

# City of Westbrook, Maine

Annual Financial Report

Year ended June 30, 2022



**WIPFLI**

# **City of Westbrook, Maine**

Contents  
June 30, 2022

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**Independent Auditor's Report**

City Council  
City of Westbrook  
Westbrook, Maine

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Westbrook, Maine (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Westbrook, Maine, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 of America. 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 City 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 these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); 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.

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 City'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 Responsibility 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 opinion. 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 misstatement 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 control 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 City'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 substantial doubt about the City'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.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 4 through 9 and the schedule of changes in net OPEB liability and related ratios – MMEHT group health insurance plan on page 52, the schedule of changes in net OPEB liability and related ratios – MEABT group health insurance plan on page 53, the schedule of proportionate share of net pension liability on page 54 and the schedule of contributions on page 55, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westbrook's basic financial statements. The combining nonmajor fund schedules on pages 56 to 70 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

City Council,  
City of Westbrook

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

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

In accordance with *Government Auditing Standards*, we have also issued our report, December 30, 2022, on our consideration of the City of Westbrook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Westbrook's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Westbrook's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

December 30, 2022  
South Portland, Maine

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

As management of the City of Westbrook, Maine (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022.

### **FINANCIAL HIGHLIGHTS**

- Total net position as of the year ended June 30, 2022 was \$145,785,197. A portion of that amount, \$113,487,732, is a net investment in capital assets, while the next largest portion, \$31,318,516, is unrestricted, the remainder, \$978,949, is restricted for various purposes. Total net position as of the year ended June 30, 2021 was \$138,422,734. A portion of that amount, \$115,631,099, is a net investment in capital assets, while the next largest portion, \$21,892,470, is unrestricted, the remainder, \$1,012,358, is restricted for various purposes. Total net position for governmental activities was \$96,287,771 and business-type activities was \$49,497,426 as of the year ended June 30, 2022.
- Net position increased by \$7,362,463 and \$6,579,744 for the years ended June 30, 2022 and 2021, respectively. Net position increased by \$8,035,052 for governmental activities and decreased by \$672,589 for business-type activities for the year ended June 30, 2022.
- The governmental funds reported combined fund balances of \$47,071,726 an increase of \$13,062,530 from the prior year. The increase in fund balance is attributed to a decrease in the General Fund balance of \$394,177 combined with an increase in Other Governmental Funds fund balance of \$13,456,707, which was primarily the result of bond proceeds.
- Total bonds and notes payable, including bond premiums, increased to \$79,998,260 as compared to \$72,889,684 from the prior year, as a result of the repayments of bond principal in the amount of \$5,367,999 and the amortization of bond premiums in the amount of \$429,324, offset by new bond proceeds of \$12,905,899.

### **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

The City's Basic Financial Report has three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

#### **Government-Wide Financial Statements**

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

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Fund Financial Statements

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

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-51 of this document.

### THE CITY AS A WHOLE

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

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Current and other assets	<b>\$ 56,887,413</b>	\$ 42,713,284	<b>\$ 8,751,569</b>	\$ 8,706,075
Capital assets, net	<b>134,168,106</b>	132,310,838	<b>49,561,141</b>	50,716,818
Total assets	<b>191,055,519</b>	175,024,122	<b>58,312,710</b>	59,422,893
Deferred Outflows of Resources	<b>8,198,459</b>	5,898,940		
Current liabilities	<b>15,370,815</b>	13,943,159	<b>1,039,153</b>	861,632
Noncurrent liabilities	<b>77,658,707</b>	78,046,031	<b>7,776,131</b>	8,391,246
Total liabilities	<b>93,029,522</b>	91,989,190	<b>8,815,284</b>	9,252,878
Deferred Inflows of Resources	<b>9,936,685</b>	681,153		
Net investment in capital assets	<b>72,317,837</b>	71,961,903	<b>41,169,895</b>	43,556,003
Restricted	<b>978,949</b>	1,012,358		
Unrestricted	<b>22,990,985</b>	15,278,458	<b>8,327,531</b>	6,614,012
Total net position	<b>\$ 96,287,771</b>	\$ 88,252,719	<b>\$ 49,497,426</b>	\$ 50,170,015

## MANAGEMENT'S DISCUSSION &amp; ANALYSIS

Current and other assets are substantially all comprised of cash and investments. Capital assets, which include property, plant, equipment, and infrastructure, are generally defined by the City as assets with an initial, individual cost of greater than or equal to \$10,000 (ten thousand dollars) and an estimated useful life in excess of one year. Capital assets increased in 2022 as new investments in capital assets exceeded depreciation. The governmental activities increase in total net position is due primarily to revenues raised being more than with the budget and expenditures were kept below anticipated budget amounts. The business-type activities increase is primarily due to operating expenses exceeding operating revenues offset by grant revenues received in the current year. By far the largest portion of the City's net position reflects its investment in capital assets less any related debt to acquire those assets still outstanding. New bonds were issued in the current year. Detail of the activity of capital assets and long-term debt can be found in the notes to the financial statements.

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

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
<b>Program Revenues:</b>				
Charges for services	\$ 2,249,907	\$ 1,494,933	\$ 5,632,343	\$ 5,221,561
Operating grants and contributions	<u>34,470,016</u>	33,894,603	<u>5,632,343</u>	<u>5,221,561</u>
	<u>36,719,923</u>	35,389,536		
<b>General Revenues:</b>				
Property and other taxes	44,858,965	44,670,250		
Licenses, permits and fees	1,324,610	968,633		
Grants and contributions not restricted to specific programs	6,674,982	4,992,477		
Miscellaneous	<u>2,182,795</u>	1,337,727	<u>56,041</u>	<u>3,435</u>
	<u>55,065,809</u>	51,969,087	<u>56,041</u>	<u>3,435</u>
<b>Total Revenues</b>	<b>91,785,732</b>	87,358,623	<b>5,688,384</b>	<b>5,224,996</b>
<b>Program Expenses:</b>				
General government	8,237,726	6,886,885		
Public safety	9,713,559	9,326,515		
Public works	6,333,525	5,927,308		
Human services	491,150	540,752		
Culture and recreation	1,791,036	1,789,649		
Employee benefits	4,727,434	4,598,829		
Education	49,127,894	48,432,864		
Unclassified	1,551,384	1,513,868		
Interest on debt	586,174	524,324		
Capital outlay	1,190,798	410,338		
Sewer department			6,071,765	5,880,251
Parking garage			<u>289,208</u>	<u>285,485</u>
<b>Total Expenses</b>	<b>83,750,680</b>	79,951,332	<b>6,360,973</b>	<b>6,165,736</b>
<b>Change in Net Position</b>	<b>8,035,052</b>	7,633,677	<b>(672,589)</b>	<b>(940,740)</b>
<b>Net Position, Beginning of Year, restated</b>	<b>88,252,719</b>	80,845,428	<b>50,170,015</b>	<b>51,110,755</b>
<b>Net Position, End of Year</b>	<b>\$ 96,287,771</b>	\$ 88,252,719	<b>\$ 49,497,426</b>	<b>\$ 50,170,015</b>

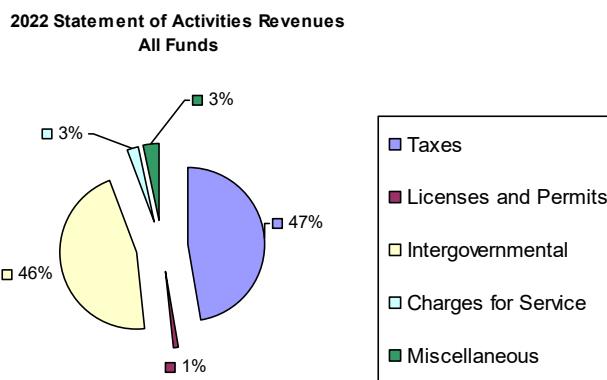
## MANAGEMENT'S DISCUSSION & ANALYSIS

The cost of all governmental activities this year was \$83,750,680, which represents an increase of \$3,799,348 from prior year. Of this amount, Westbrook taxpayers funded \$44,858,965 through property, personal and excise taxes. Municipal and educational departments have continued to aggressively pursue grant revenue to cover programs and services and to help reduce the tax burden to residents.

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

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

### Governmental Activities

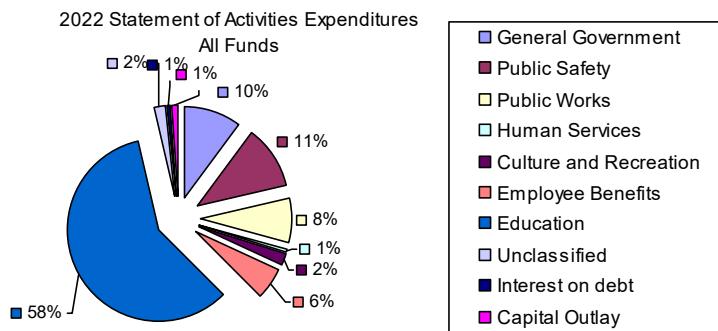


Taxes	Includes real property, personal property and excise taxes
Licenses and permits	Includes city clerk and code enforcement revenue
Intergovernmental	Includes State revenue sharing, homestead, federal and state grants
Charges for service	Includes revenue from the various departments for services
Miscellaneous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

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

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Governmental Activities – Continued



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

### FUND FINANCIAL STATEMENTS HIGHLIGHTS

Total governmental fund balance increased by \$13,062,530 for the year ended June 30, 2022. Fund balance for the general fund decreased by \$394,177, as a result of revenues exceeding expenditures by \$5,285,301, and other financing uses of \$5,679,978, from transfers out and lease proceeds. Fund balance for the Construction Fund, increased by \$10,464,365, as a result of expenditures exceeding revenues by \$1,997,945, new bond proceeds of \$12,565,910, and transfers out of \$103,600. Fund balance for other governmental funds increased by \$2,992,342 for the year ended June 30, 2022. The most significant activity contributing to the increase in other governmental fund balance was expenditures exceeding revenues by \$2,895,192, and net transfers in of \$5,887,534.

### SIGNIFICANT DEBT ACTIVITY

Significant debt activity included \$12.9 million of new debt in the governmental activities. Repayments of existing debt amounted to \$4.8 million in the governmental activities and \$616,000 in the business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues were \$72,394,298, and actual revenues were \$75,309,862, resulting in a positive variance of \$2,915,564. Total budgeted expenditures were \$71,572,378, and actual expenditures were \$69,627,589, resulting in a positive variance of \$1,944,789. For the year, the General Fund had a decrease in fund balance of \$394,177, resulting from revenues exceeding expenditures by \$5,682,273 and net transfers out of \$6,076,450.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### ECONOMIC FACTORS AND THE CITY'S BUDGET

The valuation for the City increased, by approximately \$57 million or 2.5% in fiscal year ended June 30, 2022. Real estate valuation increased by approximately \$53 million or 2.6% while Personal Property increased approximately \$4 million or 1.9%.

