

Audited Financial Statements and
Other Financial Information

Town of Wells, Maine

June 30, 2018



Proven Expertise and Integrity

TOWN OF WELLS, MAINE

CONTENTS

JUNE 30, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	19
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	20
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 63
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	64

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	65
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	66
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	67
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	68
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	69
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	70
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	71
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	72
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	73
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	74 - 77
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	78
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	79
SPECIAL REVENUE FUNDS DESCRIPTION	80 - 84
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	85 - 95
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	96 - 106
CAPITAL PROJECTS FUNDS DESCRIPTION	107
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	108 - 109

SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	110 - 111
PERMANENT FUNDS DESCRIPTION	112
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	113
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	114
GENERAL CAPITAL ASSETS DESCRIPTION	115
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	116
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	117

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	118 - 119
--	-----------



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Wells
Wells, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Wells, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Wells, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Wells, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 11 and 65 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wells, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the Town of Wells, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wells, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
December 18, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(UNAUDITED)

The following management's discussion and analysis of Town of Wells, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Wells are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, health and sanitation, recreation and culture, education, public works, beaches and harbors, library and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Wells include the beach operations, transfer station and recreation.

Fund Financial Statements

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

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

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

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Wells presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the capital projects fund - public safety building fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Proprietary Funds: The Town of Wells maintains three proprietary funds, beach operations, transfer station and recreation. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary funds financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$2,293,063 from \$37,304,523 to \$39,597,586. The Town's total business-type activities net position increased by \$2,894 from \$978,312 to \$981,206.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$8,712,984 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$624,083.

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

	Governmental Activities		Business-type Activities	
	2018	2017 (Restated)	2018	2017
Assets:				
Current assets	\$ 17,865,498	\$ 15,699,123	\$ 734,435	\$ 701,411
Noncurrent assets	43,359,831	28,214,648	394,353	373,341
Total Assets	61,225,329	43,913,771	1,128,788	1,074,752
Deferred Outflows of Resources:				
Deferred outflows related to OPEB	8,474	-	-	-
Deferred outflows related to pensions	1,646,609	3,715,181	-	-
Total Deferred Outflows of Resources	1,655,083	3,715,181	-	-
Liabilities:				
Current liabilities	2,366,985	1,521,906	147,582	96,440
Long-term debt outstanding	18,919,765	7,745,095	-	-
Total Liabilities	21,286,750	9,267,001	147,582	96,440
Deferred Inflows of Resources:				
Prepaid taxes	135,722	16,089	-	-
Deferred inflows related to OPEB	851	-	-	-
Deferred inflows related to pensions	1,859,503	1,041,339	-	-
Total Deferred Inflows of Resources	1,996,076	1,057,428	-	-
Net Position:				
Net investment in capital assets	27,879,831	25,554,648	357,123	373,341
Restricted for: Special revenue funds	3,001,018	2,695,689	-	-
Permanent funds	3,753	3,771	-	-
Unrestricted	8,712,984	9,050,415	624,083	604,971
Total Net Position	\$ 39,597,586	\$ 37,304,523	\$ 981,206	\$ 978,312

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 2,368,488	\$ 2,490,192	\$ 1,490,520	\$ 1,329,189
Operating grants and contributions	202,992	231,139	-	-
<i>General Revenues:</i>				
Taxes	34,266,294	33,273,868	-	-
Grants and contributions not restricted to specific programs	687,638	654,311	-	-
Investment income	163,249	39,164	-	-
Other income	1,483,708	369,515	8,785	134,078
Total Revenues	<u>39,172,369</u>	<u>37,058,189</u>	<u>1,499,305</u>	<u>1,463,267</u>
Expenses				
General government	6,487,724	5,789,624	-	-
Public safety	4,980,229	5,417,830	-	-
Health and sanitation	119,372	122,372	566,256	510,396
Recreation and culture	371,961	476,429	453,127	375,368
Education	19,323,541	18,779,602	-	-
Public works	2,544,620	2,269,675	-	-
County tax	1,695,518	1,658,722	-	-
Beach and harbors	247,147	252,616	512,893	516,913
Library	602,560	514,178	-	-
Unallocated depreciation (Note 4)	160,814	147,247	-	-
Unclassified	228,655	175,340	-	-
Overlay	-	29,517	-	-
Capital outlay	-	25,580	-	-
Interest on long-term debt	81,300	95,338	-	-
Total Expenses	<u>36,843,441</u>	<u>35,754,070</u>	<u>1,532,276</u>	<u>1,402,677</u>
Transfers	<u>(35,865)</u>	<u>(100,000)</u>	<u>35,865</u>	<u>100,000</u>
Change in Net Position	2,293,063	1,204,119	2,894	160,590
Net Position - July 1, Restated	<u>37,304,523</u>	<u>36,100,404</u>	<u>978,312</u>	<u>817,722</u>
Net Position - June 30	<u>\$ 39,597,586</u>	<u>\$ 37,304,523</u>	<u>\$ 981,206</u>	<u>\$ 978,312</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.71%, while total expenses increased by 3.05%. Revenues for the Town's business-type activities increased by 2.46%, while total expenses increased by 9.24%.

