

Audited Financial Statements and
Other Financial Information

Town of Waterboro, Maine

June 30, 2024



Proven Expertise & Integrity

TOWN OF WATERBORO, MAINE

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Waterboro
Waterboro, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterboro, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Town of Waterboro's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Waterboro as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Waterboro and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waterboro's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Town of Waterboro's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Waterboro's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 12 and 59 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waterboro's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund

financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the Town of Waterboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Waterboro's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Waterboro's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
November 27, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(UNAUDITED)

The following management's discussion and analysis of the Town of Waterboro, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Waterboro's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The above-mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of Waterboro is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, insurance, library, recreation, public safety, health and sanitation, public works, unclassified, education, municipal building and overlay.

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 Waterboro, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Waterboro are categorized as governmental funds.

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability - MMEHT, Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT, Schedule of Contributions - OPEB - MMEHT and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$479,688 from \$8,495,232 to \$8,974,920.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$4,576,260 at the end of this year.

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

	2024	2023 (Restated)
Assets:		
Current Assets	\$ 6,166,217	\$ 5,308,889
Noncurrent Assets - Capital Assets	6,045,579	6,351,543
Total Assets	12,211,796	11,660,432
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	268,111	301,372
Deferred Outflows Related to OPEB	43,670	24,496
Total Deferred Outflows of Resources	311,781	325,868
Liabilities:		
Current Liabilities	793,877	718,934
Noncurrent Liabilities	2,189,245	2,141,352
Total Liabilities	2,983,122	2,860,286
Deferred Inflows of Resources:		
Prepaid Taxes	23,329	24,062
Deferred Revenue	410,734	410,734
Deferred Inflows Related to Pensions	74,156	134,001
Deferred Inflows Related to OPEB	57,316	61,985
Total Deferred Inflows of Resources	565,535	630,782
Net Position:		
Net Investment in Capital Assets	4,280,728	4,659,532
Restricted	117,932	93,120
Unrestricted	4,576,260	3,742,580
Total Net Position	\$ 8,974,920	\$ 8,495,232

Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.03%, while total expenses increased by 6.70%. The largest increase in revenues was in property taxes, while the largest increases in expenses were in public safety and education.

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

	<u>2024</u>	<u>2023</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,185,866	\$ 1,117,914
Operating grants and contributions	125,238	93,035
<i>General Revenues:</i>		
Property taxes	14,373,329	13,424,027
Excise taxes	1,873,923	1,800,656
Grants and contributions not restricted to specific programs	1,622,619	1,575,594
Miscellaneous	280,413	172,497
Total Revenues	<u>19,461,388</u>	<u>18,183,723</u>
Expenses		
General government	1,230,644	1,094,341
Insurance	877,872	875,857
Library	140,818	118,027
Recreation	366,728	354,047
Public safety	2,044,064	1,697,144
Health and sanitation	773,354	627,642
Public works	2,358,023	1,709,664
Unclassified	59,234	364,091
Capital outlay	103,694	280,179
Education	10,469,074	10,104,275
Municipal building	31,432	81,235
County tax	467,060	399,601
Overlay	2,573	21,715
Interest on long-term debt	43,848	44,776
Unallocated depreciation (Note 4)	13,282	17,902
Total Expenses	<u>18,981,700</u>	<u>17,790,496</u>
Change in Net Position	<u>479,688</u>	<u>393,227</u>
Net Position - July 1, As Previously Presented	9,163,241	8,770,014
Error Correction - ARPA	(410,734)	-
Error Correction - Debt	(307,683)	-
Error Correction - Fixed Assets	50,408	-
	<u>(668,009)</u>	<u>-</u>
Net Position - July 1, As Restated	<u>8,495,232</u>	<u>8,770,014</u>
Net Position - June 30	<u>\$ 8,974,920</u>	<u>\$ 9,163,241</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Waterboro, Maine
Fund Balances - Governmental Funds
June 30,

	2024	2023 (Restated)	Increase/ (Decrease)
Major Fund:			
General Fund:			
Nonspendable	\$ 71,384	\$ 135,367	\$ (63,983)
Committed	676,015	449,475	226,540
Assigned	2,326,793	2,143,064	183,729
Unassigned	1,633,610	1,112,223	521,387
Total Major Fund	\$ 4,707,802	\$ 3,840,129	\$ 867,673
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 97,710	\$ 72,909	\$ 24,801
Assigned	259,551	237,808	21,743
Capital Projects Funds:			
Assigned	74,728	74,728	-
Permanent Funds:			
Restricted	20,222	20,211	11
Total Nonmajor Funds	\$ 452,211	\$ 405,656	\$ 46,555

The changes to total fund balance for the general fund and the aggregate nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

The difference between the original and final budget for the general fund was due to use of assigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$796,397. This was the result of all revenue categories being receipted over budgeted amounts.

The general fund actual expenditures were under budgeted amounts by \$1,594,622. All expenditure categories coming within or under budgeted amounts.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the Town decreased by \$305,964 from the prior year. This decrease is the result of current year capital additions of \$287,862 less current year depreciation expense of \$593,826.

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

	2024	2023 (Restated)
Land and improvements	\$ 786,077	\$ 776,796
Buildings and improvements	1,357,471	1,418,254
Machinery and equipment	748,215	729,105
Vehicles	1,831,267	1,921,872
Infrastructure	1,322,549	1,505,516
Total	\$ 6,045,579	\$ 6,351,543

Debt

At June 30, 2024, the Town had \$1,764,851 in bonds and notes from direct borrowings outstanding versus \$1,692,011 last year. For additional details on the Town's outstanding debt, refer to Note 6 of Notes to Financial Statements.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The 2024 - 2025 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2024 - 2025 as of the date this report was issued.

The Town's unassigned fund balance is currently at a level to sustain government operations for a period of approximately one month. The Town's unassigned fund balance is \$1,633,610 for the year ended June 30, 2024, compared to \$1,112,223 for the same period in 2023. This increase is primarily due to the positive net change in fund balance for the year. The Town also maintains reserves for future capital and other program needs. These reserves have a balance of \$74,728 for the year ended June 30, 2024, compared to \$74,728 in the prior year.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 24 Townhouse Road, East Waterboro, Maine 04030.