The unemployment rate for the City at fiscal year-end was an estimated 2.6%, which was down from 5.5% from prior year. The rate was more than the estimated State average of 3.0% and below the estimated National rate of 3.6%. These figures are from the Maine Center for Workforce Research and Information website.

The 2021/2022 budget adopted by the City Council resulted in the decrease mil rate to 17.83 mils from 17.86 in 2020/2021.

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

### REVENUES FROM THE STATE OF MAINE

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

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

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

Fiscal Year Ending June 30,	State Revenue Sharing	State School Subsidy	Reimbursements			Other State Aid	Total From State
			BETE	General Assistance	Homestead		
2022	\$ 3,138,993	\$19,340,010	\$2,368,114	\$424,255	\$1,143,071	\$ 209,940	\$26,624,383
2021	2,143,157	17,672,160	1,649,860	275,174	1,176,426	205,581	23,122,358
2020	1,541,590	17,628,763	1,526,938	220,781	821,098	222,808	21,961,978
2019	1,010,008	17,301,890	1,735,494	203,285	913,461	219,692	21,383,830
2018	932,991	15,547,867	1,487,202	263,010	696,362	226,961	19,154,393

In addition to the amounts listed above, the State makes an annual contribution to the Maine Public Employees Retirement System Teachers Fund in excess of \$3 million annually.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

## Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and short-term investments	\$ 57,093,870		\$ 57,093,870
Investments	1,232,536		1,232,536
Receivables, net of allowance for uncollectibles:			
Property taxes	965,748		965,748
Accounts receivable - services	1,943,004	\$ 632,710	2,575,714
Intergovernmental	2,181,902	93,149	2,275,051
Internal balances	(8,025,710)	8,025,710	
Inventory	54,397		54,397
Prepaid items	1,441,666		1,441,666
Capital assets:			
Lease assets, net of accumulated depreciation	580,361		580,361
Capital assets not being depreciated	7,884,936	325,112	8,210,048
Capital assets, net of accumulated depreciation	125,702,809	49,236,029	174,938,838
<b>Total Assets</b>	<u>191,055,519</u>	<u>58,312,710</u>	<u>249,368,229</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	1,308,596		1,308,596
Deferred pension items	5,850,293		5,850,293
Deferred other post-employment items	1,039,570		1,039,570
<b>Total Deferred Outflows of Resources</b>	<u>8,198,459</u>		<u>8,198,459</u>
<b>LIABILITIES</b>			
Accounts payable	3,183,587	351,287	3,534,874
Accrued salaries and benefits	4,377,129		4,377,129
Accrued interest payable	524,362	72,751	597,113
Due to fiduciary funds	1,467,795		1,467,795
Unearned revenue	273,396		273,396
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	4,823,013	610,580	5,433,593
Unamortized bond premium	429,688	4,535	434,223
Lease obligation	168,782		168,782
Accrued landfill postclosure care costs	20,000		20,000
Accrued compensated absences	103,063		103,063
Due in more than one year:			
Bonds and notes payable	62,663,662	7,712,646	70,376,308
Unamortized bond premium	3,690,652	63,485	3,754,137
Lease obligation	235,826		235,826
Accrued landfill postclosure care costs	180,000		180,000
Accrued compensated absences	1,753,543		1,753,543
Other post-employment benefits liability	8,723,413		8,723,413
Net pension liability	411,611		411,611
<b>Total Liabilities</b>	<u>93,029,522</u>	<u>8,815,284</u>	<u>101,844,806</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension items	9,324,773		9,324,773
Deferred other post-employment benefit items	611,912		611,912
<b>Total Deferred Inflows of Resources</b>	<u>9,936,685</u>		<u>9,936,685</u>
<b>NET POSITION</b>			
Net investment in capital assets	72,317,837	41,169,895	113,487,732
Restricted for:			
Nonexpendable trust principal	529,611		529,611
Expendable trust principal	449,338		449,338
Unrestricted	22,990,985	8,327,531	31,318,516
<b>Total Net Position</b>	<u>\$ 96,287,771</u>	<u>\$ 49,497,426</u>	<u>\$ 145,785,197</u>

See independent auditor's report.

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

## Statement of Activities

Year Ended June 30, 2022

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General government	\$ 8,237,726	\$ 51,391	\$ 2,754,454	\$ (5,431,881)		\$ (5,431,881)
Public safety	9,713,559	1,628,048	85,101	(8,000,410)		(8,000,410)
Public works	6,333,525	22,336	687,636	(5,623,553)		(5,623,553)
Human services	491,150		424,255	(66,895)		(66,895)
Culture and recreation	1,791,036	498,797	66,479	(1,225,760)		(1,225,760)
Employee benefits	4,727,434			(4,727,434)		(4,727,434)
Education	49,127,894	49,335	30,452,091	(18,626,468)		(18,626,468)
Unclassified	1,551,384			(1,551,384)		(1,551,384)
Interest on debt	586,174			(586,174)		(586,174)
Capital outlay	1,190,798			(1,190,798)		(1,190,798)
<b>Total Governmental Activities</b>	<b>83,750,680</b>	<b>2,249,907</b>	<b>34,470,016</b>	<b>(47,030,757)</b>		<b>(47,030,757)</b>
<b>Business-Type Activities</b>						
Sewer department	6,071,765	5,449,955		\$ (621,810)		(621,810)
Parking garage	289,208	182,388		(106,820)		(106,820)
<b>Total Business-Type Activities</b>	<b>6,360,973</b>	<b>5,632,343</b>		<b>(728,630)</b>		<b>(728,630)</b>
<b>Total</b>	<b>\$ 90,111,653</b>	<b>\$ 7,882,250</b>	<b>\$ 34,470,016</b>	<b>(47,030,757)</b>	<b>(728,630)</b>	<b>(47,759,387)</b>
<b>General Revenues</b>						
Taxes:						
Real estate			36,328,056			36,328,056
Excise			4,019,453			4,019,453
Personal property			4,338,115			4,338,115
Other			173,341			173,341
Licenses and permits			1,324,610			1,324,610
Grants and contributions not restricted to specific programs			6,674,982			6,674,982
Miscellaneous			2,182,795		56,041	2,238,836
<b>Total general revenues</b>			<b>55,065,809</b>		<b>56,041</b>	<b>55,121,850</b>
<b>Change in Net Position</b>						
<b>Net Position, Beginning of year, Restated</b>			8,035,052	(672,589)		7,362,463
<b>Net Position, End of year</b>			<b>\$ 96,287,771</b>	<b>\$ 49,497,426</b>		<b>\$ 145,785,197</b>

See independent auditor's report.

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

## Governmental Funds

### Balance Sheet

June 30, 2022

	General	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and short-term investments	\$ 56,374,253		\$ 719,617	\$ 57,093,870
Investments	463,474		769,062	1,232,536
Receivables, net of allowance for uncollectibles:				
Taxes	965,748			965,748
Accounts receivable - services	1,089,576		853,428	1,943,004
Intergovernmental			2,426,783	2,426,783
Interfund receivable		\$ 17,753,489	8,635,095	26,388,584
Inventory			54,397	54,397
Prepaid items	97,666		1,344,000	1,441,666
<b>Total Assets</b>	<b>58,990,717</b>	<b>17,753,489</b>	<b>14,802,382</b>	<b>91,546,588</b>
<b>LIABILITIES</b>				
Accounts payable	911,252	1,467,911	747,996	3,127,159
Accrued expenses	59,752			59,752
Accrued salaries and benefits	3,915,350		461,779	4,377,129
Accrued compensated absences	103,063			103,063
Retainage payable		79,916	161,641	241,557
Interfund payable	34,732,646		1,149,443	35,882,089
Unearned revenue	90,052		183,344	273,396
<b>Total Liabilities</b>	<b>39,812,115</b>	<b>1,547,827</b>	<b>2,704,203</b>	<b>44,064,145</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	410,717			410,717
<b>Total Deferred Inflows of Resources</b>	<b>410,717</b>			<b>410,717</b>
<b>FUND BALANCES</b>				
Nonspendable	97,666		1,928,008	2,025,674
Restricted		10,161,354	864,466	11,025,820
Committed	3,437,386	6,044,308	9,305,705	18,787,399
Assigned	722,705			722,705
Unassigned	14,510,128			14,510,128
<b>Total Fund Balances</b>	<b>\$ 18,767,885</b>	<b>\$ 16,205,662</b>	<b>\$ 12,098,179</b>	<b>\$ 47,071,726</b>

See independent auditor's report.

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

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

**June 30, 2022**

<b>Total Governmental Fund Balances</b>	<b>\$ 47,071,726</b>
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	134,168,106
• Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	
Property taxes	410,717
• Deferred outflows/inflows of resources represent a consumption/acquisition of net position that applies to a future period, therefore will not be recognized as an expenditure or revenue until then, and therefore, are not reported in the funds.	(1,738,226)
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(524,362)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds and notes payable	(67,486,675)
Unamortized bond premium	(4,120,340)
Lease obligation	(404,608)
Compensated absences	(1,753,543)
Liability for hazardous waste-site cleanup	(200,000)
Other Post-Employment Benefits (OPEB) liability	(8,723,413)
Net pension liability	<u>(411,611)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 96,287,771</u></b>

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

Year Ended June 30, 2022

	General	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 45,077,906			\$ 45,077,906
Licenses, permits and fees	1,203,229			1,203,229
Intergovernmental	30,111,326		\$ 13,527,739	43,639,065
Charges for services	1,277,495		1,118,641	2,396,136
Miscellaneous	1,086,906	\$ 564,986	1,616,499	3,268,391
<b>Total Revenues</b>	<b>78,756,862</b>	<b>564,986</b>	<b>16,262,879</b>	<b>95,584,727</b>
<b>Expenditures</b>				
Current:				
General government	5,612,355		666,335	6,278,690
Public safety	8,529,479		2,505,200	11,034,679
Public works	4,487,681		42,934	4,530,615
Human services	489,858			489,858
Culture and recreation	1,145,884		1,258,509	2,404,393
Employee benefits	4,720,884			4,720,884
Unclassified	1,551,384		491,592	2,042,976
Education	44,898,413		10,971,406	55,869,819
Debt service	2,035,623		605,943	2,641,566
Capital outlay		2,562,931	2,616,152	5,179,083
<b>Total Expenditures</b>	<b>73,471,561</b>	<b>2,562,931</b>	<b>19,158,071</b>	<b>95,192,563</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,285,301</b>	<b>(1,997,945)</b>	<b>(2,895,192)</b>	<b>392,164</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,088,230	0	8,689,603	9,777,833
Transfers out	(6,847,708)	(103,600)	(2,802,069)	(9,753,377)
Proceeds from leases	80,000			80,000
Bond issuance		12,565,910		12,565,910
<b>Total Other Financing Sources (Uses)</b>	<b>(5,679,478)</b>	<b>12,462,310</b>	<b>5,887,534</b>	<b>12,670,366</b>
<b>Net change in fund balances</b>	<b>(394,177)</b>	<b>10,464,365</b>	<b>2,992,342</b>	<b>13,062,530</b>
<b>Fund Balances, Beginning of Year</b>	<b>19,162,062</b>	<b>5,741,297</b>	<b>9,105,837</b>	<b>34,009,196</b>
<b>Fund Balances, End of Year</b>	<b>\$ 18,767,885</b>	<b>\$ 16,205,662</b>	<b>\$ 12,098,179</b>	<b>\$ 47,071,726</b>