Financial Analysis of the Town's Fund Statements

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

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

	2018	2017
General Fund:		
Nonspendable	\$ 51,949	\$ 51,949
Assigned	2,533,083	345,004
Unassigned	7,886,616	9,226,107
Total General Fund	\$ 10,471,648	\$ 9,623,060
Capital Projects Fund -		
Public safety building		
Restricted	\$ 13,409,261	\$ -
Committed	-	44,078
Total Capital Projects Fund -		
Public safety building	\$ 13,409,261	\$ 44,078
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 3,001,018	\$ 2,695,689
Committed	987,762	780,865
Assigned	53,921	61,798
Unassigned	(34,095)	(62,157)
Capital Projects Funds:		
Committed	981,633	977,209
Permanent Funds:		
Restricted	3,753	3,771
Total Nonmajor Funds	\$ 4,993,992	\$ 4,457,175

The general fund total fund balance increased by \$848,588 from the prior fiscal year primarily due to taxes. The capital projects fund - public safety building fund total fund balance increased by \$13,365,183 from the prior fiscal year primarily due to bond proceeds. The nonmajor fund balances increased by \$536,817 from the prior fiscal year primarily due to other income in the library fund.

Budgetary Highlights

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

The general fund actual revenues were over budget by \$988,954. This was due to all categories being receipted within or over budgeted amounts.

The general fund actual expenditures were under budget by \$1,824,872. All expenditure categories were within or under budget with the exception of recreation and culture and public works.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of the capital assets recorded by the Town increased by \$1,593,117 from the prior year. This increase was the result of capital additions of \$4,083,114 less net disposals of \$20,779 and current year depreciation of \$2,469,218.

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

	2018	2017
Land	\$ 8,944,407	\$ 8,680,843
Art works and historical treasures	51,500	51,500
Construction in progress	1,777,514	59,268
Land improvements	529,276	497,486
Buildings and improvements	3,716,125	3,957,139
Machinery and equipment	1,134,099	1,398,281
Vehicles	2,072,604	1,702,573
Infrastructure	11,955,581	12,240,899
Total	\$ 30,181,106	\$ 28,587,989

Debt

At June 30, 2018, the Town had \$15,480,000 in bonds outstanding versus \$2,660,000 last year, an increase of 481.95%. Other obligations include bond premium payable, accrued compensated absences, net OPEB liability and net pension liability. For additional comparative information on the Town's outstanding debt, refer to Note 5 of Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance is at a level sufficient to sustain government operations for a period of approximately three months while also maintaining significant reserves for future operations, capital and program needs.

To further promote and ensure the financial well-being and fiscal stability of the Town, the Wells Board of Selectmen amended the Fund Balance Policy in April of 2013. The Town's management established the policy following a detailed evaluation of the Town's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues. As a result, the Town will strive to maintain an unassigned fund balance level in an amount equal to 25.0% of the Town's General Fund Budget, i.e., an amount equal to three (3) months operating expense from the then-current operating budget. At June 30, 2018, the Town's general fund unassigned fund balance will cover approximately 2.54 months of expenditures and slightly lower than the policy minimums. Any excess funds may be utilized for other municipal fiscal purposes, including additional capital improvement needs or tax rate stabilization or reduction purposes. Further, the Town reserves the right to appropriate funds pursuant to the Town of Wells Charter and State Statutes from unassigned fund balance for emergencies and other requirements the Town's management believes to be in the best interest of the Town of Wells.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 208 Sanford Road, Wells, Maine 04090.