TOWN OF WATERBORO, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,639,477
Accounts receivable (net of allowance for uncollectibles):	
Taxes	272,664
Liens	98,702
Other	83,990
Tax acquired property	<u>71,384</u>
Total current assets	<u>6,166,217</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	735,500
Infrastructure, buildings, land improvements, vehicles and equipment, net of accumulated depreciation	<u>5,310,079</u>
Total noncurrent assets	<u>6,045,579</u>
TOTAL ASSETS	<u>12,211,796</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	268,111
Deferred outflows related to OPEB	<u>43,670</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>311,781</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 12,523,577</u></u>

STATEMENT A (CONTINUED)

TOWN OF WATERBORO, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 236,719
Accrued expenses	728
Escrow	69,075
Due to other governments	4,998
Current portion of long-term obligations	482,357
Total current liabilities	793,877
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	130,905
Notes from direct borrowings payable	1,203,664
Accrued compensated absences	156,223
Net pension liability	436,998
Net OPEB liability	261,455
Total noncurrent liabilities	2,189,245
TOTAL LIABILITIES	2,983,122
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	23,329
Deferred revenue	410,734
Deferred inflows related to pensions	74,156
Deferred inflows related to OPEB	57,316
TOTAL DEFERRED INFLOWS OF RESOURCES	565,535
NET POSITION	
Net investment in capital assets	4,280,728
Restricted	117,932
Unrestricted	4,576,260
TOTAL NET POSITION	8,974,920
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 12,523,577

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

TOWN OF WATERBORO, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
General government	\$ 1,230,644	\$ 189,249	\$ 15,892	\$ -	\$ (1,025,503)
Insurance	877,872	-	-	-	(877,872)
Library	140,818	714	-	-	(140,104)
Recreation	366,728	410,967	-	-	44,239
Public safety	2,044,064	403,102	-	-	(1,640,962)
Health and sanitation	773,354	181,834	-	-	(591,520)
Public works	2,358,023	-	109,346	-	(2,248,677)
Unclassified	59,234	-	-	-	(59,234)
Capital outlay	103,694	-	-	-	(103,694)
Education	10,469,074	-	-	-	(10,469,074)
Municipal building	31,432	-	-	-	(31,432)
County tax	467,060	-	-	-	(467,060)
Overlay	2,573	-	-	-	(2,573)
Interest on long-term debt	43,848	-	-	-	(43,848)
Unallocated depreciation (Note 5)*	13,282	-	-	-	(13,282)
Total government	<u>\$ 18,981,700</u>	<u>\$ 1,185,866</u>	<u>\$ 125,238</u>	<u>\$ -</u>	<u>(17,670,596)</u>

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

STATEMENT B (CONTINUED)

TOWN OF WATERBORO, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(17,670,596)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	14,373,329
Excise taxes	1,873,923
Grants and contributions not restricted to specific programs	1,622,619
Miscellaneous	<u>280,413</u>
Total general revenues	<u>18,150,284</u>
Change in net position	<u>479,688</u>
NET POSITION - JULY 1, AS PREVIOUSLY PRESENTED	9,163,241
ERROR CORRECTION - ARPA	(410,734)
ERROR CORRECTION - DEBT	(307,683)
ERROR CORRECTION - FIXED ASSETS	<u>50,408</u>
	<u>(668,009)</u>
NET POSITION - JULY 1, AS RESTATED	<u>8,495,232</u>
NET POSITION - JUNE 30	<u><u>\$ 8,974,920</u></u>

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

TOWN OF WATERBORO, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 5,635,869	\$ 3,608	\$ 5,639,477
Accounts receivable (net of allowance for uncollectibles):			
Taxes	272,664	-	272,664
Liens	98,702	-	98,702
Other	83,990	-	83,990
Tax acquired property	71,384	-	71,384
Due from other funds	-	859,337	859,337
TOTAL ASSETS	<u>\$ 6,162,609</u>	<u>\$ 862,945</u>	<u>\$ 7,025,554</u>
LIABILITIES			
Accounts payable	\$ 236,719	\$ -	\$ 236,719
Accrued expenses	728	-	728
Escrow	69,075	-	69,075
Due to other governments	4,998	-	4,998
Due to other funds	859,337	-	859,337
TOTAL LIABILITIES	<u>1,170,857</u>	<u>-</u>	<u>1,170,857</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	23,329	-	23,329
Deferred revenue	-	410,734	410,734
Deferred tax revenues	260,621	-	260,621
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>283,950</u>	<u>410,734</u>	<u>694,684</u>
FUND BALANCES			
Nonspendable	71,384	-	71,384
Restricted	-	117,932	117,932
Committed	676,015	-	676,015
Assigned	2,326,793	334,279	2,661,072
Unassigned	1,633,610	-	1,633,610
TOTAL FUND BALANCES	<u>4,707,802</u>	<u>452,211</u>	<u>5,160,013</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,162,609</u>	<u>\$ 862,945</u>	<u>\$ 7,025,554</u>

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

TOWN OF WATERBORO, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 5,160,013
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	6,045,579
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	260,621
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	268,111
OPEB	43,670
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(210,338)
Notes from direct borrowings payable	(1,554,513)
Accrued compensated absences	(208,298)
Net pension liability	(436,998)
Net OPEB liability	(261,455)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	(74,156)
OPEB	<u>(57,316)</u>
Net position of governmental activities	<u>\$ 8,974,920</u>

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

STATEMENT E

TOWN OF WATERBORO, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 14,384,326	\$ -	\$ 14,384,326
Excise	1,873,923	-	1,873,923
Intergovernmental revenues	1,747,857	-	1,747,857
Charges for services	1,185,866	-	1,185,866
Investment income, net of unrealized gains/(losses)	119,665	-	119,665
Miscellaneous revenues	124,128	36,620	160,748
TOTAL REVENUES	19,435,765	36,620	19,472,385
EXPENDITURES			
Current:			
General government	1,173,990	-	1,173,990
Insurance	877,872	-	877,872
Library	145,086	-	145,086
Recreation	365,062	-	365,062
Public safety	1,848,005	-	1,848,005
Health and sanitation	749,011	-	749,011
Public works	1,808,774	-	1,808,774
Unclassified	59,169	65	59,234
Education	10,469,074	-	10,469,074
Municipal building	31,432	-	31,432
County tax	467,060	-	467,060
Overlay	2,573	-	2,573
Capital outlay	103,694	-	103,694
Debt service:			
Principal	413,442	-	413,442
Interest	43,848	-	43,848
TOTAL EXPENDITURES	18,558,092	65	18,558,157
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	877,673	36,555	914,228
OTHER FINANCING SOURCES (USES)			
Transfers in	-	10,000	10,000
Transfers out	(10,000)	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	(10,000)	10,000	-
NET CHANGE IN FUND BALANCES	867,673	46,555	914,228
FUND BALANCES - JULY 1, AS PREVIOUSLY PRESENTED	3,840,129	816,390	4,656,519
ERROR CORRECTION	-	(410,734)	(410,734)
FUND BALANCES - JULY 1, AS RESTATED	3,840,129	405,656	4,245,785
FUND BALANCES - JUNE 30	\$ 4,707,802	\$ 452,211	\$ 5,160,013

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

TOWN OF WATERBORO, 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, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 914,228</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	287,862
Depreciation expense	<u>(593,826)</u>
	<u>(305,964)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(10,997)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(33,261)
OPEB	<u>19,174</u>
	<u>(14,087)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>492,630</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(565,470)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	59,845
OPEB	<u>4,669</u>
	<u>64,514</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	66,426
Net pension liability	(117,724)
Net OPEB liability	<u>(43,868)</u>
	<u>(95,166)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 479,688</u>

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

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Waterboro was incorporated under the laws of the State of Maine. The Town operates under selectboard-administrator form of government and provides the following services: general government, insurance, library, parks and recreation, public safety, health and sanitation, public works, unclassified, education, municipal building and overlay.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2024, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) except for fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

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

Basis of Accounting

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

1. Accrual

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

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Waterboro has a no formal investment policy, but instead follows the State of Maine statutes.