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

Year Ended June 30, 2022

**Net Changes in Fund Balances - Total Governmental Funds** \$ 13,062,530

- Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay purchases	5,987,293
Loss on disposal of capital assets	(262,662)
Depreciation	(4,207,351)

Certain of the capital assets acquired this year were financed with lease obligations. The amount financed by the leases is reported in the governmental funds as a source of financing. However, the lease obligations are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. (80,000)

- Deferred outflows/inflows of resources represent a consumption/acquisition of net position that applies to a future period, but the change in the balances affects reporting in the financial statements. (6,743,982)

- Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes) differ between the two statements. This amount represents the net change in deferred revenue.

Property taxes	(218,941)
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- The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

Bond proceeds	(12,565,910)
Repayments of debt	4,752,403
Repayments of lease obligations	186,708

- In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due, this amount reflects the change in accrued interest. (22,945)

- Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Increase in liability for compensated absences	(237,472)
Decrease in net pension liability	8,305,015
Increase in OPEB liability	(152,392)
Decrease in liability for hazardous waste-site cleanup	20,000
Amortization of bond premiums	424,789
Amortization of deferred charge	<u>(212,031)</u>

**Changes in Net Position of Governmental Activities**

\$ 8,035,052

See independent auditor's report.

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

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

Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Taxes	\$ 44,439,927	\$ 44,439,927	\$ 45,077,906	\$ 637,979
Licenses, permits and fees	889,400	889,400	1,203,229	313,829
Intergovernmental	25,535,450	25,535,450	26,664,326	1,128,876
Charges for services	875,000	875,000	1,277,495	402,495
Miscellaneous	654,521	654,521	1,086,906	432,385
<b>Total Revenues</b>	<u>72,394,298</u>	<u>72,394,298</u>	<u>75,309,862</u>	<u>2,915,564</u>
<b>Expenditures</b>				
Current:				
General government	5,675,705	5,675,705	5,612,356	63,349
Public safety	8,200,404	8,200,404	8,529,479	(329,075)
Public works	5,458,061	5,458,061	4,487,681	970,380
Human services	518,051	518,051	489,858	28,193
Culture and recreation	1,237,935	1,237,935	1,145,884	92,051
Employee benefits	5,144,071	5,144,071	4,720,884	423,187
County tax	1,551,384	1,551,384	1,551,384	
Education	41,840,260	41,840,260	41,054,440	785,820
Debt service:				
Principal	1,498,807	1,498,807	1,498,807	
Interest	447,700	447,700	536,816	(89,116)
<b>Total Expenditures</b>	<u>71,572,378</u>	<u>71,572,378</u>	<u>69,627,589</u>	<u>1,944,789</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	821,920	821,920	5,682,273	4,860,353
<b>Other Financing Sources (Uses)</b>				
Transfers in	439,000	439,000	1,088,230	649,230
Transfer out	(3,006,331)	(3,006,331)	(7,164,680)	(4,158,349)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,567,331)</u>	<u>(2,567,331)</u>	<u>(6,076,450)</u>	<u>(3,509,119)</u>
<b>Net Change in Fund Balance - Budgetary Basis</b>	(1,745,411)	(1,745,411)	(394,177)	1,351,234
<b>Beginning Fund Balance Utilized - Budgetary Basis</b>	\$ 1,745,411	\$ 1,745,411	\$ 19,162,062	\$ 17,416,651
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,767,885</u>	<u>\$ 18,767,885</u>

## Proprietary Funds

### Statement of Net Position

June 30, 2022

	Business-Type Activities Enterprise Funds		
	Sewer Department	Parking Garage	Total
<b>ASSETS</b>			
Current:			
Accounts receivable, net of allowance for uncollectible	\$ 632,710		\$ 632,710
Intergovernmental receivable	93,149		93,149
Interfund receivable	7,234,846	\$ 790,864	8,025,710
Total current assets	<u>7,960,705</u>	<u>790,864</u>	<u>8,751,569</u>
Noncurrent:			
Capital assets:			
Land and construction in progress	284,623	40,489	325,112
Buildings and building improvements	4,527,115	7,072,318	11,599,433
Machinery and equipment	453,651	31,102	484,753
Infrastructure	92,682,381		92,682,381
Less accumulated depreciation	(52,953,402)	(2,577,136)	(55,530,538)
Total noncurrent assets	<u>44,994,368</u>	<u>4,566,773</u>	<u>49,561,141</u>
<b>Total Assets</b>	<u>52,955,073</u>	<u>5,357,637</u>	<u>58,312,710</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	340,863	10,424	351,287
Accrued interest	72,751		72,751
Current portion of long-term liabilities:			
Bonds payable	615,115		615,115
Total current liabilities	<u>1,028,729</u>	<u>10,424</u>	<u>1,039,153</u>
Noncurrent:			
Bonds payable, noncurrent	7,776,131		7,776,131
<b>Total Liabilities</b>	<u>8,804,860</u>	<u>10,424</u>	<u>8,815,284</u>
<b>NET POSITION</b>			
Net investment in capital assets	36,603,122	4,566,773	41,169,895
Unrestricted	7,547,091	780,440	8,327,531
<b>Total Net Position</b>	<u>\$ 44,150,213</u>	<u>\$ 5,347,213</u>	<u>\$ 49,497,426</u>

See independent auditor's report.

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

## Proprietary Funds

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

Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds		
	Sewer Department	Parking Garage	Total
<b>Operating Revenues</b>			
Sewer assessments	\$ 5,449,955		\$ 5,449,955
Parking garage revenue		\$ 182,388	182,388
<b>Total Operating Revenues</b>	<u>5,449,955</u>	<u>182,388</u>	<u>5,632,343</u>
<b>Operating Expenses</b>			
Portland Water District assessment	3,038,184		3,038,184
Sewer operations	962,807		962,807
Parking garage		147,762	147,762
Depreciation expense	1,732,430	141,446	1,873,876
<b>Total Operating Expenses</b>	<u>5,733,421</u>	<u>289,208</u>	<u>6,022,629</u>
<b>Operating Loss</b>	<u>(283,466)</u>	<u>(106,820)</u>	<u>(390,286)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Miscellaneous	54,652	682	55,334
Investment earnings		707	707
Interest on bonds	(338,344)		(338,344)
<b>Total Nonoperating Revenues (Expenses) Net</b>	<u>(283,692)</u>	<u>1,389</u>	<u>(282,303)</u>
<b>Change in Net Position</b>	<u>(567,158)</u>	<u>(105,431)</u>	<u>(672,589)</u>
<b>Net Position, Beginning of Year</b>	<u>44,717,371</u>	<u>5,452,644</u>	<u>50,170,015</u>
<b>Net Position, End of Year</b>	<u>\$ 44,150,213</u>	<u>\$ 5,347,213</u>	<u>\$ 49,497,426</u>

See independent auditor's report.

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

## Proprietary Funds

### Statement of Cash Flows

Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds		
	Sewer Department	Parking Garage	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers and users	\$ 5,504,977	\$ 139,032	\$ 5,644,009
Payments to suppliers and employees	(4,189,733)	(140,421)	(4,330,154)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>1,315,244</b>	<b>(1,389)</b>	<b>1,313,855</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of capital assets	(760,903)		(760,903)
Principal payments on bonds and notes	(615,596)		(615,596)
Interest paid on bonds	(348,430)		(348,430)
Investment earnings		707	707
Other financing sources	54,652	682	55,334
Change in interfund receivable	(48,416)		(48,416)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(1,718,693)</b>	<b>1,389</b>	<b>(1,717,304)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(403,449)</b>		<b>(403,449)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>403,449</b>		<b>403,449</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating loss	\$ (283,466)	\$ (106,820)	\$ (390,286)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,732,430	141,446	1,873,876
Change in operating assets:			
Accounts receivable	55,022		55,022
Interfund receivable		(43,356)	(43,356)
Change in operating liabilities:			
Accounts payable	(188,742)	7,341	(181,401)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>\$ 1,315,244</b>	<b>\$ (1,389)</b>	<b>\$ 1,313,855</b>

See independent auditor's report.

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

## Fiduciary Funds

### Statement of Fiduciary Net Position

June 30, 2022

	Private Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>		
Due from other funds	\$ 224,093	\$ 1,243,702
<b>Total Assets</b>	<u>224,093</u>	<u>1,243,702</u>
 <b>NET POSITION</b>		
<b>Restricted for:</b>		
Escrow and performance deposits held for others		\$ 1,243,702
Held in Trust	<u>\$ 224,093</u>	

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Private Purpose Trust Funds	Custodial Funds
<b>Additions</b>		
Investment earnings	\$ 144	\$ -
Contributions	50,529	181,889
<b>Total Additions</b>	<u>50,673</u>	<u>181,889</u>
<b>Deductions</b>		
Disbursements by agent	18,067	312,814
<b>Total deductions</b>	<u>18,067</u>	<u>312,814</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	88,489	
Transfers out	(112,945)	
<b>Total Other Financing Sources (Uses)</b>	<u>(24,456)</u>	<u>-</u>
<b>Change in Net Position</b>	8,150	(130,925)
<b>Net Position</b>		
<b>Beginning of year</b>	<u>215,943</u>	<u>1,374,627</u>
<b>End of year</b>	<u>\$ 224,093</u>	<u>\$ 1,243,702</u>

See independent auditor's report.

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

## Notes to Financial Statements

June 30, 2022

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

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

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

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

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

#### Government-Wide and Fund Financial Statements

##### Government Wide Financial Statements

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

## Notes to Financial Statements

June 30, 2022

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

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

#### Fund Financial Statements

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

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

#### Government-Wide Financial Statements

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

#### Fund Financial Statements

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

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

The City reports the General Fund and Construction Fund as major funds. The General Fund reports as the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund. The Construction Fund is used to account for major construction activity, including the construction of a new parking garage.