TOWN OF WELLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,166,543	\$ -	\$ 17,166,543
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,182,735	-	1,182,735
Liens	119,246	-	119,246
Other	79,460	-	79,460
Tax acquired property	51,949	-	51,949
Internal balances	(734,435)	734,435	-
Total current assets	<u>17,865,498</u>	<u>734,435</u>	<u>18,599,933</u>
Noncurrent assets:			
Restricted cash	13,573,078	-	13,573,078
Capital assets:			
Land and other assets not being depreciated	10,773,421	-	10,773,421
Infrastructure, buildings, equipment and vehicles net of accumulated depreciation	19,013,332	394,353	19,407,685
Total noncurrent assets	<u>43,359,831</u>	<u>394,353</u>	<u>43,754,184</u>
TOTAL ASSETS	<u>61,225,329</u>	<u>1,128,788</u>	<u>62,354,117</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	8,474	-	8,474
Deferred outflows related to pensions	1,646,609	-	1,646,609
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,655,083</u>	<u>-</u>	<u>1,655,083</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 62,880,412</u>	<u>\$ 1,128,788</u>	<u>\$ 64,009,200</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,087,134	\$ 147,582	\$ 1,234,716
Accrued expenses	207,419	-	207,419
Escrows	616,296	-	616,296
Current portion of long-term obligations	456,136	-	456,136
Total current liabilities	<u>2,366,985</u>	<u>147,582</u>	<u>2,514,567</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	15,050,000	-	15,050,000
Bond premium payable	1,163,148	-	1,163,148
Accrued compensated absences	496,581	-	496,581
Net OPEB liability	689,611	-	689,611
Net pension liability	1,520,425	-	1,520,425
Total noncurrent liabilities	<u>18,919,765</u>	<u>-</u>	<u>18,919,765</u>
TOTAL LIABILITIES	<u>21,286,750</u>	<u>147,582</u>	<u>21,434,332</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	135,722	-	135,722
Deferred inflows related to OPEB	851	-	851
Deferred inflows related to pensions	1,859,503	-	1,859,503
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,996,076</u>	<u>-</u>	<u>1,996,076</u>
NET POSITION			
Net investment in capital assets	27,879,831	357,123	28,236,954
Restricted for:			
Special revenue funds	3,001,018	-	3,001,018
Permanent funds	3,753	-	3,753
Unrestricted	8,712,984	624,083	9,337,067
TOTAL NET POSITION	<u>39,597,586</u>	<u>981,206</u>	<u>40,578,792</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 62,880,412</u>	<u>\$ 1,128,788</u>	<u>\$ 64,009,200</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 6,487,724	\$ 1,737,939	\$ -	\$ -	\$ (4,749,785)	\$ -	\$ (4,749,785)
Public safety	4,980,229	170,508	-	-	(4,809,721)	-	(4,809,721)
Health and sanitation	119,372	-	-	-	(119,372)	-	(119,372)
Recreation and culture	371,961	264,243	-	-	(107,718)	-	(107,718)
Education	19,323,541	-	-	-	(19,323,541)	-	(19,323,541)
Public works	2,544,620	1,717	202,992	-	(2,339,911)	-	(2,339,911)
Beach and harbors	247,147	183,776	-	-	(63,371)	-	(63,371)
Library	602,560	10,305	-	-	(592,255)	-	(592,255)
County tax	1,695,518	-	-	-	(1,695,518)	-	(1,695,518)
Unclassified	228,655	-	-	-	(228,655)	-	(228,655)
Unallocated depreciation (Note 4)*	160,814	-	-	-	(160,814)	-	(160,814)
Interest on long-term debt	81,300	-	-	-	(81,300)	-	(81,300)
Total governmental activities	<u>36,843,441</u>	<u>2,368,488</u>	<u>202,992</u>	<u>-</u>	<u>(34,271,961)</u>	<u>-</u>	<u>(34,271,961)</u>
Business-type activities:							
Beach operations	512,893	525,340	-	-	-	12,447	12,447
Transfer station	566,256	381,473	-	-	-	(184,783)	(184,783)
Recreation	453,127	583,707	-	-	-	130,580	130,580
Total business-type activities	<u>1,532,276</u>	<u>1,490,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,756)</u>	<u>(41,756)</u>
Total government	<u>\$ 38,375,717</u>	<u>\$ 3,859,008</u>	<u>\$ 202,992</u>	<u>\$ -</u>	<u>(34,271,961)</u>	<u>(41,756)</u>	<u>(34,313,717)</u>