Receivables

Receivables include amounts due from local businesses and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$36,826 as of June 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$83,990 for the year ended June 30, 2024.

Tax Acquired Property

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of the Town's Tax Acquired Property ordinance.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

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

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

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

OPEB

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

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

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. Please refer to the budgeting process for the authority for committing items within the budget.

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

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 8, 2023 on the assessed value listed as of April 1, 2023, for all real and personal property located in the Town. Taxes were due in two installments on October 12, 2023 and April 12, 2024. Interest on unpaid taxes commenced on October 13, 2023 and April 13, 2024, at 8.0% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$159,893 for the year ended June 30, 2024.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

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

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2024, the Town’s deposits amounting to \$5,639,477 were comprised of bank deposits of \$5,701,739. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town’s cash balance. All of these bank deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Account Type	Bank Balance
Checking accounts	\$ 254,189
IntraFi account	5,447,550
	\$ 5,701,739

Investments:

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

At June 30, 2024, the Town had no investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ -	\$ 859,337
Nonmajor special revenue funds	767,995	-
Nonmajor capital projects funds	74,728	-
Nonmajor permanent funds	16,614	-
	\$ 859,337	\$ 859,337

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2024 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 10,000	\$ -
Nonmajor special revenue funds	-	10,000
	\$ 10,000	\$ 10,000

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance, 7/1/23 (Restated)	Additions	Disposals	Balance, 6/30/24
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 735,500	\$ -	\$ -	\$ 735,500
	<u>735,500</u>	<u>-</u>	<u>-</u>	<u>735,500</u>
Depreciated assets:				
Land improvements	400,036	12,860	-	412,896
Buildings and improvements	2,697,114	6,934	-	2,704,048
Machinery and equipment	1,799,047	125,186	(43,000)	1,881,233
Vehicles	3,718,308	142,882	(78,498)	3,782,692
Infrastructure	2,723,598	-	-	2,723,598
	11,338,103	287,862	(121,498)	11,504,467
Less: accumulated depreciation	(5,722,060)	(593,826)	121,498	(6,194,388)
	<u>5,616,043</u>	<u>(305,964)</u>	<u>-</u>	<u>5,310,079</u>
Net capital assets	<u>\$6,351,543</u>	<u>\$ (305,964)</u>	<u>\$ -</u>	<u>\$6,045,579</u>
<u>Current year depreciation</u>				
Town hall				\$ 11,915
Public works				260,819
Public safety				266,275
Transfer station				37,203
Library				2,666
Recreation				1,666
Town-wide				13,282
Total depreciation expense				<u>\$ 593,826</u>

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	Balance, 7/1/23 (Restated)	Additions	Deletions	Balance, 6/30/24	Current Portion
Bonds payable	\$ 289,526	\$ -	\$ (79,188)	\$ 210,338	\$ 79,433
Notes from direct borrowings payable	1,402,485	565,470	(413,442)	1,554,513	350,849
	<u>\$ 1,692,011</u>	<u>\$ 565,470</u>	<u>\$ (492,630)</u>	<u>\$ 1,764,851</u>	<u>\$ 430,282</u>

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

\$700,000 General Obligation Bond with Biddeford Savings Bank for a salt shed, due in annual principal payments of \$70,000 through November of 2025. Interest is charged at a fixed rate of 2.72% per annum.	\$ 138,548
\$100,000 General Obligation Bond with Biddeford Savings Bank for a parcel of land, due in annual principal payments of \$11,394 through July of 2030. Interest is charged at a fixed rate of 2.69% per annum.	<u>71,790</u>
Total bonds payable	<u>\$ 210,338</u>
\$475,000 note from direct borrowings payable with Biddeford Savings Bank for a fire truck, due in annual principal and interest payments of \$55,630 through November of 2028. Interest is charged at a fixed rate of 3.57% per annum.	\$ 242,473

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

<p>\$800,000 note from direct borrowings payable with Gorham Leasing Group for a ladder truck, due in annual principal and interest payments of \$89,140 through August of 2031. Interest is charged at a fixed rate of 2.49% per annum.</p>	566,201
<p>\$113,500 note from direct borrowings payable with Gorham Leasing Group for a loader, due in annual principal and interest payments of \$23,652 through August of 2026. Interest is charged at a fixed rate of 2.00% per annum.</p>	45,921
<p>\$50,701 note from direct borrowings payable with Gorham Leasing Group for a Chevy Tahoe, due in annual principal and interest payments of \$10,636 through July of 2024. Interest is charged at a fixed rate of 1.84% per annum.</p>	10,444
<p>\$475,000 note from direct borrowings payable with Gorham Leasing Group for a one-ton pickup truck, due in annual principal and interest payments of \$13,352 through December of 2024. Interest is charged at a fixed rate of 1.95% per annum.</p>	13,099
<p>The Town leases a sidewalk tractor and trailer under a non-cancelable lease agreement with Gorham Leasing Group. The term of the lease is for a 5 year period expiring in August of 2026. Annual principal and interest payments are \$42,276. Interest is charged at a fixed rate of 3.75% per annum.</p>	118,031
<p>The Town leases a self contained breathing apparatus under a non-cancelable lease agreement with Gorham Leasing Group. The term of the lease is for a 7 year period expiring in July of 2028. Annual principal and interest payments are \$28,054. Interest is charged at a fixed rate of 3.87% per annum.</p>	125,348
<p>The Town leases an ambulance under a non-cancelable lease agreement with Gorham Leasing Group. The term of the lease is for a 4 year period expiring in July of 2028. Annual principal and interest payments are \$56,342. Interest is charged at a fixed rate of 4.51% per annum.</p>	247,271
<p>\$88,780 note from direct borrowings payable with Gorham Leasing Group for a 2023 Ford F600 truck, due in annual principal and interest payments of \$23,988 through July of 2026. Interest is charged at a fixed rate of 5.44% per annum.</p>	64,792
<p>\$70,216 note from direct borrowings payable with Gorham Leasing Group for a set of Genesis Extrication tools, due in annual principal and interest payments of \$24,690 through August of 2025. Interest is charged at a fixed rate of 5.37% per annum.</p>	45,670

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

\$54,970 note from direct borrowings payable with Gorham Leasing Group for a Mobark Chipper, due in annual principal and interest payments of \$19,356 through August of 2025. Interest is charged at a fixed rate of 5.56% per annum.	35,706
\$54,102 note from direct borrowings payable with Gorham Leasing Group for a 2024 Chevy Silverado truck, due in annual principal and interest payments of \$14,632 through August of 2026. Interest is charged at a fixed rate of 5.39% per annum.	<u>39,557</u>
Total notes from direct borrowings payable	<u><u>\$ 1,554,513</u></u>