The City reports the following major enterprise funds:

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

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

## Notes to Financial Statements

June 30, 2022

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

The City reports the following fiduciary funds:

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

Agency Funds – Account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. Agency funds are used to account for escrow deposits.

#### Cash and Investments

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

#### Fair Value Measurements

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

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

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

#### Receivables

Management has reviewed property taxes receivable, accounts receivable, intergovernmental receivables and loans receivable for collectability and has recorded an allowance for uncollectible amounts as is considered necessary. The most significant account needing an allowance is the allowance for uncollectible rescue/ambulance billings receivable for which there is an allowance of \$1,530,004 at June 30, 2022.

## Notes to Financial Statements

June 30, 2022

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

#### Capital Assets and Depreciation

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

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

#### Compensated Absences

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

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

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

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

## Notes to Financial Statements

June 30, 2022

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

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, if material to the basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Fund Balances

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

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

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

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

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

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

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

#### Use of Estimates

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

## Notes to Financial Statements

June 30, 2022

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

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

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

The Mayor, with City Council approval, may transfer budgeted amounts between departments. The City Council may, by resolution, appropriate additional amounts but only up to the amount of excess revenues and unencumbered budget surplus remaining after the purpose of the original appropriation has been satisfied. At the end of the fiscal year, all unencumbered appropriations lapse unless specifically continued by resolution of the City Council. No supplementary appropriations of the City's fund balance were made during the year ended June 30, 2022.

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

#### Budgetary Information - continued

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

#### Deficit Fund Equity

Following is a list of other individual projects within the following funds having deficits as of June 30, 2022:

Nonmajor Governmental Funds	
Miscellaneous Special Revenue Funds – School Grants	
and Programs:	
Medicaid	\$ (191,278)
All other school programs with deficits	(662,130)
Total	<u>\$ (853,408)</u>

The deficits related to the federal grants are mostly a result of timing of billing. The other non-federal grant related fund deficits are expected to be covered by transfers from other funds and/or curtailment of future expenditures being charged to these funds.

## Notes to Financial Statements

June 30, 2022

### NOTE 3 – CASH AND INVESTMENTS

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2022, the City reported deposits of \$57,093,870 with a bank balance of \$59,507,709. Of the City's bank balances, \$181,343 was exposed to custodial credit risk as uninsured and uncollateralized; the remainder was covered by the FDIC or is secured by additional collateral pledged on behalf of the City by the respective banking institutions.

#### Investments

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

As of June 30, 2022, the City's reporting entity had the following cash and investments:

Certificates of Deposit	\$ 463,474
Mutual Funds	769,062
	<u>\$ 1,232,536</u>

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

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

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have an investment policy that addresses concentration of credit risk.

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

#### Fair Value

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Total	Level 1	Level 2	Level 3
<b>June 30, 2022</b>				
Certificates of deposit	\$ 463,474		\$ 463,474	
Mutual funds	769,062	\$ 769,062		
	<u>\$ 1,232,536</u>	<u>\$ 769,062</u>	<u>\$ 463,474</u>	<u>\$</u>

There were no assets classified as Level 3 as of June 30, 2022.

## Notes to Financial Statements

June 30, 2022

### NOTE 4 – PROPERTY TAX

Property taxes for the current year were committed on July 2, 2021 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in four installments, 25% on August 15, 2021, 25% on November 15, 2021, 25% on February 18, 2022, and 25% on May 15, 2022. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. The assessed value was 95.7% of the estimated market value and 100% of the 2021 state valuation of \$2,302,671,700.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$770,150 for the year ended June 30, 2022.

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

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first 60 days following the end of the fiscal year have been recorded as revenues. The remaining receivables, in the funds financial statements, have been recorded as a deferred inflow of resources, unavailable revenue – property taxes.

The tax rates and amounts assessed for the year ended June 30, 2022 were, as follows:

Valuation:	
Real estate	\$ 2,058,363,700
Personal property	244,308,000
Total assessed valuation	<u>2,302,671,700</u>
 Total assessed valuation	2,302,671,700
Tax rate (per \$1,000)	17.83
Total tax commitment	<u>40,056,636</u>
 The following details the taxes receivable at year-end:	
Taxes receivable - current year	832,118
Taxes receivable and tax liens receivable - prior years	133,630
Taxes receivable	<u>\$ 965,748</u>

## Notes to Financial Statements

June 30, 2022

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

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

As of June 30, 2022, the balances of interfund loans receivable/payable were, as follows:

	Interfund Loans Receivable	Interfund Loans Payable
General fund		\$ 34,732,646
Construction fund	\$17,753,489	
Other governmental funds	8,635,095	1,149,443
Sewer department	7,234,846	
Parking garage	790,864	
Fiduciary funds	1,467,795	
Totals	<u>\$ 35,882,089</u>	<u>\$ 35,882,089</u>

### Transfers

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

The following schedule reports transfers within the reporting entity:

	Transfers in:	Transfers out:
General Fund	\$1,088,230	\$6,847,708
Construction Fund		103,600
Other Governmental Funds	8,689,603	2,802,069
Fiduciary funds	88,489	112,945
<b>Total</b>	<b><u>\$9,866,322</u></b>	<b><u>\$9,866,322</u></b>

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

## Notes to Financial Statements

June 30, 2022

### NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was, as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental activities:</b>				
Not being depreciated:				
Historical Treasures & Art	\$ 90,000			\$ 90,000
Land	2,508,312			2,508,312
Construction in progress	1,290,960	\$ 4,681,957	\$ (686,293)	5,286,624
Total capital assets not being depreciated	<u>3,889,272</u>	<u>4,681,957</u>	<u>(686,293)</u>	<u>7,884,936</u>
Being depreciated:				
Buildings and improvements	109,136,663	406,825		109,543,488
Machinery and equipment	7,142,895	828,210	(12,000)	7,959,105
Vehicles	10,981,460	188,353	(387,703)	10,782,110
Infrastructure	84,170,357	575,620		84,745,977
Total capital assets being depreciated	<u>211,431,375</u>	<u>1,999,008</u>	<u>(399,703)</u>	<u>213,030,680</u>
Total all capital assets	<u>215,320,647</u>	<u>6,680,965</u>	<u>(1,085,996)</u>	<u>220,915,616</u>
Less accumulated depreciation:				
Buildings and improvements	(24,234,348)	(1,637,570)		(25,871,918)
Machinery and equipment	(4,560,135)	(384,266)	344,457	(4,599,944)
Vehicles	(7,000,819)	(709,438)	12,000	(7,698,257)
Infrastructure	(47,763,440)	(1,394,312)		(49,157,752)
Total accumulated depreciation	<u>(83,558,742)</u>	<u>(4,125,586)</u>	<u>356,457</u>	<u>(87,327,871)</u>
Net book value, capital assets being depreciated	<u>127,872,633</u>	<u>(2,126,578)</u>	<u>(43,246)</u>	<u>125,702,809</u>
<b>Lease Assets</b>				
Machinery and equipment	866,094			866,094
Less accumulated amortization	<u>(203,968)</u>	<u>(81,765)</u>		<u>(285,733)</u>
Lease assets, net	<u>662,126</u>	<u>(81,765)</u>	<u>-</u>	<u>580,361</u>
Net book value, total capital assets	<u>\$132,424,031</u>	<u>\$ 2,473,614</u>	<u>\$ (729,539)</u>	<u>\$134,168,106</u>
<b>Business-type activities:</b>				
Not being depreciated:				
Land	\$ 264,102	\$ 55,510		\$ 319,612
Construction in progress	42,703	705,393	\$ (742,596)	5,500
Total capital assets not being depreciated	<u>306,805</u>	<u>760,903</u>	<u>(742,596)</u>	<u>325,112</u>
Being depreciated:				
Buildings and improvements	11,599,433			11,599,433
Machinery and equipment	31,102			31,102
Vehicles	453,651			453,651
Infrastructure	91,982,489	699,893		92,682,382
Total capital assets being depreciated	<u>104,066,675</u>	<u>699,893</u>	<u>-</u>	<u>104,766,568</u>
Total all capital assets	<u>104,373,479</u>	<u>1,460,796</u>	<u>(742,596)</u>	<u>105,091,680</u>
Less accumulated depreciation:				
Buildings and improvements	(3,824,395)	(243,773)		(4,068,168)
Machinery and equipment	(31,102)			(31,102)
Vehicles	(358,631)	(26,965)		(385,596)
Infrastructure	(49,442,534)	(1,603,139)		(51,045,673)
Total accumulated depreciation	<u>(53,656,662)</u>	<u>(1,873,877)</u>	<u>-</u>	<u>(55,530,539)</u>
Net book value, capital assets being depreciated	<u>50,410,013</u>	<u>(1,173,984)</u>	<u>(742,596)</u>	<u>49,236,029</u>
Net book value, total capital assets	<u>\$ 50,716,818</u>	<u>\$ (413,081)</u>	<u>\$ (742,596)</u>	<u>\$ 49,561,141</u>

## Notes to Financial Statements

June 30, 2022

### NOTE 6 – CAPITAL ASSETS – CONTINUED

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

Governmental Activities		Business-type activities:	
General government	\$ 88,077	Sewer department	\$ 1,732,430
Public safety	551,368	Parking garage	141,446
Public works	1,985,460	Total depreciation expense	\$ 1,873,877
Culture and recreation	260,654		
Education	<u>1,321,793</u>		
Total depreciation and amortization expense	<u>\$ 4,207,351</u>		

Construction-in-progress as of June 30, 2022 consists of city roads and other infrastructure projects and various sewer projects. These projects are expected to be completed between 2022 and 2025 and the total cost of the projects is expected to be approximately \$33 million.