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

STATEMENT B (CONTINUED)
TOWN OF WELLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(34,271,961)	(41,756)	(34,313,717)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	31,564,951	-	31,564,951
Excise taxes	2,701,343	-	2,701,343
Grants and contributions not restricted to specific programs	687,638	-	687,638
Investment income	163,249	-	163,249
Other income	1,483,708	8,785	1,492,493
Transfers	(35,865)	35,865	-
Total general revenues and transfers	36,565,024	44,650	36,609,674
Change in net position	2,293,063	2,894	2,295,957
NET POSITION - JULY 1, RESTATED	37,304,523	978,312	38,282,835
NET POSITION - JUNE 30	\$ 39,597,586	\$ 981,206	\$ 40,578,792

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Public Safety Building (0840)	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,130,606	\$ -	\$ 35,937	\$ 17,166,543
Accounts receivable (net of allowance for uncollectibles):				
Taxes	1,182,735	-	-	1,182,735
Liens	119,246	-	-	119,246
Other	79,460	-	-	79,460
Tax acquired property	51,949	-	-	51,949
Restricted cash	13,573,078	-	-	13,573,078
Due from other funds	496,089	13,573,078	5,706,228	19,775,395
TOTAL ASSETS	\$ 32,633,163	\$ 13,573,078	\$ 5,742,165	\$ 51,948,406
LIABILITIES				
Accounts payable	\$ 208,006	\$ 163,817	\$ 715,311	\$ 1,087,134
Accrued expenses	207,419	-	-	207,419
Due to other funds	20,476,968	-	32,862	20,509,830
Escrows	616,296	-	-	616,296
TOTAL LIABILITIES	21,508,689	163,817	748,173	22,420,679
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	135,722	-	-	135,722
Deferred revenues	517,104	-	-	517,104
TOTAL DEFERRED INFLOWS OF RESOURCES	652,826	-	-	652,826
FUND BALANCES				
Nonspendable	51,949	-	-	51,949
Restricted	-	13,409,261	3,004,771	16,414,032
Committed	-	-	1,969,395	1,969,395
Assigned	2,533,083	-	53,921	2,587,004
Unassigned	7,886,616	-	(34,095)	7,852,521
TOTAL FUND BALANCES	10,471,648	13,409,261	4,993,992	28,874,901
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 32,633,163	\$ 13,573,078	\$ 5,742,165	\$ 51,948,406

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 28,874,901
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	29,786,753
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	517,104
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	8,474
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	1,646,609
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(15,480,000)
Bond premium payable	(1,163,148)
Accrued compensated absences	(522,717)
Net OPEB liability	(689,611)
Net pension liability	(1,520,425)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(851)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(1,859,503)</u>
Net position of governmental activities	<u>\$ 39,597,586</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT E