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

	Bonds payable		Notes from direct borrowings payable		Total
	Principal	Interest	Principal	Interest	
2025	\$ 79,433	\$ 5,769	\$ 350,849	\$ 55,064	\$ 491,115
2026	78,244	3,603	337,353	42,284	461,484
2027	9,960	1,434	280,602	29,461	321,457
2028	10,231	1,163	210,187	18,980	240,561
2029	32,470	1,785	209,577	11,765	255,597
2030-2034	-	-	165,945	6,444	172,389
	<u>\$ 210,338</u>	<u>\$ 13,754</u>	<u>\$ 1,554,513</u>	<u>\$ 163,998</u>	<u>\$ 1,942,603</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Client is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
Accrued compensated absences	\$ 274,724	\$ -	\$ (66,426)	\$ 208,298	\$ 52,075
Net pension liability/(asset)	319,274	287,236	(169,512)	436,998	-
Net OPEB liability	217,587	48,482	(4,614)	261,455	-
	<u>\$ 811,585</u>	<u>\$ 335,718</u>	<u>\$ (240,552)</u>	<u>\$ 906,751</u>	<u>\$ 52,075</u>

Please see Notes 8, 15 and 17 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding sick time permits employees to accumulate earned but unused sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of June 30, 2024, the Town's liability for compensated absences is \$208,298.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for Town at June 30, 2024:

Invested in capital assets	\$ 12,239,967
Accumulated depreciation	(6,194,388)
Outstanding capital related debt	<u>(1,764,851)</u>
	<u>\$ 4,280,728</u>

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

The Town had the following restricted net position and fund balances at June 30, 2024:

Special Revenue Funds:	
Rescue billing fund	\$ 16,680
Christmas donations	11,708
Fuel donations	43,352
Salt shed	25,970
Permanent Funds:	
Library	3,608
Cemeteries	16,614
	<u>\$ 117,932</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

The Town had the following nonspendable fund balances at June 30, 2024:

General Fund:	
Tax acquired property	<u>\$ 71,384</u>

NOTE 12 - COMMITTED FUND BALANCES

The Town had the following committed fund balances at June 30, 2024:

General Fund:	
CIP account - equipment	\$ 218,937
CIP account - road upgrades	146,700
Municipal buildings - emergency repair	50,342
Code enforcement - smoke detectors	883
EMS donations	19,648
Public works:	
Paving	53,577
Salt and sand supplies	44,990
Contractual services - engineering	9,650
Town roads	128,348
Community garden committee	2,940
	<u>\$ 676,015</u>

TOWN OF WATERBORO, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 13 - ASSIGNED FUND BALANCES

The Town had the following assigned fund balances at June 30, 2024:

General Fund:	
Reserved for FY 2025 budget	\$ 700,000
Crisis reserve fund	1,626,793
Nonmajor Special Revenue Funds (Schedule E)	259,551
Nonmajor Capital Projects Funds (Schedule G)	74,728
	\$ 2,661,072

NOTE 14 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. The County of York had no debt as of June 30, 2024. At June 30, 2024, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU #57	14,831,385	34.20%	\$ 5,072,200

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with other PLD employers under applicable statutory provisions. As of June 30, 2023, there were 327 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 3.88%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town participates in the AN Plan and plan members are required to contribute 6.9% or 6.15% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 8.90% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2024 was \$136,251.

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

At June 30, 2024, the Town reported a liability of \$436,998 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2023, the Town's proportion was 0.13695%, which was an increase of 0.01685% from its proportion measured as of June 30, 2022.

TOWN OF WATERBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2024, the Town recognized total pension expense of \$91,140. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 81,129	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	74,156
Changes in proportion and differences between contributions and proportionate share of contributions	50,731	-
Contributions subsequent to the measurement date	136,251	-
Total	<u>\$ 268,111</u>	<u>\$ 74,156</u>

\$136,251 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, 2025. 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>PLD Plan</u>
Plan year ended June 30:	
2024	\$ 29,963
2025	(50,921)
2026	75,214
2027	3,447
2028	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age of their expected future salary. The normal cost for each member is the product of the member's pay and normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2023 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2023 and June 30, 2022, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 1.91%

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 class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2023 are summarized in the following table.

<u>Asset Class</u>	<u>PLD Plan</u>	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.6%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.0%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2023 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Plan:			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 1,197,405	\$ 436,998	\$ (190,277)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2023 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2023 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors is recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2023 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Expected and Actual Investment Earnings

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2023 Annual Comprehensive Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 - DEFINED CONTRIBUTION PLAN

NATIONWIDE RETIREMENT INNOVATOR ADVANTAGE PROGRAM

Plan Description

The Town offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). All employees are eligible to enroll in the 401(a) Plan. Employees who were enrolled in the MainePERS plan as of January 1, 2017, also have the option of changing to the 401(a) Plan. The plan was established as a money purchase pension plan and trust to be known as the Money Purchase Pension Plan and Trust. The plan is administered by the Nationwide Life Insurance Company.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the Selectboard. Under the 401(a) Plan, the Town may contribute up to 8.5% of a participant's earnings for the plan year, beginning with the first payroll period in the thirteenth month of full-time employment. For the year ended June 30, 2024, employee contributions totaled \$31,577 and the Town recognized pension expense of \$30,643.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Town contributions and earnings on Town contributions after completion of 60 months of creditable service with the Town. Nonvested employee contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended June 30, 2024, there were no forfeited contributions.

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2024, the following employees were covered by the benefit terms:

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

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100.0% of the premium amounts. Medical benefits are provided for the life of the retiree and surviving spouses.

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 2500	\$1,015.49	\$2,277.90
<u>Medicare</u>		
Medicare-Eligible Retirees	\$659.34	\$1,318.68

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

At June 30, 2024, the Town reported a liability of \$261,455 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2024, the Town recognized OPEB expense of \$20,025. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 925	\$ 35,313
Changes of assumptions	38,131	22,003
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	4,614	-
	<u>4,614</u>	<u>-</u>
Total	<u>\$ 43,670</u>	<u>\$ 57,316</u>

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

\$4,614 was reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		MMEHT
Plan year ended December 31:		
2025	\$	2,934
2026		(3,334)
2027		(5,627)
2028		(5,627)
2029		(5,627)
Thereafter		(979)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2024. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.26% per annum for June 30, 2024 was based upon a measurement date of December 28, 2023. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.26%	3.26%	4.26%
Total OPEB liability	\$ 305,603	\$ 261,455	\$ 225,502
Plan fiduciary net position	-	-	-
Net OPEB liability	\$ 305,603	\$ 261,455	\$ 225,502
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 220,150	\$ 261,455	\$ 314,726
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 220,150</u>	<u>\$ 261,455</u>	<u>\$ 314,726</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2024, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

TOWN OF WATERBORO, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. As of January 1, 2024, they are as follows:

Discount Rate - 3.26% per annum for year end 2024 reporting. 3.72% per annum for year end 2023 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2024_1b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.38%
Rate of Growth in Real Income/GDP per capital 2032+	1.40%
Extra Trend due to Taste/Technology 2031+	1.10%
Expected Health Share of GDP 2031	19.80%
Health Share of GDP Resistance Point	18.00%
Year for Limiting Cost Growth to GDP Growth	2044

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2024 to 2027 were based on plan design, population weighting, renewal projections and market analysis. For years 2028 to 2032, these are interpolated from 2027 to 2033 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense: 3% per annum

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Rate of Mortality:

Healthy Annuitant- Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2024 with the following exceptions:

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The net difference between expected and actual experience as of January 1, 2024 was (\$34,388).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 24 Townhouse Road, East Waterboro, Maine 04030.

