
State highway block grant	115,000	118,132	3,132	114,956
Contractual service - MDOT	18,900	9,832	(9,068)	19,278
General assistance	4,000	-	(4,000)	1,054
Tree growth reimbursement	23,000	21,728	(1,272)	20,255
Veterans exemptions	13,000	17,830	4,830	24,361
Snowmobiles	2,500	2,469	(31)	2,502
Total intergovernmental	1,495,059	1,535,308	40,249	1,256,055
Charges for services:				
Sewer fees	962,262	1,061,501	99,239	841,888
Police department fees	2,000	2,505	505	1,815
Public works/sanitation	140,158	140,308	150	116,450
Recreation	2,160	1,625	(535)	2,240
Library fees	4,000	2,553	(1,447)	3,503
Total charges for services	1,110,580	1,208,492	97,912	965,896

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

	2020		Variance positive (negative)	2019 Actual
	Adjusted Budget	Actual		
Revenues, continued:				
Investment earnings:				
Investment interest/interest on taxes	\$ 50,000	56,608	6,608	84,194
Interest - sewerage	6,000	4,424	(1,576)	4,685
Total investment earnings	56,000	61,032	5,032	88,879
Other revenues:				
Lien costs and fees	29,919	20,827	(9,092)	19,889
Cable television franchise	68,000	80,995	12,995	81,328
Rental payments	221,671	336,993	115,322	461,503
Sale of Town owned property	10,000	956,121	946,121	21,148
Miscellaneous revenue	39,000	36,908	(2,092)	48,726
Total other revenues	368,590	1,431,844	1,063,254	632,594
Total revenues	16,210,887	17,611,125	1,400,238	15,549,414
Expenditures:				
Current:				
General governmental:				
Administration	392,477	386,222	6,255	402,207
Town Council	9,380	7,040	2,340	8,305
Assessing	141,377	138,089	3,288	135,944
Elections	11,010	11,857	(847)	8,633
Library	226,263	217,434	8,829	212,244
Information technology	49,611	47,281	2,330	55,040
Total general governmental	830,118	807,923	22,195	822,373
Protection:				
Police department	828,198	840,684	(12,486)	806,392
Fire department	852,505	822,882	29,623	615,371
Emergency management	2,500	301	2,199	-
Code enforcement	68,410	65,942	2,468	65,023
Total protection	1,751,613	1,729,809	21,804	1,486,786

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

	2020		Variance positive (negative)	2019 Actual
	Adjusted Budget	Actual		
Expenditures, continued				
Current, continued:				
Public works:				
Public works	\$ 984,726	1,018,880	(34,154)	1,064,513
Other Town utilities	205,826	233,624	(27,798)	232,943
Sewer	647,060	652,666	(5,606)	523,098
Sanitation	552,255	565,408	(13,153)	548,358
Total public works	2,389,867	2,470,578	(80,711)	2,368,912
Recreation:				
Parks and recreation	154,750	153,092	1,658	152,134
Total recreation	154,750	153,092	1,658	152,134
County tax	630,538	630,536	2	625,284
Other:				
General assistance	4,261	-	4,261	1,506
Insurance	1,325,418	1,311,442	13,976	1,205,915
Organizational support	25,500	25,500	-	25,500
Community services	100,340	107,463	(7,123)	88,217
Contingency	43,000	14,888	28,112	-
Overlay/abatements	21,383	5,379	16,004	6,393
Total other	1,519,902	1,464,672	55,230	1,327,531
Debt service:				
Principal	435,000	435,000	-	440,000
Interest	62,125	62,125	-	77,250
Total debt service	497,125	497,125	-	517,250
Total expenditures	7,773,913	7,753,735	20,178	7,300,270

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

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Excess of revenues over expenditures	\$ 8,436,974	9,857,390	1,420,416	8,249,144
Other financing sources (uses):				
Transfers out - Capital improvement fund	(1,061,257)	(1,061,257)	-	(1,004,350)
Transfers out - Education (local share)	(8,008,464)	(8,008,464)	-	(7,203,811)
Transfer out - TIF fund	(281,253)	(281,472)	(219)	(273,341)
Utilization of prior year surplus	914,000	-	(914,000)	-
Total other financing sources (uses)	(8,436,974)	(9,351,193)	(914,219)	(8,481,502)
Net change in fund balance - budgetary basis	-	506,197	506,197	(232,358)
Reconciliation to GAAP basis:				
Premium recognized in the General fund		-		118,437
Bond issuance costs recognized in the General fund		-		(74,974)
Change in committed/assigned balances		(64,190)		470,825
Net change in fund balance - GAAP basis		442,007		281,930
Fund balance, beginning of year		4,069,720		3,787,790
Fund balance, ending of year	\$	4,511,727		4,069,720

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF WINSLOW, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 168,392	-	168,392
Investments	-	3,976	3,976
Due from other governments	243,732	-	243,732
Interfund loans receivable	506,675	-	506,675
Inventory	29,154	-	29,154
Total assets	\$ 947,953	3,976	951,929
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund loans payable	175,801	-	175,801
Total liabilities	175,801	-	175,801
Fund balances:			
Nonspendable - Principal	-	3,379	3,379
Restricted	699,851	597	700,448
Committed	168,392	-	168,392
Unassigned	(96,091)	-	(96,091)
Total fund balances	772,152	3,976	776,128
Total liabilities and fund balances	\$ 947,953	3,976	951,929