TOWN OF WELLS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Public Safety Building (0840)	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 34,240,293	\$ -	\$ -	\$ 34,240,293
Intergovernmental revenue	855,382	-	35,248	890,630
Charges for services	665,911	-	1,702,577	2,368,488
Investment income	85,723	77,510	16	163,249
Other revenues	331,596	-	1,152,112	1,483,708
TOTAL REVENUES	36,178,905	77,510	2,889,953	39,146,368
EXPENDITURES				
Current:				
General government	4,532,515	-	1,840,835	6,373,350
Public safety	4,379,731	-	46,548	4,426,279
Recreation and culture	310,771	-	14,271	325,042
Education	19,323,541	-	-	19,323,541
Public works	1,232,050	-	11,836	1,243,886
Beach and harbors	95,284	-	38,845	134,129
Library	430,523	-	105,576	536,099
County tax	1,695,518	-	-	1,695,518
Unclassified	228,635	-	20	228,655
Capital outlay	-	1,125,475	2,849,789	3,975,264
Debt service:				
Principal	430,000	-	-	430,000
Interest	81,300	-	-	81,300
TOTAL EXPENDITURES	32,739,868	1,125,475	4,907,720	38,773,063
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,439,037	(1,047,965)	(2,017,767)	373,305
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	13,250,000	-	13,250,000
Bond premium proceeds	-	1,309,049	-	1,309,049
Transfers in	65,319	-	2,556,280	2,621,599
Transfers (out)	(2,655,768)	-	(1,696)	(2,657,464)
Bond premium expenditures	-	(145,901)	-	(145,901)
TOTAL OTHER FINANCING SOURCES (USES)	(2,590,449)	14,413,148	2,554,584	14,377,283
NET CHANGE IN FUND BALANCES	848,588	13,365,183	536,817	14,750,588
FUND BALANCES - JULY 1	9,623,060	44,078	4,457,175	14,124,313
FUND BALANCES - JUNE 30	\$ 10,471,648	\$ 13,409,261	\$ 4,993,992	\$ 28,874,901

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 14,750,588</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	4,001,481
Capital asset disposals	(20,779)
Depreciation expense	<u>(2,408,597)</u>
	<u>1,572,105</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>26,001</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(2,060,098)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>430,000</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(819,015)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Bond premium payable	(1,163,148)
Accrued compensated absences	(36,958)
Net OPEB liability	(20,263)
Net pension liability	<u>2,863,851</u>
	<u>1,643,482</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,293,063</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	503,561	-	694,101	1,197,662
Total current assets	503,561	-	694,101	1,197,662
Noncurrent assets:				
Capital assets:				
Infrastructure, buildings, equipment and vehicles net of accumulated depreciation	357,123	-	37,230	394,353
Total noncurrent assets	357,123	-	37,230	394,353
TOTAL ASSETS	\$ 860,684	\$ -	\$ 731,331	\$ 1,592,015
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 23,207	\$ 45,036	\$ 79,339	\$ 147,582
Due to other funds	-	463,227	-	463,227
Total current liabilities	23,207	508,263	79,339	610,809
TOTAL LIABILITIES	23,207	508,263	79,339	610,809
NET POSITION (DEFICIT)				
Net investment in capital assets	357,123	-	-	357,123
Unrestricted (deficit)	480,354	(508,263)	651,992	624,083
TOTAL NET POSITION (DEFICIT)	837,477	(508,263)	651,992	981,206
TOTAL LIABILITIES AND NET POSITION	\$ 860,684	\$ -	\$ 731,331	\$ 1,592,015