NOTE 18 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - RISK MANAGEMENT (CONTINUED)

actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2024.

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

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

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

TOWN OF WATERBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - RISK MANAGEMENT (CONTINUED)

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2024. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 19 - CONTINGENCIES

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

NOTE 20 - JOINT VENTURE

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee made up of the Town of Waterboro and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced with the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine. The Town of Waterboro has an owner membership of 3.98% in ecomaine as of June 30, 2024 (the most current period available).

TOWN OF WATERBORO, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - JOINT VENTURE (CONTINUED)

Ecomaine has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine or a pledge of the full faith and credit of a political subdivision of the State of Maine. ecomaine has no taxing power. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2024 (the most current period available), ecomaine had no outstanding debt. Additionally, the Town's share of the projected landfill closure and post closure cost relating to ecomaine is estimated to be \$865,389.

NOTE 21 - RESTATEMENTS

In 2023, the Town determined that certain transactions in prior years had been omitted, therefore, restatements to the 2023 government-wide financial and fund financial statements were required.

	6/30/23 As Previously Presented	Error Correction ARPA	Error Correction Debt	Error Correction Fixed Assets	6/30/23 As Restated
Government-Wide Activities:	<u>\$ 9,163,241</u>	<u>\$ (410,734)</u>	<u>\$ (307,683)</u>	<u>\$ 50,408</u>	<u>\$ 8,495,232</u>
Governmental Funds:					
Major fund:					
General Fund	\$ 3,840,129	\$ -	\$ -	\$ -	\$ 3,840,129
Other Governmental Funds:					
Nonmajor Special Revenue Funds	721,451	(410,734)	-	-	310,717
ARPA Fund	410,734	(410,734)	-	-	-
	<u>\$ 4,972,314</u>	<u>\$ (821,468)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,150,846</u>

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability/(Asset)
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability - MMEHT
- Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT
- Schedule of Contributions - OPEB - MMEHT
- Notes to Required Supplementary Information

TOWN OF WATERBORO, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,840,129	\$ 3,840,129	\$ 3,840,129	\$ -
Revenues (Inflows):				
Taxes:				
Property taxes	14,361,160	14,361,160	14,384,326	23,166
Excise taxes	1,719,500	1,719,500	1,873,923	154,423
Intergovernmental revenues	1,634,728	1,634,728	1,747,857	113,129
Charges for services	782,680	782,680	1,185,866	403,186
Interest income	55,000	55,000	119,665	64,665
Miscellaneous revenues	86,300	86,300	124,128	37,828
Amounts Available for Appropriation	<u>22,479,497</u>	<u>22,479,497</u>	<u>23,275,894</u>	<u>796,397</u>
Charges to Appropriations (Outflows):				
General government	1,239,917	1,330,400	1,173,990	156,410
Insurance	938,829	938,829	877,872	60,957
Library	152,113	152,113	145,086	7,027
Recreation	383,136	383,136	365,062	18,074
Public safety	1,963,956	1,963,956	1,848,005	115,951
Health and sanitation	830,220	839,408	749,011	90,397
Public works	1,910,476	2,135,418	1,808,774	326,644
Unclassified	75,227	87,201	69,169	18,032
Capital outlay	354,820	585,914	103,694	482,220
Education	10,469,074	10,469,074	10,469,074	-
Municipal building	108,250	164,254	31,432	132,822
Debt service:				
Principal	405,191	405,191	413,442	(8,251)
Interest	55,359	55,359	43,848	11,511
County tax	467,060	467,060	467,060	-
Overlay	159,893	159,893	2,573	157,320
Transfers to other funds	8,000	25,508	-	25,508
Total Charges to Appropriations	<u>19,521,521</u>	<u>20,162,714</u>	<u>18,568,092</u>	<u>1,594,622</u>
Budgetary Fund Balance, June 30	<u>\$ 2,957,976</u>	<u>\$ 2,316,783</u>	<u>\$ 4,707,802</u>	<u>\$ 2,391,019</u>
Utilization of unassigned fund balance	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)
Utilization of assigned fund balance	282,153	923,346	-	(923,346)
	<u>\$ 882,153</u>	<u>\$ 1,523,346</u>	<u>\$ -</u>	<u>\$ (1,523,346)</u>

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

TOWN OF WATERBORO, MAINE

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>PLD Plan:</u>									
Proportion of the net pension liability/(asset)	0.14%	0.12%	0.10%	0.09%	0.09%	0.09%	0.07%	0.07%	0.03%
Proportionate share of the net pension liability/(asset)	\$ 436,998	\$ 319,274	\$ (31,711)	\$ 343,696	\$ 277,283	\$ 238,584	\$ 339,047	\$ 385,587	\$ 85,163
Covered payroll	\$ 1,344,294	\$ 1,246,400	\$ 931,851	\$ 755,111	\$ 760,159	\$ 689,362	\$ 636,251	\$ 608,214	\$ 266,122
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	32.51%	25.62%	-3.40%	45.52%	36.48%	34.61%	53.29%	63.40%	32.00%
Plan fiduciary net position as a percentage of the total pension liability	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%

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

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

TOWN OF WATERBORO, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>										
Contractually required contribution	\$ 136,251	\$ 123,051	\$ 99,712	\$ 67,466	\$ 55,878	\$ 55,491	\$ 48,255	\$ 41,356	\$ 34,060	\$ 10,911
Contributions in relation to the contractually required contribution	<u>(136,251)</u>	<u>(123,051)</u>	<u>(99,712)</u>	<u>(67,466)</u>	<u>(55,878)</u>	<u>(55,491)</u>	<u>(48,255)</u>	<u>(41,356)</u>	<u>(34,060)</u>	<u>(10,911)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,498,754	\$ 1,344,294	\$ 1,246,400	\$ 931,851	\$ 755,111	\$ 760,159	\$ 689,362	\$ 636,251	\$ 608,214	\$ 266,122
Contributions as a percentage of covered payroll	9.09%	9.15%	8.00%	7.24%	7.40%	7.30%	7.00%	6.50%	5.60%	4.10%

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

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

TOWN OF WATERBORO, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT
FOR THE YEAR ENDED JUNE 30, 2024