### NOTE 7 – LONG-TERM DEBT

#### Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 59,333,179	\$12,905,899	(\$4,752,403)	\$ 67,486,675	\$ 4,823,013
Unamortized bond premium	4,545,129		(424,789)	4,120,340	429,688
Lease obligation	511,316	80,000	(186,708)	404,608	168,742
Net pension liability	8,716,626		(8,305,015)	411,611	
Compensated absences	1,593,527	263,069		1,856,606	103,063
Other post-employment benefits	8,571,021	152,392			
Landfill post closure care costs	220,000			8,723,413	
Long-term liabilities	<u>\$ 83,490,798</u>	<u>\$ 13,401,360</u>	<u>(\$13,688,915)</u>	<u>\$83,203,253</u>	<u>\$ 5,544,546</u>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 8,938,821		\$ (615,594)	\$ 8,323,226	\$ 610,580
Unamortized bond premium	72,555		(4,535)	68,020	4,535
Long-term liabilities	<u>\$ 9,011,376</u>	<u>\$ _____</u>	<u>\$ (620,129)</u>	<u>\$8,391,246</u>	<u>\$ 615,115</u>

#### General Obligation Bonds

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

## Notes to Financial Statements

June 30, 2022

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

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding At 6/30/2022	Current Portion
<b>General obligation bonds payable:</b>						
2011 General Obligation Bond	\$ 12,350,000	2011	2031	3.24	\$ 900,000	\$ 100,000
2012 General Obligation Bond	7,745,000	2012	2028	1.00-3.5	2,235,000	745,000
2014 General Obligation Bond	1,760,000	2014	2039	2.00-4.25	400,000	190,000
2014 GOB Refunding	5,985,000	2014	2039	0.35-5.10	4,655,000	190,000
2015 GOB and Refunding	26,470,000	2015	2036	3.00-5.00	17,930,000	2,295,000
2017 General Obligation Bond	26,425,694	2017	2043	3.00-5.00	22,026,776	1,094,423
2019 General Obligation Bond	2,270,000	2019	2034	1.60-3.00	1,934,000	168,000
2021 General Obligation Bond	2,000,000	2021	2048	0.41-3.25	2,000,000	
2021 General Obligation Bond	2,500,000	2021	2048	0.41-3.25	2,500,000	
2022 Revolving Renovation	65,910	2022		0	405,899	40,590
2022 General Obligation Bond	800,000	2022	2047	2.42-4.16	800,000	
2022 General Obligation Bond	11,700,000	2022	2047	2.42-4.16	11,700,000	
<b>Total</b>					<b>\$67,486,675</b>	<b>\$ 4,823,013</b>

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding At 6/30/2022	Current Portion
<b>General obligation bonds payable:</b>						
2011 General Obligation Bond	\$ 1,215,000	2011	2031	3.24	\$ 525,000	\$ 60,000
2014 General Obligation Bond	\$ 4,840,000	2014	2034	2.00-4.25	2,880,000	240,000
2017 General Obligation Bond	\$ 6,159,306	2017	2038	3.00-5.00	4,918,224	310,580
<b>Total</b>					<b>\$8,323,224</b>	<b>\$ 610,580</b>

## Notes to Financial Statements

June 30, 2022

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

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

For Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 4,823,013	\$ 2,447,156	\$ 7,270,169
2024	5,393,010	2,276,808	7,669,818
2025	5,083,010	2,083,293	7,166,303
2026	4,503,011	1,878,991	6,382,002
2027	4,403,011	1,684,537	6,087,548
2028-2032	16,839,914	5,998,768	22,838,682
2033-2037	12,187,046	3,653,986	15,841,032
2038-2042	9,174,660	1,788,013	10,962,673
2043-2047	4,400,000	498,836	4,898,836
2048-2049	680,000	13,316	693,316
Totals	<u>\$ 67,486,675</u>	<u>\$ 22,323,704</u>	<u>\$ 89,810,379</u>

For Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 610,580	\$ 323,225	\$ 933,805
2024	610,580	298,096	908,676
2025	610,580	271,767	882,347
2026	610,580	244,163	854,743
2027	610,580	216,409	826,989
2028-2032	2,958,036	685,460	3,643,496
2033-2037	2,006,954	207,046	2,214,000
2038	305,336	9,160	314,498
Totals	<u>\$ 8,323,226</u>	<u>\$ 2,255,326</u>	<u>\$ 11,542,577</u>

The City is subject to a statutory limitation by the State of Maine of its general long-term debt equal to 15% of the State's valuation of the City. Based on a valuation of \$2,302,671,700 the City's debt limit is \$345,400,755. The City's outstanding long-term debt of \$75,469,912 at June 30, 2022 was within the statutory limit.

### Conduit Debt and Overlapping Debt

The City has, from time to time, assisted third parties in financing capital activities by participating in conduit debt transactions. The City is not obligated in any manner for this debt and, as a result, has not reported these liabilities or any related assets in the basic financial statements. The City is potentially liable for a portion of the June 30, 2022 overlapping debt of Cumberland County, in the amount of \$1,417,916 and the Portland Water District, in the amount of \$14,341,325, should either of these entities default on their debt payments.

## Notes to Financial Statements

June 30, 2022

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

#### Lease obligations

The City and School Department have lease agreements for modular buildings, equipment, vehicles and school buses. Those leases qualify as finance leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception in the government-wide financial statements. The following is a schedule of future minimum lease payments under the leases and the present value of the minimum lease payments at June 30, 2022:

For Year Ending June 30,	Principal	Interest	Total
2023	\$ 168,782	\$ 12,778	\$ 181,559
2024	97,271	7,112	104,382
2025	76,576	4,297	80,873
2026	61,980	1,986	63,966
Totals	<u>\$ 404,608</u>	<u>\$ 26,173</u>	<u>\$ 63,966</u>

The total costs of capital assets held under lease obligations was \$866,094, accumulated depreciation was \$279,333 and net book value was \$586,761, as of June 30, 2022.

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

The City presently has two landfills, both of which have been closed. Use of the Sandy Hill landfill ceased in 1987 and it has been covered with clay. The City ceased the use of the Rocky Hill Demolition Debris landfill in 1999. Federal and State laws and regulations require that the City continue to perform certain maintenance and monitoring functions at the landfill sites. A liability is being recognized based on the postclosure care costs that will be incurred. The estimated total current cost of the landfill postclosure care has a balance of \$220,000 as of June 30, 2022, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2022. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The City annually appropriates an amount for postclosure care costs.

## Notes to Financial Statements

June 30, 2022

### NOTE 9 – POST-EMPLOYMENT HEALTH CARE

The City has two OPEB plans which employees participate in for which separate disclosure information is provided below.

#### Retiree Group Health Insurance Plan

##### *General Information*

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

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

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

*Plan membership.* At January 1, 2022, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Active employees	<u>149</u>
	<u><u>162</u></u>

##### *Total OPEB Liability*

The City's total OPEB liability of \$2,090,243 was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

General inflation of 2.40% was used along with an aggregate payroll increase of 2.75%. Merit payroll increases, mortality, termination, disability and retirement assumptions relied on the System's June 30, 2016 through June 30, 2020's experience study. Mortality rates were based on the RP-2020 Total Dataset Healthy Annuitant Mortality Table for Males or Females. The mortality improvement scale RPEC-2020 was modified to converge to an ultimate rate of 1.00 percent for ages 20 to 80 grading down to 0.05 at age 95 and further, grading down to 0.00 percent at age 115, along with convergence to the ultimate rates in the year 2027.

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

The actuarial assumptions used in the January 1, 2022, valuation were based on the results of an actuarial experience study, conducted by the Maine State Retirement Consolidated Plan for Participating Local Districts, for the period June 30, 2016 through June 30, 2020.

## Notes to Financial Statements

June 30, 2022

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

#### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$2,071,419
Changes for the year:	
Service cost	90,084
Interest	45,527
Difference between expected and actual experience	(229,250)
Changes in assumptions or other inputs	140,617
Benefit payments	(28,154)
Net changes	18,824
Balance at June 30, 2022	<u><u>\$2,090,243</u></u>

Changes of assumptions reflect an increase of \$12,174.

Changes in assumptions or other inputs reflect a change in the discount rate from 2.12% in 2021 to 2.06% in 2022.

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

The following table shows how the total OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 2.06%.

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 2,474,555	\$ 2,090,243	\$ 1,783,637

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

The following table shows how the total OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 7.62%.

	1% Decrease (6.62%)	Healthcare Cost Trend Rates (7.62%)	1% Increase (8.62%)
Total OPEB liability	\$ 1,751,866	\$ 2,090,243	\$ 2,534,251

## Notes to Financial Statements

June 30, 2022

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$162,855. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,629	\$ 252,853
Changes in assumptions	455,029	95,246
Contributions subsequent to the measurement date	28,154	
Total	<u>\$ 591,812</u>	<u>\$ 348,099</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$28,154 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2023	\$ 27,244
2024	27,244
2025	27,244
2026	27,244
2027	27,245
Thereafter	79,338
Total	<u>\$ 215,559</u>

### Retiree Group Health Insurance Plan

#### General Information

*Plan description and benefits provided.* The City School Department is a participant in the MEA Benefits Trust (MEABT). MEABT was established by the Maine Education Association on April 10, 1993, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries. The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, which provides medical, hospital, surgical, prescription coverage and related health benefits to individuals of the City School Department, including active educators, retired and disabled educators and related personnel and their dependents. The City School Department's participation in the MEABT plan is considered its own post-retirement benefit plan, based on its own census data or participants in the trust. The MEABT does not issue a separate financial report for its OPEB. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employee membership data related to the Plan, as of the June 30, 2021, measurement date was, as follows:

Active members	393
Retirees under age 65	6
Retirees over age 65	200
	<u>599</u>

## Notes to Financial Statements

June 30, 2022

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

*Eligibility.* The employee must have participated in the MEA Benefits Trust health plan for 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination of coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

*Contributions.* The City School Department's contribution comes in the form of an implied subsidy. The retiree is eligible for a State subsidy of 55% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 45% of the blended premium amounts. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums charged are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage resulting in a subsidy through the premiums paid by the City School Department for active members.

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

At June 30, 2022, the City School Department reported a liability of \$6,633,170 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2022, the City School Department recognized OPEB benefit of \$270,962. At June 30, 2022, the City School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 89,518
Changes of assumptions	\$ 227,085	174,295
Net difference between projected and actual earnings on		
Contributions subsequent to the measurement date	220,673	
Total	<u>\$ 447,758</u>	<u>\$ 263,813</u>

## Notes to Financial Statements

June 30, 2022

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$220,673 resulting from City School Department contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City School Department OPEB expense, as follows:

Year ended June 30,	
2023	\$ (13,135)
2024	(13,133)
2025	35,349
2026	(26,394)
2027	(26,392)
Thereafter	6,977
Total	<u>\$ (36,728)</u>

Actuarial assumptions and methods: The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Measurement date:	June 30, 2021
Discount Rate:	2.16% per annum for the year ended June 30, 2021, reporting.
Healthcare cost trend rates:	Pre-Medicare – Initial trend of 6.21%, applied in fiscal year 2020 and 6.83% applied in fiscal year 2022, grading over 18 years to 3.25% per annum.  Medicare – Initial trend rate of 0.0%, applied in fiscal year 2021 and 6.30% applied in fiscal year 2022, grading over 18 years to 3.25% per annum.
Rate of mortality:	<u>Healthy Annuitants:</u> Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows: - 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80 - 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80  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.  <u>Healthy Employees:</u> Based on 93.1% and 91.9% of the 2010 Public Plan Teacher 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 health annuitant mortality.