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
OPERATING REVENUES				
Charges for services	\$ 525,340	\$ 381,473	\$ 583,707	\$ 1,490,520
Other	362	8,423	-	8,785
TOTAL OPERATING REVENUES	<u>525,702</u>	<u>389,896</u>	<u>583,707</u>	<u>1,499,305</u>
OPERATING EXPENSES				
Salaries	247,607	149,673	189,864	587,144
Building operations	58,052	74,535	257,603	390,190
Repairs and maintenance	13,763	22,830	-	36,593
Computer and equipment	43,625	431	-	44,056
Landfill	31,194	9,160	-	40,354
Supplies and uniforms	31,062	51,437	-	82,499
Tipping, hauling and demo	-	250,968	-	250,968
Depreciation	54,961	-	5,660	60,621
Other	32,629	7,222	-	39,851
TOTAL OPERATING EXPENSES	<u>512,893</u>	<u>566,256</u>	<u>453,127</u>	<u>1,532,276</u>
OPERATING INCOME (LOSS)	<u>12,809</u>	<u>(176,360)</u>	<u>130,580</u>	<u>(32,971)</u>
NONOPERATING REVENUES (EXPENSES)				
Transfers in	-	100,000	-	100,000
Transfers (out)	(64,135)	-	-	(64,135)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(64,135)</u>	<u>100,000</u>	<u>-</u>	<u>35,865</u>
CHANGE IN NET POSITION (DEFICIT)	(51,326)	(76,360)	130,580	2,894
NET POSITION (DEFICIT) - JULY 1	<u>888,803</u>	<u>(431,903)</u>	<u>521,412</u>	<u>978,312</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ 837,477</u>	<u>\$ (508,263)</u>	<u>\$ 651,992</u>	<u>\$ 981,206</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 525,702	\$ 381,473	\$ 583,707	\$ 1,490,882
Internal activity - receipts (payments) from/to other funds	57,056	75,962	(157,619)	(24,601)
Payments to employees	(269,555)	(149,673)	(189,864)	(609,092)
Payments to suppliers	(210,325)	(407,762)	(193,334)	(811,421)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	102,878	(100,000)	42,890	45,768
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(38,743)	-	(42,890)	(81,633)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(38,743)	-	(42,890)	(81,633)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers in (out)	(64,135)	100,000	-	35,865
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(64,135)	100,000	-	35,865
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 12,809	\$ (176,360)	\$ 130,580	\$ (32,971)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	54,961	-	5,660	60,621
Changes in operating assets and liabilities:				
(Increase) decrease in due from other funds	57,056	-	(157,619)	(100,563)
Increase (decrease) in accounts payable	(21,948)	8,821	64,269	51,142
Increase (decrease) in due to other funds	-	67,539	-	67,539
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 102,878	\$ (100,000)	\$ 42,890	\$ 45,768

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Wells was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, health and sanitation, recreation and culture, education, public works, beaches and harbors, library and unclassified.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's beach operations, transfer station and recreation are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Capital Projects Fund - Public Safety Building is being presented as a major fund as a result of the recent bond issue to construct a new facility.

Nonmajor Funds

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

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue or Capital Projects Funds.

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For statement of cash flows purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by the Wells Board of Selectmen and State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions
- Repurchase agreements
- Mutual funds

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from local businesses, transfer station receivables and cable franchise fees. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$79,460 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Long-term Obligations

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, bond premium payable, compensated absences, net OPEB liability and net pension liability.

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

Compensated Absences

The Town's policies regarding vacation time do permit employees to accumulate earned but unused vacation leave, with the exception of the two employees with special circumstances. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is \$522,717.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

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

Pensions

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

Net Position

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to OPEB and deferred outflows related to pensions. These items are reported in the statement of net position.

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

Fund Balance

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

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

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

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on October 13, 2017, on the assessed value listed as of April 1, 2017, for all taxable real and personal property located in the Town. Taxes were due in two installments on November 27, 2017, and May 29, 2018. Interest on unpaid taxes commenced on November 28, 2017, and May 30, 2018, at 7.00% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$916,341 for the year ended June 30, 2018.

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the Town's deposits of \$30,739,621 were comprised of bank deposits of \$32,091,445. Of these bank deposits, \$500,000 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk, \$29,816,129 was covered with irrevocable stand-by letters of credit, \$1,552,135 was collateralized with securities held by the financial institution in the Town's name and \$223,181 was covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 25,063,010
Savings accounts	6,805,254
Cash and cash equivalents	223,181
	<u>\$ 32,091,445</u>

Investments:

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

At June 30, 2018, the Town had \$0 in investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does have an investment policy on credit risk. The Town mitigates this risk by limiting investments to authorized types of securities, using qualified financial institutions authorized by the investment committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that mitigates interest rate risk by limiting investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2018:

<u>Cash equivalents measured at the net asset value (NAV)</u>	
Money market mutual funds	\$ 223,181
Total cash equivalents measured at the NAV	<u>223,181</u>
Total investments measured at fair value	<u><u>\$ 223,181</u></u>