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/23 (Reporting December 31, 2023)	\$ 217,587	\$ -	\$ 217,587
Changes for the year:			
Service cost	15,608	-	15,608
Interest	8,581	-	8,581
Changes of benefits	-	-	-
Differences between expected and actual experience	(6,580)	-	(6,580)
Changes of assumptions	31,336	-	31,336
Contributions - employer	-	5,077	(5,077)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(5,077)	(5,077)	-
Administrative expense	-	-	-
Net changes	<u>43,868</u>	<u>-</u>	<u>43,868</u>
Balances at 1/1/24 (Reporting December 31, 2024)	<u>\$ 261,455</u>	<u>\$ -</u>	<u>\$ 261,455</u>

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

TOWN OF WATERBORO, MAINE

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

	2024	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>							
Service cost (BOY)	\$ 15,608	\$ 18,335	\$ 18,404	\$ 16,166	\$ 11,995	\$ 12,992	\$ 11,372
Interest (includes interest on service cost)	8,581	4,933	5,663	6,363	7,338	6,144	5,554
Changes of benefit terms	-	-	-	-	(4,644)	-	-
Differences between expected and actual experience	(6,580)	-	(44,085)	-	5,540	-	(4,701)
Changes of assumptions	31,336	(24,948)	(3,898)	13,763	32,067	(14,910)	19,935
Benefit payments, including refunds of member contributions	(5,077)	(3,661)	(3,700)	(3,558)	(2,922)	(2,810)	(1,381)
Net change in total OPEB liability	\$ 43,868	\$ (5,341)	\$ (27,616)	\$ 32,734	\$ 49,374	\$ 1,416	\$ 30,779
Total OPEB liability - beginning	\$ 217,587	\$ 222,928	\$ 250,544	\$ 217,810	\$ 168,436	\$ 167,020	\$ 136,241
Total OPEB liability - ending	\$ 261,455	\$ 217,587	\$ 222,928	\$ 250,544	\$ 217,810	\$ 168,436	\$ 167,020
<u>Plan fiduciary net position</u>							
Contributions - employer	5,077	3,661	3,700	3,558	2,922	2,810	1,381
Contributions - member	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(5,077)	(3,661)	(3,700)	(3,558)	(2,922)	(2,810)	(1,381)
Administrative expense	-	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	<u>\$ 261,455</u>	<u>\$ 217,587</u>	<u>\$ 222,928</u>	<u>\$ 250,544</u>	<u>\$ 217,810</u>	<u>\$ 168,436</u>	<u>\$ 167,020</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-	-	-
Covered payroll	\$ 1,597,461	\$ 1,167,124	\$ 1,167,124	\$ 1,020,106	\$ 1,020,106	\$ 921,922	\$ 921,922
Net OPEB liability as a percentage of covered payroll	16.4%	18.6%	19.1%	24.6%	21.4%	18.3%	18.1%

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

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

TOWN OF WATERBORO, MAINE
 SCHEDULE OF CONTRIBUTIONS - MMEHT
 LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
<u>MMEHT:</u>							
Employer contributions	\$ 5,077	\$ 3,700	\$ 3,700	\$ 3,558	\$ 2,922	\$ 2,810	\$ 1,381
Benefit payments	(5,077)	(3,700)	(3,700)	(3,558)	(2,922)	(2,810)	(1,381)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,597,461	\$ 1,167,124	\$ 1,167,124	\$ 1,020,106	\$ 1,020,106	\$ 921,922	\$ 921,922
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF WATERBORO, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions

MEPERS PLD Plan:

There were no changes of assumptions.

MMEHT OPEB Plan:

There was a change in the discount rate from 3.72% to 3.26% per GASB 75 discount rate selection. Trends were updated since the last valuation.

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF WATERBORO, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):					
Taxes:					
Property taxes	\$ 14,361,160	\$ -	\$ 14,361,160	\$ 14,384,326	\$ 23,166
Auto excise	1,702,500	-	1,702,500	1,854,456	151,956
Boat excise	17,000	-	17,000	19,467	2,467
Intergovernmental revenues:					
State revenue sharing	1,071,728	-	1,071,728	1,103,969	32,241
Homestead reimbursement	450,000	-	450,000	411,027	(38,973)
Highway block grant	80,000	-	80,000	109,346	29,346
BETE reimbursement	14,000	-	14,000	78,995	64,995
Tree growth/tree growth penalty	11,000	-	11,000	20,492	9,492
General assistance	2,500	-	2,500	15,892	13,392
Other reimbursements	5,500	-	5,500	8,136	2,636
Charges for services:					
Ambulance subscriptions	16,000	-	16,000	19,545	3,545
Public safety fees	206,000	-	206,000	383,557	177,557
Code enforcement	99,100	-	99,100	131,556	32,456
Library fees	400	-	400	714	314
Transfer station	151,150	-	151,150	181,834	30,684
Recreation	258,625	-	258,625	407,151	148,526
Motor vehicle agent fees	34,000	-	34,000	38,351	4,351
Planning board	2,200	-	2,200	5,775	3,575
Zoning fees	-	-	-	2,100	2,100
Certified copies	5,000	-	5,000	4,650	(350)
Fish/game fees	2,700	-	2,700	3,816	1,116
Other general government fees	3,905	-	3,905	3,347	(558)
Dog fines/charges	3,600	-	3,600	3,470	(130)
Interest income:					
Tax and lien interest	46,000	-	46,000	34,523	(11,477)
Interest income	9,000	-	9,000	85,142	76,142
Miscellaneous revenues:					
Cable tv franchise fees	80,000	-	80,000	76,121	(3,879)
Miscellaneous receipts	6,300	-	6,300	48,007	41,707
Amounts Available for Appropriation	<u>\$ 18,639,368</u>	<u>\$ -</u>	<u>\$ 18,639,368</u>	<u>\$ 19,435,765</u>	<u>\$ 796,397</u>

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

TOWN OF WATERBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government:					
Administration	\$ 495,337	\$ 25,999	\$ 521,336	\$ 513,560	\$ 7,776
Town clerk	82,050	-	82,050	73,885	8,165
Tax collector	51,534	-	51,534	38,067	13,467
Treasurer	81,672	-	81,672	73,638	8,034
IT department	173,480	-	173,480	176,241	(2,761)
Tax assessor	102,000	-	102,000	98,771	3,229
CEO	107,644	-	107,644	103,049	4,595
Planning board	5,100	-	5,100	2,738	2,362
Planning department	101,113	40,000	141,113	57,843	83,270
Zoning board	2,550	-	2,550	815	1,735
General assistance	37,437	24,484	61,921	35,383	26,538
	<u>1,239,917</u>	<u>90,483</u>	<u>1,330,400</u>	<u>1,173,990</u>	<u>156,410</u>
Insurance	<u>938,829</u>	<u>-</u>	<u>938,829</u>	<u>877,872</u>	<u>60,957</u>
Library	<u>152,113</u>	<u>-</u>	<u>152,113</u>	<u>145,086</u>	<u>7,027</u>
Recreation	<u>383,136</u>	<u>-</u>	<u>383,136</u>	<u>365,062</u>	<u>18,074</u>
Public Safety:					
Fire department	1,453,600	-	1,453,600	1,391,934	61,666
EMS	110,730	-	110,730	88,235	22,495
Dispatch	78,780	-	78,780	78,028	752
Hydrant rental	61,000	-	61,000	60,143	857
Ross Corner	9,993	-	9,993	9,993	-
Sheriff/Deputy	249,853	-	249,853	219,672	30,181
	<u>1,963,956</u>	<u>-</u>	<u>1,963,956</u>	<u>1,848,005</u>	<u>115,951</u>
Debt Service:					
Principal	405,191	-	405,191	413,442	(8,251)
Interest	55,359	-	55,359	43,848	11,511
	<u>460,550</u>	<u>-</u>	<u>460,550</u>	<u>457,290</u>	<u>3,260</u>