TOWN OF WINSLOW, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 1,866,957	-	1,866,957
Charges for services	356,069	-	356,069
Interest revenue	-	152	152
Student activity fees and fundraisers	161,209	-	161,209
Other revenue	9,791	-	9,791
Total revenues	2,394,026	152	2,394,178
Expenditures:			
Current:			
General government	227,393	35	227,428
Protection	3,911	-	3,911
Public works	25,954	-	25,954
Recreation	12,388	-	12,388
Education	1,268,582	41	1,268,623
School lunch	806,304	-	806,304
Student activities	150,538	-	150,538
Total expenditures	2,495,070	76	2,495,146
Excess (deficiency) of revenues over (under) expenditures	(101,044)	76	(100,968)
Other financing sources (uses):			
Transfers in	341,472	-	341,472
Total financing sources (uses)	341,472	-	341,472
Net change in fund balances	240,428	76	240,504
Fund balances, beginning of year, restated	531,724	3,900	535,624
Fund balances, end of year	\$ 772,152	3,976	776,128

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

Town Special Revenue Funds

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

TIF Funds

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

School Special Revenue Funds

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

Adult Education Fund

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

School Lunch Program

To account for the activity of the school lunch operations.

Student Activity Funds

To account for funds held at the individual schools for student activities and other purposes.

TOWN OF WINSLOW, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2020

(with comparative totals for June 30, 2019)

	Town Special Revenue Funds	TIF Funds	School Special Revenue Funds	Adult Education Fund	School Lunch Program	Student Activity Funds	Totals	
							2020	2019
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	168,392	168,392	157,721
Due from other governments	-	-	193,176	-	50,556	-	243,732	193,573
Interfund loans receivable	7,389	230,135	261,458	7,693	-	-	506,675	410,133
Inventory	-	-	-	-	29,154	-	29,154	18,533
Total assets	\$ 7,389	230,135	454,634	7,693	79,710	168,392	947,953	779,960
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable	-	-	-	-	175,801	-	175,801	248,236
Total liabilities	-	-	-	-	175,801	-	175,801	248,236
Fund balances (deficits):								
Restricted	7,389	230,135	454,634	7,693	-	-	699,851	582,637
Committed	-	-	-	-	-	168,392	168,392	157,721
Unassigned	-	-	-	-	(96,091)	-	(96,091)	(208,634)
Total fund balances (deficits)	7,389	230,135	454,634	7,693	(96,091)	168,392	772,152	531,724
Total liabilities and fund balances	\$ 7,389	230,135	454,634	7,693	79,710	168,392	947,953	779,960

TOWN OF WINSLOW, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	Town Special Revenue Funds	TIF Funds	School Special Revenue Funds	Adult Education Fund	School Lunch Program	Student Activity Funds	Totals	
							2020	2019
Revenues:								
Intergovernmental	\$ 7,995	-	1,134,362	-	724,600	-	1,866,957	1,569,857
Charges for services	-	-	221,822	-	134,247	-	356,069	406,886
Student activity fees and fundraisers	-	-	-	-	-	161,209	161,209	179,363
Other revenue	-	-	9,791	-	-	-	9,791	2,114
Total revenues	7,995	-	1,365,975	-	858,847	161,209	2,394,026	2,158,220
Expenditures:								
Current:								
General government	-	227,393	-	-	-	-	227,393	154,877
Protection	3,911	-	-	-	-	-	3,911	12,395
Public works	-	25,954	-	-	-	-	25,954	60,304
Recreation	402	11,986	-	-	-	-	12,388	-
Education	-	-	1,268,582	-	-	-	1,268,582	1,350,441
School lunch	-	-	-	-	806,304	-	806,304	653,846
Student activities	-	-	-	-	-	150,538	150,538	175,218
Total expenditures	4,313	265,333	1,268,582	-	806,304	150,538	2,495,070	2,407,081
Excess (deficiency) of revenues over (under) expenditures	3,682	(265,333)	97,393	-	52,543	10,671	(101,044)	(248,861)
Other financing sources (uses):								
Transfers in	-	281,472	-	-	60,000	-	341,472	333,341
Transfers out	-	-	-	-	-	-	-	-
Total financing sources (uses)	-	281,472	-	-	60,000	-	341,472	333,341
Net change in fund balances	3,682	16,139	97,393	-	112,543	10,671	240,428	84,480
Fund balances (deficits), beginning of year, restated	3,707	213,996	357,241	7,693	(208,634)	157,721	531,724	447,244
Fund balances (deficits), end of year	\$ 7,389	230,135	454,634	7,693	(96,091)	168,392	772,152	531,724

TOWN OF WINSLOW, MAINE
School Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