## Notes to Financial Statements

June 30, 2022

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

Rate of mortality (continued): Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits- Weighted Disabled retiree 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 health annuitant mortality.

Retiree Contribution Increases: Retiree medical contributions are assumed to increase at the same rate as incurred claims. We assume a constant cost-sharing in plan design between employer and retirees.

Since the plan is pay as you go and is not funded, the discount rate used to measure the total OPEB liability for the healthcare plan is based on the Bond Buyer 20 year – Bond General Obligation Index as of June 30, 2021. The discount rate based on the index was 2.16% per annum as of June 30, 2021.

#### Changes in the Net OPEB Liability

Changes in the City School Department's net OPEB liability were as follows:

	<b>Total OPEB Liability [a]</b>
<b>Balance as of June 30, 2021</b>	<b><u>\$ 6,499,602</u></b>
Changes for the year:	
Service cost	139,562
Interest	144,535
Changes in assumptions	48,827
Changes in benefit terms	
Difference between expected and actual experience	
Contributions – employer	
Net investment income	
Benefit payments	(199,356)
Administrative expense	
Net changes	<u>133,568</u>
<b>Balance as of June 30, 2022</b>	<b><u>\$ 6,633,170</u></b>

## Notes to Financial Statements

June 30, 2022

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

Sensitivity of the City School Department proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the City School Department's proportionate share of the collective net OPEB liability, as well as what the City School Department proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.16 percent or 1-percentage-point higher 3.16 percent than the current discount rate:

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
City School Department's proportionate share of the collective net OPEB liability	<u>\$ 7,730,292</u>	<u>\$ 6,633,170</u>	<u>\$ 5,749,007</u>

The initial healthcare cost trend rate assumptions used for the fiscal year ended June 30, 2021, were pre-Medicare of 6.21% and Medicare 0.00%, increasing to 6.83% and 6.30%, respectively, over a grading period of 18 years.

Sensitivity of the City School Department's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the City School Department's proportionate share of the collective net OPEB liability, as well as what the City School Department's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Assumed Healthcare Cost Trend Rate	1% Increase
City School Department's proportionate share of the collective net OPEB liability	<u>\$ 5,616,570</u>	<u>\$ 6,633,170</u>	<u>\$ 7,934,368</u>

OPEB plan fiduciary net position and was zero as of the measurement date, consequently there is no impact on the percentage of plan fiduciary position as a percentage of total OPEB liability for the above sensitivity analysis for the discount rate and healthcare cost trend rate.

### On-Behalf OPEB Payments

The State of Maine contributes on behalf of the City School Department's retired teachers participating in the plan an amount equal to 55% of the blended single premium for the retiree's healthcare coverage. Using the census data for the measurement period ended June 30, 2021, the estimated on-behalf OPEB subsidy for year ended June 30, 2022, was approximately \$524,000. The amount has been recorded as a revenue and expenditure in the general fund in the statement of revenues, expenditures, and changes in fund balances - governmental funds.

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – PENSION PLANS

#### Plan Descriptions

The City contributes to the Maine Public Employees Retirement System as part of the State Employee and Teacher Plan (the Teacher Plan) and the Participating Local District Consolidated Plan (the PLD plan) or (the Plans), which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the City of Westbrook, the School Department's teaching certified employees, plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 238 participating employers. The City's Police, Fire/Rescue and certain other City employees and the City's school custodians, school lunch personnel, and other non-teacher personnel, including some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 305 participating employers.

Employee membership data related to the Plans, as of June 30, 2021 was, as follows:

	Teachers	PLD
Current participants: Vested and non-vested	40,099	11,704
Terminated participants: Vested	8,387	2,563
Terminated participants: Inactive due refunds	38,393	9,479
Retirees and beneficiaries receiving benefits	<u>37,690</u>	<u>10,093</u>
	<u><u>124,569</u></u>	<u><u>33,839</u></u>

Benefit terms are established by Maine statute. In the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the Plan and periodically makes recommendations. The Plans' retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for Teacher Plan members is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD Plan members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The Plans also provides disability and death benefits, which are established by statute for State employee members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 0.93%.

For the year ended June 30, 2022, the City's total payroll for all employees was \$33,456,040. Total covered payroll was \$22,325,279 for the Teacher Plan and \$10,320,933 for the PLD Plan. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – PENSION PLANS - CONTINUED

#### Contributions

The contribution requirements of the Teacher Plan members are defined by law or the Plan's Board. Teacher Plan members of the City of Westbrook school department are required to contribute 7.65% of covered compensation to the Teacher Plan. Employee contributions are deducted from the employee's wages or salary and remitted by the City of Westbrook's school department to the Teacher Plan on a monthly basis. The State is statutorily required to contribute 14.33% of annual Teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 2022, was 4.16% percent of annual Teacher payroll, plus 14.33% for grant fund wages, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year (normal cost contributions). The School Department's contributions to the Teacher Plan for the year ended June 30, 2022 were \$1,227,865.

The contribution requirements of the PLD Plan members are defined by law or the Plan's Board. Employees of the City of Westbrook and school department, other than Police and Fire/Rescue, are required to contribute between 7.05%-7.8% of covered compensation to the PLD Plan. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2022 was between 9.2%-9.7%. The contributions are deducted from the employee's wages or salary and remitted by the City of Westbrook to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The City of Westbrook's contribution rate for school and city employees, other than Police and Fire/Rescue, for the year ended June 30, 2022, was 10.3% percent of annual payroll. The Police contribution rate was 15.2% and Fire/Rescue contribution rate was 13.4% for the year ended June 30, 2022. The contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City of Westbrook and the School Department's contributions to the Plan for the year ended June 30, 2022 were \$1,227,865.

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

##### Teacher Plan

At June 30, 2022, the City of Westbrook School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the City of Westbrook School Department. The amount recognized by the City of Westbrook School Department as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City of Westbrook School Department were, as follows:

City of Westbrook School Department's proportionate share of the net pension liability	\$ 990,970
State's proportionate share of the net pension liability associated with the City of Westbrook School Department	11,745,315
<b>Total</b>	<b>\$ 12,736,285</b>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Westbrook School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the School Department's proportion was 0.11 percent, which was a 0.01% increase from its proportion measured as of June 30, 2020.

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – PENSION PLANS - CONTINUED

For the year ended June 30, 2022, the School Department recognized pension expense of \$995,272 and revenue of \$2,631,831 for support provided by the State. In addition, the School Department reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,688	\$ 20,259
Changes of assumptions	675,626	
Net difference between expected and actual investment earnings		1,350,277
Changes in proportion and differences between contributions and proportionate share of contributions	185,997	4,160
Contributions subsequent to the measurement date	1,227,865	
<b>Total</b>	<b><u>\$ 2,104,176</u></b>	<b><u>\$ 1,374,696</u></b>

The \$1,227,865 of deferred outflows of resources resulting from the School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense), as follows:

Years ending June 30,	
2023	\$ 52,538
2024	132,171
2025	(306,721)
2026	(376,372)
<b>Total</b>	<b><u>\$ (498,384)</u></b>

### PLD Plan

At June 30, 2022, the City and the City School Department reported an asset of \$579,359 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City and the City School Department's proportion of the net pension liability was based on a projection of the City and the City School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City and the City School Department's proportion was 1.87%, which was an increase of 0.08% from its proportion measured as of June 30, 2020.

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – PENSION PLANS - CONTINUED

For the year ended June 30, 2022, the City and the City School Department recognized pension income of \$22,063. At June 30, 2022, the City and the City School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,775	\$ 39,378
Changes of assumptions	1,945,439	
Net difference between expected and actual investment earnings	461,918	7,896,871
Changes in proportion and differences between contributions and proportionate share of contributions	88,011	13,828
Contributions subsequent to the measurement date	1,337,881	
<b>Total</b>	<b>\$ 3,746,117</b>	<b>\$ 7,950,077</b>

The \$1,337,891 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense), as follows:

Years ending June 30,	
2023	\$ (822,982)
2024	(726,878)
2025	(1,797,610)
2026	(2,194,384)
<b>Total</b>	<b><u>\$ (5,541,854)</u></b>

### Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Teachers Plan 2.75% and PLD Plan 2.75%, per annum
Salary increases	State employees 3.26%-9.43%; Teachers 2.80%-13.03% and PLD Plan 2.75%- 11.48%, per year
Investment rate of return	Teachers Plan 6.50% and PLD Plan 6.50%, per annum, compounded annually

Mortality rates for active members and non-disabled retirees were based on the RP2020 Total Dataset Healthy Annuitant Mortality Table, for males or females. For all recipients of disability benefits, the RP2020 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period of June 30, 2016, through June 30, 2020.

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – PENSION PLANS – CONTINUED

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

Asset Class	Long-term Expected Real Rate of Return
Public Equities	6.0 %
U.S. Government	2.3 %
Private Equity	7.6 %
Real estate	5.2 %
Infrastructure	5.3 %
Natural Resources	5.0 %
Traditional Credit	3.0 %
Alternative Credit	7.2%
Diversifiers	5.9 %

#### Discount Rate

The discount rate used to measure the total pension liability was 6.75% for each of the Teacher Plan and the PLD Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

##### Teacher Plan

The following presents the City of Westbrook School Department's proportionate share of the net pension liability calculated using the discount rate of 6.50% percent, as well as what the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

		City
	Discount rate	School Department's proportionate share of net pension liability (Asset)
1% decrease	5.50%	\$ 2,602,400
Current discount rate	6.50%	\$ 990,970
1% increase	7.50%	\$ (350,709)

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – PENSION PLANS – CONTINUED

#### PLD Plan

The following presents the City and the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50% percent, as well as what the City and the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	Discount Rate	City and School Department's Proportionate Share of Net Pension Liability (Asset)
1% decrease	5.50%	\$ 8,244,608
Current discount rate	6.50%	\$ (579,359)
1% increase	7.50%	\$ (7,877,942)

#### Plan Fiduciary Net Position

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

#### On-Behalf Payments

The State of Maine makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the City's School Department. The actual payment, which is made by the State, is determined by an actuary for the entire teachers' fund. The Maine Public Employees Retirement System estimates the payment made on-behalf of the City School Department to approximate 14.29% of the qualified teachers' salaries, plus an additional 3.84% for health insurance. For the year ended June 30, 2022, the total amount of on-behalf payments was approximately \$3,447,000 and was recognized in the fund financial statements. The amount of on-behalf payments recognized in the government wide financial statements for pension expense was approximately \$815,000.