SCHEDULE B (CONTINUED)
TOWN OF WATERBORO, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and Sanitation:					
Transfer/recycle center	830,220	9,188	839,408	749,011	90,397
	<u>830,220</u>	<u>9,188</u>	<u>839,408</u>	<u>749,011</u>	<u>90,397</u>
Public Works:					
Repairs/maintenance	1,910,476	224,942	2,135,418	1,808,774	326,644
	<u>1,910,476</u>	<u>224,942</u>	<u>2,135,418</u>	<u>1,808,774</u>	<u>326,644</u>
Unclassified:					
Misc committees	13,286	11,974	25,260	5,812	19,448
Local area agencies	12,841	-	12,841	12,841	-
Cemeteries	5,000	-	5,000	2,271	2,729
Taylor house	5,000	-	5,000	-	5,000
Memorial day	1,500	-	1,500	645	855
Cable tv access	37,600	-	37,600	37,600	-
Miscellaneous	-	-	-	10,000	(10,000)
	<u>75,227</u>	<u>11,974</u>	<u>87,201</u>	<u>69,169</u>	<u>18,032</u>
Capital Outlay:					
Building improvements	95,000	206,571	301,571	82,634	218,937
CIP equipment	70,700	66,943	137,643	21,060	116,583
Upgrade roads	189,120	(42,420)	146,700	-	146,700
	<u>354,820</u>	<u>231,094</u>	<u>585,914</u>	<u>103,694</u>	<u>482,220</u>
Education:					
MSAD #57	10,469,074	-	10,469,074	10,469,074	-
	<u>10,469,074</u>	<u>-</u>	<u>10,469,074</u>	<u>10,469,074</u>	<u>-</u>
Municipal Building	108,250	56,004	164,254	31,432	132,822
County Tax	467,060	-	467,060	467,060	-
Overlay	159,893	-	159,893	2,573	157,320
Transfers:					
Special revenues	8,000	17,508	25,508	-	25,508
	<u>8,000</u>	<u>17,508</u>	<u>25,508</u>	<u>-</u>	<u>25,508</u>
Total Departmental Operations	<u>\$ 19,521,521</u>	<u>\$ 641,193</u>	<u>\$ 20,162,714</u>	<u>\$ 18,568,092</u>	<u>\$ 1,594,622</u>

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

TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3,608	\$ 3,608
Due from other funds	767,995	74,728	16,614	859,337
TOTAL ASSETS	<u>\$ 767,995</u>	<u>\$ 74,728</u>	<u>\$ 20,222</u>	<u>\$ 862,945</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	410,734	-	-	410,734
TOTAL DEFERRED INFLOWS OF RESOURCE	<u>410,734</u>	<u>-</u>	<u>-</u>	<u>410,734</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	97,710	-	20,222	117,932
Committed	-	-	-	-
Assigned	259,551	74,728	-	334,279
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>357,261</u>	<u>74,728</u>	<u>20,222</u>	<u>452,211</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 767,995</u>	<u>\$ 74,728</u>	<u>\$ 20,222</u>	<u>\$ 862,945</u>

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

TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Other revenues	\$ 36,609	\$ -	\$ 11	\$ 36,620
TOTAL REVENUES	<u>36,609</u>	<u>-</u>	<u>11</u>	<u>36,620</u>
EXPENDITURES				
Unclassified	65	-	-	65
TOTAL EXPENDITURES	<u>65</u>	<u>-</u>	<u>-</u>	<u>65</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>36,544</u>	<u>-</u>	<u>11</u>	<u>36,555</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	-	-	10,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	<u>46,544</u>	<u>-</u>	<u>11</u>	<u>46,555</u>
FUND BALANCES - JULY 1, AS PREVIOUSLY PRESENTED	721,451	74,728	20,211	816,390
ERROR CORRECTION	<u>(410,734)</u>	<u>-</u>	<u>-</u>	<u>(410,734)</u>
FUND BALANCES - JULY 1, AS RESTATED	<u>310,717</u>	<u>74,728</u>	<u>20,211</u>	<u>405,656</u>
FUND BALANCES - JUNE 30	<u>\$ 357,261</u>	<u>\$ 74,728</u>	<u>\$ 20,222</u>	<u>\$ 452,211</u>

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

Special Revenue Funds

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

TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Rescue Fund Billing	Christmas Donations	Fuel Donations	Rescue Equipment	Conservation Funds	Ambulance Subscription	Recreation Donations
ASSETS							
Due from other funds	\$ 16,680	\$ 11,708	\$ 43,352	\$ 90,432	\$ 37,396	\$ 17,302	\$ 18,747
TOTAL ASSETS	<u>\$ 16,680</u>	<u>\$ 11,708</u>	<u>\$ 43,352</u>	<u>\$ 90,432</u>	<u>\$ 37,396</u>	<u>\$ 17,302</u>	<u>\$ 18,747</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	16,680	11,708	43,352	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	90,432	37,396	17,302	18,747
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>16,680</u>	<u>11,708</u>	<u>43,352</u>	<u>90,432</u>	<u>37,396</u>	<u>17,302</u>	<u>18,747</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,680</u>	<u>\$ 11,708</u>	<u>\$ 43,352</u>	<u>\$ 90,432</u>	<u>\$ 37,396</u>	<u>\$ 17,302</u>	<u>\$ 18,747</u>

TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	ARPA	ATV Grant	Community Center Project	Od Home Days	Sand/Salt Shed	Total
ASSETS						
Due from other funds	\$ 410,734	\$ 11,808	\$ 22,441	\$ 61,425	\$ 25,970	\$ 767,995
TOTAL ASSETS	<u>\$ 410,734</u>	<u>\$ 11,808</u>	<u>\$ 22,441</u>	<u>\$ 61,425</u>	<u>\$ 25,970</u>	<u>\$ 767,995</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	410,734	-	-	-	-	410,734
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>410,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,734</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	25,970	97,710
Committed	-	-	-	-	-	-
Assigned	-	11,808	22,441	61,425	-	259,551
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>11,808</u>	<u>22,441</u>	<u>61,425</u>	<u>25,970</u>	<u>357,261</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 410,734</u>	<u>\$ 11,808</u>	<u>\$ 22,441</u>	<u>\$ 61,425</u>	<u>\$ 25,970</u>	<u>\$ 767,995</u>