	Fund balance beginning of year	Revenues	Expenditures	Fund balance end of year
Grant funds:				
Title I	\$ -	410,423	410,423	-
MaineCare	226,226	242,634	106,136	362,724
Local Entitlement	-	339,212	339,212	-
Pre-school Handicapped	-	3,833	3,833	-
Title IIA - Supporting Effective Instruction	-	94,201	94,201	-
Title V - Rural Small Schools	-	25,183	25,183	-
E-Rate	24,965	-	-	24,965
Fiscal agent	4,976	18,876	5,642	18,210
Total grant funds	256,167	1,134,362	984,630	405,899
Other Special Funds:				
Before and after school care	94,449	221,822	281,026	35,245
Insurance proceeds	2,008	-	-	2,008
Gizmo Garden Fund	2,655	-	-	2,655
COVID donations	-	8,541	2,779	5,762
Special education fund	147	-	147	-
Homeless	1,815	1,250	-	3,065
Total other special funds	101,074	231,613	283,952	48,735
Total	\$ 357,241	1,365,975	1,268,582	454,634

TOWN OF WINSLOW, MAINE
Student Activity Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

	Fund balance beginning of year	Revenues	Expenditures	Fund balance end of year
High School activity funds	\$ 49,904	88,511	88,554	49,861
High School athletics fund	16,017	22,614	23,751	14,880
Junior High activity funds	50,484	25,049	18,457	57,076
Elementary school activity funds	41,316	25,035	19,776	46,575
Total	\$ 157,721	161,209	150,538	168,392

NONMAJOR PERMANENT FUNDS

TOWN OF WINSLOW, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2020
(with comparative totals for June 30, 2019)

	Cemetery Fund	Memorial Fund	School Fund	Totals	
				2020	2019
ASSETS					
Cash and cash equivalents	\$ -	-	-	-	3,824
Investments	3,976	-	-	3,976	-
Interfund loans receivable	-	-	-	-	76
Total assets	\$ 3,976	-	-	3,976	3,900
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund loans payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Nonspendable - principal	3,379	-	-	3,379	3,434
Restricted	597	-	-	597	466
Total fund balances	3,976	-	-	3,976	3,900
Total liabilities and and fund balances	\$ 3,976	-	-	3,976	3,900

TOWN OF WINSLOW, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	Cemetery Fund	Memorial Fund	School Fund	Totals	
				2020	2019
Revenues:					
Investment income	\$ 152	-	-	152	2
Total revenues	152	-	-	152	2
Expenditures:					
Current:					
Other miscellaneous	-	35	41	76	-
Total expenditures	-	35	41	76	-
Net change in fund balances	152	(35)	(41)	76	2
Fund balances, beginning of year	3,824	35	41	3,900	3,898
Fund balances, end of year	\$ 3,976	-	-	3,976	3,900

PRIVATE-PURPOSE TRUST FUNDS

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

CUSTODIAL FUNDS

The custodial funds account for the various library funds.

TOWN OF WINSLOW, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2020
(with comparative totals for June 30, 2019)

		Bowden	Esther Gagne	High School	Totals	
		Scholarship	Scholarship		Scholarships	2020
		Fund	Fund			
ASSETS						
Cash and cash equivalents	\$	10,745	-	2,277	13,022	37,372
Investments		-	26,145	307,402	333,547	278,179
Total assets	\$	10,745	26,145	309,679	346,569	315,551
NET POSITION						
Restricted for principal		1,646	25,000	-	26,646	26,646
Unrestricted		9,099	1,145	309,679	319,923	288,905
Total net position	\$	10,745	26,145	309,679	346,569	315,551

TOWN OF WINSLOW, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

		Bowden Scholarship Fund	Esther Gagne Scholarship Fund	High School Scholarships	Totals	
					2020	2019
Additions:						
Investment income	\$	11	79	12,743	12,833	13,065
Realized/unrealized gain (loss)		-	1,007	8,585	9,592	4,640
Donations		1,023	-	22,650	23,673	170,661
Total additions		1,034	1,086	43,978	46,098	188,366
Deductions:						
Other miscellaneous		250	51	14,779	15,080	11,680
Total deductions		250	51	14,779	15,080	11,680
Change in net position		784	1,035	29,199	31,018	176,686
Net position, beginning of year		9,961	25,110	280,480	315,551	138,865
Net position, end of year	\$	10,745	26,145	309,679	346,569	315,551

TOWN OF WINSLOW, MAINE
Custodial Funds - Library Funds
Combining Statement of Net Position
June 30, 2020

(with comparative totals for June 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 288,013	287,193
Investments	95,051	99,584
Total assets	\$ 383,064	386,777
NET POSITION		
Restricted for individuals and organizations	383,064	386,777
Total net position	\$ 383,064	386,777

TOWN OF WINSLOW, MAINE
Custodial Funds - Library Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	Totals	
	2020	2019
Additions:		
Investment income	\$ 4,395	6,546
Realized/unrealized gain (loss)	1,151	-
Donations	-	98,245
Total additions	5,546	104,791
Deductions:		
Other miscellaneous	9,259	7,750
Total deductions	9,259	7,750
Change in net position	(3,713)	97,041
Net position, beginning of year	386,777	289,736
Net position, end of year	\$ 383,064	386,777