#### Deferred Compensation Plan

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

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

## Notes to Financial Statements

June 30, 2022

### NOTE 10 – PENSION PLANS – CONTINUED

#### Other Retirement

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

### NOTE 11 – OTHER INFORMATION

#### Risk Management

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

As of the date of this report, there are no unpaid claims outstanding, nor is the City aware of any potential claims, which have been incurred yet remain unreported and which should be recorded at June 30, 2022.

#### Contingent Liabilities

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

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

## Notes to Financial Statements

June 30, 2022

### NOTE 12 – FUND BALANCE AND NET POSITION

The following is a schedule of fund balance classifications for the governmental funds as of June 30, 2022:

	General Fund	Construction Fund	Nonmajor Funds
<b>Nonspendable:</b>			
Endowments			\$ 529,611
Prepaid items and inventory	\$ 97,666		1,398,397
Total nonspendable	<u>97,666</u>		<u>1,928,008</u>
<b>Restricted:</b>			
Endowments			449,338
Tax increment financing funds			415,128
Capital projects funds		\$ 10,161,354	
Total restricted		<u>10,161,354</u>	<u>864,466</u>
<b>Committed:</b>			
Open space funds			251,315
Capital project reserve funds			995,030
City and school special revenue funds			4,704,356
City and school capital projects funds		6,044,308	3,355,004
City reserves	939,000		
Capital outlay	2,498,386		
Total committed	<u>3,437,386</u>	<u>6,044,308</u>	<u>9,305,705</u>
<b>Assigned:</b>			
Subsequent budget - School	-		
Subsequent budget - City	722,705		
Total assigned	<u>722,705</u>		
<b>Unassigned</b>			
City	13,758,043		
School	752,085		
Total unassigned	<u>14,510,128</u>	<u>-</u>	<u>-</u>
<b>Total fund balance</b>	<b><u>\$18,767,885</u></b>	<b><u>\$16,205,662</u></b>	<b><u>\$12,098,179</u></b>

## Notes to Financial Statements

June 30, 2022

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

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net position invested in capital assets, net of related debt was calculated as follows at June 30, 2022:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 221,781,710	\$ 105,091,680
Accumulated depreciation	(87,613,604)	(55,530,539)
Bond payable, total	(71,607,015)	(8,391,246)
Unspent bond proceeds	10,161,354	-
Lease obligation payable, total	(404,608)	-
Total invested in capital assets, net of related debt	<u>\$ 72,317,837</u>	<u>\$ 41,169,895</u>

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

The City entered into property tax abatement agreements (credit enhancement agreements) with local businesses under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. Under the agreements, the City may grant reimbursement limited to incremental taxes from the new actual increased assessed value projected at 25 percent to 100 percent of the increase. The agreements may be granted to businesses located within the City that is providing economic development.

For the fiscal year ended June 30, 2022, the City abated property taxes totaling \$1,003,770 under the program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A 67 percent property tax abatement to IDEXX. The abatement amounted to \$435,621.

A 50 percent property tax abatement to Waterstone. The abatement amounted to \$186,354.

All the remaining businesses abatements in the aggregate totaled \$381,795, with a percent of property tax abatement from 25 to 50 percent.

The City also has a downtown tax increment financing district with local tax captured of \$783,502 for which the tax revenues are set aside and utilized primarily for debt service.

### NOTE 14 – RESTATEMENT OF NET POSITION

Beginning net position was decreased by \$113,193 due to a change in fixed assets due to assets previously capitalized belonging to MDOT versus the City as of June 30, 2021. Net position at July 1, 2021 was restated, as follows:

	Net position as previously reported	Fixed Asset Removal	Net position as restated
Governmental Activities	\$88,365,912	(113,193)	\$80,252,719

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

June 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability</b>					
Service Cost	\$ 90,084	\$ 77,826	\$ 52,017	\$ 59,333	\$ 53,580
Interest	45,527	52,181	55,800	49,152	55,062
Changes in benefits			(37,985)		
Differences between expected and actual experience	(229,250)		155,183		(88,889)
Changes in assumptions or other inputs	140,617	128,443	320,629	(140,760)	(21,580)
Benefit payments	(28,154)	(27,071)	(28,839)	(27,730)	(35,723)
<b>Net change in total OPEB liability</b>	<b>18,824</b>	<b>231,379</b>	<b>(516,805)</b>	<b>(60,005)</b>	<b>(37,550)</b>
<b>Total OPEB liability - beginning</b>	<b>2,071,419</b>	<b>1,840,040</b>	<b>1,323,235</b>	<b>1,383,240</b>	<b>\$1,420,790</b>
<b>Total OPEB liability - ending</b>	<b><u>\$2,090,243</u></b>	<b><u>\$2,071,419</u></b>	<b><u>\$1,840,040</u></b>	<b><u>\$1,323,235</u></b>	<b><u>\$1,383,240</u></b>
<b>Covered - employee payroll</b>	<b>\$9,009,492</b>	<b>\$8,380,446</b>	<b>\$ 8,380,446</b>	<b>\$7,613,812</b>	<b>\$7,613,812</b>
<b>Total OPEB liability as a percentage of covered - employee payroll</b>	<b>23.2%</b>	<b>24.7%</b>	<b>22.0%</b>	<b>17.4%</b>	<b>18.2%</b>

**Notes to schedule:**

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

June 30, 2022 2.06%    June 30, 2021 2.12%    June 30, 2020 4.10%    June 30, 2019 3.44%

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

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

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

June 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability				
Service Cost	\$ 139,562	\$ 81,361	\$ 69,444	\$73,597
Interest	144,535	260,589	273,337	262,598
Changes in benefits		(787,890)		
Differences between expected and actual experience		(125,326)		
Changes in assumptions or other inputs	48,827	(108,255)	370,468	290,914
Benefit payments	(199,356)	(366,659)	(318,973)	(307,948)
<b>Net change in total OPEB liability</b>	<b>133,568</b>	<b>(1,046,180)</b>	<b>394,276</b>	<b>(262,667)</b>
<b>Total OPEB liability - beginning</b>	<b>6,499,602</b>	<b>7,545,782</b>	<b>7,151,506</b>	<b>7,414,176</b>
<b>Total OPEB liability - ending</b>	<b>\$ 6,633,170</b>	<b>\$ 6,499,602</b>	<b>\$ 7,545,782</b>	<b>7,151,506</b>
 Covered - employee payroll	 \$18,134,540	 \$17,692,234	 \$ 18,495,184	 \$18,000,179
 Total OPEB liability as a percentage of covered - employee payroll	 36.6%	 36.7%	 40.8%	 39.7%

### Notes to schedule:

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

June 30, 2022 2.16%    June 30, 2021 2.21%    June 30, 2020 3.50%    June 30, 2019 3.87%

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

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

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

June 30, 2022

### Maine Public Employees Retirement System

#### Teacher Plan

Fiscal Year	Actuarial Valuation Date	City Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Covered Employee Payroll	City Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>2022</b>	<b>06-30-2021</b>	0.117%	\$ 990,970	\$ 11,745,315	\$ 12,736,285	\$ 20,383,925	4.86%	90.90%
2021	06-30-2020	0.099%	\$ 1,617,970	\$ 23,970,102	\$ 25,588,702	\$ 20,302,232	8.59%	81.03%
2020	06-30-2019	0.099%	\$ 1,465,114	\$ 21,202,931	\$ 22,668,045	\$ 19,740,997	7.42%	82.73%
2019	06-30-2018	0.105%	\$ 1,413,474	\$ 19,551,657	\$ 20,965,131	\$ 19,124,858	7.39%	82.90%
2018	06-30-2017	0.111%	\$ 1,615,583	\$ 20,324,409	\$ 21,939,992	\$ 18,270,655	8.84%	80.78%
2017	06-30-2016	0.098%	\$ 1,739,490	\$ 24,385,665	\$ 26,125,155	\$ 17,364,382	10.02%	76.21%
2016	06-30-2015	0.099%	\$ 1,334,160	\$ 19,029,949	\$ 20,364,109	\$ 16,836,599	7.92%	81.18%
2015	06-30-2014	0.087%	\$ 934,691	\$ 14,716,914	\$ 15,651,005	\$ 16,936,599	5.55%	83.91%

#### PLD Plan

Fiscal Year	Actuarial Valuation Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>2022</b>	<b>06-30-2021</b>	1.87%	\$ (579,359)	\$ 9,690,803	(5.98%)	100.86%
2021	06-30-2020	1.79%	\$ 7,098,656	\$ 9,009,353	82.68%	88.35%
2020	06-30-2019	1.75%	\$ 5,338,630	\$ 8,237,081	64.81%	90.62%
2019	06-30-2018	1.76%	\$ 4,809,006	\$ 7,876,222	61.06%	91.14%
2018	06-30-2017	1.64%	\$ 6,708,320	\$ 7,254,647	92.47%	86.43%
2017	06-30-2016	1.64%	\$ 8,693,043	\$ 6,797,421	127.89%	81.61%
2016	06-30-2015	1.81%	\$ 5,782,057	\$ 7,056,623	81.94%	88.27%
2015	06-30-2014	1.85%	\$ 2,841,527	\$ 7,056,623	40.27%	94.10%

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

## Required Supplementary Information – Schedule of Contributions

June 30, 2022

### Maine Public Employees Retirement System

#### Teachers Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contributions	Contributions Relative to Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<b>2022</b>	<b>06-30-2021</b>	\$1,227,865	\$1,227,865	\$ 0	\$ 22,325,279	5.99%
2021	06-30-2020	\$1,070,823	\$1,070,823	\$ 0	\$ 20,383,925	5.25%
2020	06-30-2019	\$1,024,888	\$1,024,888	\$ 0	\$ 20,302,232	5.05%
2019	06-30-2018	\$ 922,398	\$ 922,398	\$ 0	\$ 19,740,997	4.67%
2018	06-30-2017	\$ 901,602	\$ 901,602	\$ 0	\$ 19,124,858	4.71%
2017	06-30-2016	\$ 749,776	\$ 749,776	\$ 0	\$ 18,270,655	4.10%
2016	06-30-2015	\$ 561,938	\$ 561,938	\$ 0	\$ 17,364,382	3.24%
2015	6-30-2014	\$ 604,585	\$ 604,585	\$ 0	\$ 16,836,599	3.59%