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

TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Rescue Fund Billing	Christmas Donations	Fuel Donations	Rescue Equipment	Conservation Funds	Ambulance Subscription	Recreation Donations
REVENUES							
Other revenues	\$ -	\$ 11,608	\$ 13,193	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>11,608</u>	<u>13,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Unclassified	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>11,608</u>	<u>13,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>11,608</u>	<u>13,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JULY 1, AS PREVIOUSLY PRESENTED	16,680	100	30,159	90,432	37,396	17,302	18,747
ERROR CORRECTION	-	-	-	-	-	-	-
FUND BALANCES - JULY 1, AS RESTATED	<u>16,680</u>	<u>100</u>	<u>30,159</u>	<u>90,432</u>	<u>37,396</u>	<u>17,302</u>	<u>18,747</u>
FUND BALANCES - JUNE 30	<u>\$ 16,680</u>	<u>\$ 11,708</u>	<u>\$ 43,352</u>	<u>\$ 90,432</u>	<u>\$ 37,396</u>	<u>\$ 17,302</u>	<u>\$ 18,747</u>

TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	ARPA	ATV Grant	Community Center Project	Old Home Days	Sand/Salt Shed	Total
REVENUES						
Other revenues	\$ -	\$ 11,808	\$ -	\$ -	\$ -	\$ 36,609
TOTAL REVENUES	-	11,808	-	-	-	36,609
EXPENDITURES						
Unclassified	-	-	-	65	-	65
TOTAL EXPENDITURES	-	-	-	65	-	65
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	11,808	-	(65)	-	36,544
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	10,000	-	10,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	10,000	-	10,000
NET CHANGE IN FUND BALANCES	-	11,808	-	9,935	-	46,544
FUND BALANCES - JULY 1, AS PREVIOUSLY PRESENTED	410,734	-	22,441	51,490	25,970	721,451
ERROR CORRECTION	(410,734)	-	-	-	-	(410,734)
FUND BALANCES - JULY 1, AS RESTATED	-	-	22,441	51,490	25,970	310,717
FUND BALANCES - JUNE 30	\$ -	\$ 11,808	\$ 22,441	\$ 61,425	\$ 25,970	\$ 357,261

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

Capital Projects Funds

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

TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2024

	Transfer Station	Safety EMS	Library	Total
ASSETS				
Due from other funds	\$ 26,170	\$ 23,807	\$ 24,751	\$ 74,728
TOTAL ASSETS	<u>\$ 26,170</u>	<u>\$ 23,807</u>	<u>\$ 24,751</u>	<u>\$ 74,728</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	26,170	23,807	24,751	74,728
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>26,170</u>	<u>23,807</u>	<u>24,751</u>	<u>74,728</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,170</u>	<u>\$ 23,807</u>	<u>\$ 24,751</u>	<u>\$ 74,728</u>

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

TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Transfer Station	Safety EMS	Library	Total
REVENUES				
Other revenues	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Unclassified	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - JULY 1	<u>26,170</u>	<u>23,807</u>	<u>24,751</u>	<u>74,728</u>
FUND BALANCES - JUNE 30	<u>\$ 26,170</u>	<u>\$ 23,807</u>	<u>\$ 24,751</u>	<u>\$ 74,728</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Waterboro, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries.

TOWN OF WATERBORO, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2024

	<u>Library</u>	<u>Cemeteries</u>	<u>Total</u>
ASSETS			
Cash	\$ 3,608	\$ -	\$ 3,608
Due from other funds	-	16,614	16,614
TOTAL ASSETS	<u>\$ 3,608</u>	<u>\$ 16,614</u>	<u>\$ 20,222</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	3,608	16,614	20,222
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>3,608</u>	<u>16,614</u>	<u>20,222</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,608</u>	<u>\$ 16,614</u>	<u>\$ 20,222</u>

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

TOWN OF WATERBORO, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>Library</u>	<u>Cemeteries</u>	<u>Total</u>
REVENUES			
Interest income	\$ 11	\$ -	\$ 11
TOTAL REVENUES	<u>11</u>	<u>-</u>	<u>11</u>
EXPENDITURES			
Unclassified	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11	-	11
FUND BALANCES - JULY 1	<u>3,597</u>	<u>16,614</u>	<u>20,211</u>
FUND BALANCES - JUNE 30	<u>\$ 3,608</u>	<u>\$ 16,614</u>	<u>\$ 20,222</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

TOWN OF WATERBORO, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2024

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Town Hall	\$ 82,000	\$ 279,153	\$ 34,875	\$ 32,685	\$ 428,713
Library	223,700	88,685	-	-	312,385
Public Works	-	751,106	910,497	2,502,703	4,164,306
Public Safety	98,200	709,021	4,248,097	-	5,055,318
Transfer Station	29,500	96,760	447,356	-	573,616
Recreation	73,600	74,884	-	25,000	173,484
Town-wide	<u>228,500</u>	<u>1,117,335</u>	<u>23,100</u>	<u>163,210</u>	<u>1,532,145</u>
Total General Capital Assets	735,500	3,116,944	5,663,925	2,723,598	12,239,967
Less: Accumulated Depreciation	<u>-</u>	<u>(1,708,896)</u>	<u>(3,084,443)</u>	<u>(1,401,049)</u>	<u>(6,194,388)</u>
Net General Capital Assets	<u>\$ 735,500</u>	<u>\$ 1,408,048</u>	<u>\$ 2,579,482</u>	<u>\$ 1,322,549</u>	<u>\$ 6,045,579</u>

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

TOWN OF WATERBORO, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2024

	General Capital Assets 7/1/23 <u>(Restated)</u>	Additions	Deletions	General Capital Assets 6/30/24
Town Hall	\$ 428,713	\$ -	\$ -	\$ 428,713
Library	305,451	6,934	-	312,385
Public Works	4,087,952	197,852	(121,498)	4,164,306
Public Safety	4,985,102	70,216	-	5,055,318
Transfer Station	560,756	12,860	-	573,616
Recreation	173,484	-	-	173,484
Town-wide	<u>1,532,145</u>	<u>-</u>	<u>-</u>	<u>1,532,145</u>
 Total General Capital Assets	 12,073,603	 287,862	 (121,498)	 12,239,967
Less: Accumulated Depreciation	<u>(5,722,060)</u>	<u>(593,826)</u>	<u>121,498</u>	<u>(6,194,388)</u>
 Net General Capital Assets	 <u>\$ 6,351,543</u>	 <u>\$ (305,964)</u>	 <u>\$ -</u>	 <u>\$ 6,045,579</u>

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



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

Selectboard
Town of Waterboro
Waterboro, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterboro, Maine as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Town of Waterboro, Maine's basic financial statements and have issued our report thereon dated November 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Waterboro, Maine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waterboro, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waterboro, Maine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Waterboro, Maine in a separate letter dated November 26, 2024.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
November 27, 2024