#### PLD Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contributions	Contributions Relative to Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<b>2022</b>	<b>06-30-2021</b>	\$1,337,892	\$1,337,892	\$ 0	\$10,320,933	12.96%
2021	06-30-2020	\$1,231,715	\$1,231,715	\$ 0	\$ 9,690,803	12.71%
2020	06-30-2019	\$1,150,001	\$1,150,001	\$ 0	\$ 9,009,353	12.76%
2019	06-30-2018	\$1,050,987	\$1,050,987	\$ 0	\$ 8,237,081	12.76%
2018	06-30-2017	\$ 971,898	\$ 971,898	\$ 0	\$ 7,876,222	12.34%
2017	06-30-2016	\$ 837,547	\$ 837,547	\$ 0	\$ 7,254,647	11.54%
2016	06-30-2015	\$ 762,842	\$ 762,842	\$ 0	\$ 6,797,421	11.22%
2015	06-30-2014	\$ 771,553	\$ 771,553	\$ 0	\$ 7,056,623	10.93%

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

## Non-Major Governmental Funds

### Combining Balance Sheet

### Tax Increment Financing District Funds

June 30, 2022

	All Funds
<b>ASSETS</b>	
Interfund receivable	\$ 415,128
<b>Total Assets</b>	<u>415,128</u>
<b>FUND BALANCES</b>	
Restricted	415,128
<b>Total Fund Balances</b>	<u>\$ 415,128</u>

## Non-Major Governmental Funds

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

#### Tax Increment Financing District Funds

Year Ended June 30, 2022

	All Funds
<b>Expenditures</b>	
Current:	
General government	\$ 597,728
Debt service	498,860
Other	491,592
<b>Total Expenditures</b>	<u>1,588,180</u>
 <b>Deficiency of Revenues</b>	
Over Expenditures	<u>(1,588,180)</u>
 <b>Other Financing Sources (Uses)</b>	
Transfers in	2,994,331
Transfers out	<u>(1,235,136)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>1,759,195</u>
 <b>Net Change in Fund Balances</b>	171,015
 <b>Fund Balances, Beginning of Year</b>	<u>244,113</u>
 <b>Fund Balances, End of Year</b>	<u>\$ 415,128</u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Open Space Funds

June 30, 2022

	All Funds
<b>ASSETS</b>	
Interfund receivable	\$ 251,315
<b>Total Assets</b>	<u>251,315</u>
<b>FUND BALANCES</b>	
Committed	251,315
<b>Total Fund Balances</b>	<u>\$ 251,315</u>

## Non-Major Governmental Funds

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

#### Open Space Funds

Year Ended June 30, 2022

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ 18,544
<b>Total Revenues</b>	<u>18,544</u>
<b>Total Expenditures</b>	<u>0</u>
<b>Excess of Revenues Over Expenditures</b>	<u>18,544</u>
<b>Net Change in Fund Balances</b>	18,544
<b>Fund Balances, Beginning of Year</b>	<u>232,771</u>
<b>Fund Balances, End of Year</b>	<u>\$ 251,315</u>

## Non-Major Governmental Funds

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

#### Revolving Loan Funds

Year Ended June 30, 2022

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ 354
<b>Total Revenues</b>	<hr/> 354
<b>Expenditures</b>	<hr/> -
<b>Excess of Revenues Over Expenditures</b>	<hr/> 354
<b>Other Financing Sources (Uses)</b>	
Transfers out	(1,745)
<b>Total Other Financing Sources (Uses)</b>	<hr/>
<b>Net Change in Fund Balances</b>	(1,391)
<b>Fund Balances, Beginning of Year</b>	<hr/> 1,391
<b>Fund Balances, End of Year</b>	<hr/> \$ -

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Capital Projects - Reserve Funds

June 30, 2022

	All Funds
<b>ASSETS</b>	
Interfund receivable	\$ 995,030
<b>Total Assets</b>	<u>995,030</u>
<b>FUND BALANCES</b>	
Committed	995,030
<b>Total Fund Balances</b>	<u>\$ 995,030</u>

## Non-Major Governmental Funds

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

#### Capital Projects - Reserve Funds

Year Ended June 30, 2022

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ 282,951
<b>Total Revenues</b>	<u>282,951</u>
<b>Expenditures</b>	
Current:	
Public safety	73,217
Public works	<u>26,592</u>
<b>Total Expenditures</b>	<u>99,809</u>
<b>Excess of Revenues Over Expenditures</b>	<u>183,142</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	57,957
Transfers out	<u>(96,950)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(38,993)</u>
<b>Net Change in Fund Balances</b>	144,149
<b>Fund Balances, Beginning of Year</b>	<u>850,881</u>
<b>Fund Balances, End of Year</b>	<u>\$ 995,030</u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Miscellaneous Special Revenue Funds

June 30, 2022

	City Grants	School Grants	Total
<b>ASSETS</b>			
Cash and short-term investments		\$ 669,203	\$ 669,203
Investments			
Receivables, net of allowance for uncollectibles:			
Accounts	\$ 568,573		568,573
Intergovernmental		2,426,783	2,426,783
Interfund receivable	3,163,062		3,163,062
Inventory		54,397	54,397
<b>Total Assets</b>	<b>3,731,635</b>	<b>3,150,383</b>	<b>6,882,018</b>
<b>LIABILITIES</b>			
Accounts payable	59,457	170,902	230,359
Interfund payable		1,149,443	1,149,443
Retainage payable	98,340		98,340
Accrued payroll		461,779	461,779
Unearned revenue	156,750	26,594	183,344
<b>Total Liabilities</b>	<b>314,547</b>	<b>1,808,718</b>	<b>2,123,265</b>
<b>FUND BALANCES</b>			
Nonspendable		54,397	54,397
Committed	3,417,088	1,287,268	4,704,356
<b>Total Fund Balances</b>	<b>\$ 3,417,088</b>	<b>\$ 1,341,665</b>	<b>\$ 4,758,753</b>

## Non-Major Governmental Funds

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

#### Miscellaneous Special Revenue Funds

Year Ended June 30, 2022

	City Grants	School Grants	Total
<b>Revenues</b>			
Intergovernmental	\$ 2,706,658	\$ 10,821,081	\$ 13,527,739
Charges for services	1,069,306	49,335	1,118,641
Miscellaneous	445,171		445,171
<b>Total Revenues</b>	<b>4,221,135</b>	<b>10,870,416</b>	<b>15,091,551</b>
<b>Expenditures</b>			
Current:			
General government	68,607		68,607
Public safety	2,431,983		2,431,983
Public works	16,342		16,342
Culture and recreation	1,155,292		1,155,292
Education		10,971,406	10,971,406
Debt service	107,083		107,083
<b>Total Expenditures</b>	<b>3,779,307</b>	<b>10,971,406</b>	<b>14,750,713</b>
<b>Deficiency of Revenues Over Expenditures</b>			
	<u>441,828</u>	<u>(100,990)</u>	<u>340,838</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	927,847	118,926	1,046,773
Transfers out	(1,357,919)	204,820	(1,153,099)
<b>Total Other Financing Sources (Uses)</b>	<b>(430,072)</b>	<b>323,746</b>	<b>(106,326)</b>
<b>Net Change in Fund Balances</b>	<b>11,756</b>	<b>222,756</b>	<b>234,512</b>
<b>Fund Balances, Beginning of Year</b>	<b>3,405,332</b>	<b>1,118,909</b>	<b>4,524,241</b>
<b>Fund Balances, End of Year</b>	<b>\$ 3,417,088</b>	<b>\$ 1,341,665</b>	<b>\$ 4,758,753</b>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Capital Project Funds

June 30, 2022

	Capital Projects
<b>ASSETS</b>	
Interfund receivable	\$ 3,651,087
Accounts receivable	284,855
Prepaid	1,344,000
<b>Total Assets</b>	<u>5,279,942</u>
<b>LIABILITIES</b>	
Accounts payable	517,637
Retainage payable	63,301
Accrued liabilities	0
<b>Total Liabilities</b>	<u>580,938</u>
<b>FUND BALANCES</b>	
Nonspendable	1,344,000
Restricted	
Committed	3,355,004
<b>Total Fund Balances</b>	<u>\$ 4,699,004</u>

## Non-Major Governmental Funds

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

#### Capital Project Funds

Year Ended June 30, 2022

	Capital Projects
<b>Revenues</b>	
Miscellaneous	869,479
<b>Total Revenues</b>	<u>869,479</u>
<b>Expenditures</b>	
Capital outlay	2,616,152
<b>Total Expenditures</b>	<u>2,616,152</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(1,746,673)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	4,592,287
Transfers out	(386,692)
Bond proceeds	
<b>Total Other Financing Sources (Uses)</b>	<u>4,205,595</u>
<b>Net Change in Fund Balances</b>	2,458,922
<b>Fund Balances, Beginning of Year</b>	<u>2,240,082</u>
<b>Fund Balances, End of Year</b>	<u>\$ 4,699,004</u>

## Non-Major Governmental Funds

### Combining Balance Sheet

#### Permanent Funds

June 30, 2022

	All Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 50,414
Investments	769,062
Interfund receivable	159,473
<b>Total Assets</b>	<b><u>978,949</u></b>
<b>FUND BALANCES</b>	
Nonspendable	529,611
Restricted	449,338
<b>Total Fund Balances</b>	<b><u>\$ 978,949</u></b>

## Non-Major Governmental Funds

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

#### Permanent Funds

Year Ended June 30, 2022

	All Funds
<b>Revenues</b>	
Miscellaneous	\$ -
<b>Total Revenues</b>	<u>-</u>
<b>Expenditures</b>	
Current:	
Culture and recreation	<u>103,217</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(103,217)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers in	<u>69,808</u>
<b>Total Other Financing Sources (Uses)</b>	<u>69,808</u>
<b>Net Change in Fund Balances</b>	<u>(33,409)</u>
<b>Fund Balances, Beginning of Year</b>	<u>1,012,358</u>
<b>Fund Balances, End of Year</b>	<u>\$ 978,949</u>

## Combining Statement of Fiduciary Net Position

### Private Purpose Trust Funds

June 30, 2022

City  
Trusts

#### ASSETS

Cash and cash equivalents	
Due from other funds	
<b>Total Assets</b>	<hr/> <hr/>

#### NET POSITION

Held in Trust	<hr/> <hr/>
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## Combining Statement of Changes in Fiduciary Net Position

### Private Purpose Trust Funds

Year Ended June 30, 2022

	City Trusts
<b>Additions</b>	
Investment earnings	\$ 144
Contributions	50,529
Miscellaneous	
<b>Total Additions</b>	<u>50,673</u>
<b>Deductions:</b>	
Disbursements by agent	18,067
Culture and recreation	
Transfers out	<u>24,456</u>
<b>Total Deductions</b>	<u>42,523</u>
<b>Change in Net Position</b>	8,150
<b>Net Position, Beginning of Year</b>	<u>215,943</u>
<b>Net Position, End of Year</b>	<u>\$ 224,093</u>