The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General fund	\$ 496,089	\$ 20,476,968
Capital projects fund - public safety building	13,573,078	-
Proprietary funds	1,197,662	463,227
Nonmajor special revenue funds	4,528,399	32,862
Nonmajor capital projects funds	1,177,829	-
	<u>\$ 20,973,057</u>	<u>\$ 20,973,057</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 8,680,843	\$ 263,564	\$ -	\$ 8,944,407
Art works and historical treasures	51,500	-	-	51,500
Construction in progress	59,268	1,728,246	(10,000)	1,777,514
	<u>8,791,611</u>	<u>1,991,810</u>	<u>(10,000)</u>	<u>10,773,421</u>
Depreciated assets:				
Land improvements	1,037,023	102,392	-	1,139,415
Buildings	6,380,495	-	-	6,380,495
Building improvements	1,242,229	-	-	1,242,229
Machinery and equipment	5,595,837	160,542	-	5,756,379
Vehicles	5,417,585	799,401	(92,538)	6,124,448
Infrastructure	18,982,660	947,336	-	19,929,996
	38,655,829	2,009,671	(92,538)	40,572,962
Less: accumulated depreciation	(19,232,792)	(2,408,597)	81,759	(21,559,630)
	<u>19,423,037</u>	<u>(398,926)</u>	<u>(10,779)</u>	<u>19,013,332</u>
Net governmental capital assets	<u>\$ 28,214,648</u>	<u>\$ 1,592,884</u>	<u>\$ (20,779)</u>	<u>\$ 29,786,753</u>
<u>Business-type activities</u>				
Depreciated assets:				
Land improvements	\$ 48,527	\$ 7,510	\$ -	\$ 56,037
Building improvements	18,754	9,080	-	27,834
Machinery and equipment	201,587	31,334	-	232,921
Infrastructure	260,806	33,709	-	294,515
	529,674	81,633	-	611,307
Less: accumulated depreciation	(156,333)	(60,621)	-	(216,954)
	<u>373,341</u>	<u>21,012</u>	<u>-</u>	<u>394,353</u>
Net business-type capital assets	<u>\$ 373,341</u>	<u>\$ 21,012</u>	<u>\$ -</u>	<u>\$ 394,353</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
Administration	\$ 75,663
Police	135,616
Fire	336,903
Ambulance	47,659
Public works	1,306,172
Library	66,461
Parks and recreation	46,919
Harbormaster	113,018
Transfer station	119,372
Town-wide	160,814
Total governmental activities depreciation expense	<u>2,408,597</u>
Recreation enterprise	5,660
Beach operations	54,961
Total business-type activities depreciation expense	<u>60,621</u>
Total depreciation expense	<u>\$ 2,469,218</u>

NOTE 5 - LONG-TERM DEBT

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

	(Restated) Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18	Current Portion
Bonds payable	\$ 2,660,000	\$ 13,250,000	\$ (430,000)	\$ 15,480,000	\$ 430,000
Bond premium payable	-	1,163,148	-	1,163,148	-
Accrued compensated absences	485,759	36,958	-	522,717	26,136
Net OPEB liability	669,348	51,385	(31,122)	689,611	-
Net pension liability	4,384,276	-	(2,863,851)	1,520,425	-
Totals	<u>\$ 8,199,383</u>	<u>\$ 14,501,491</u>	<u>\$ (3,324,973)</u>	<u>\$ 19,375,901</u>	<u>\$ 456,136</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

\$1,300,000, 2008 general obligation bond due in annual principal installments and semiannual interest installments through November of 2018. Interest is charged at a rate of 3.00% to 4.00% per annum. Annual principal installments are \$130,000.	\$ 130,000
\$3,000,000, 2013 General Obligation Bond due in annual installments and semiannual interest installments through November of 2024. Interest is charged at a rate from 3.00% to 3.50% per annum. Annual principal installments are \$300,000.	2,100,000
\$13,250,000, 2020 General Obligation Bond due in annual installments and semiannual interest payments through November 1, 2038. Interest is charged at a rate of 5% from 2020 to 2027, 2.25% for 2028, and 3% for 2029 to 2037. The bond has a premium of \$1,163,148.04.	<u>13,250,000</u>
Total Bonds Payable	<u>\$ 15,480,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 430,000	\$ 832,081	\$ 1,262,081
2020	300,000	565,488	865,488
2021	1,040,000	537,988	1,577,988
2022	1,040,000	491,988	1,531,988
2023	1,040,000	444,488	1,484,488
2024-2028	4,280,000	1,555,440	5,835,440
2029-2033	3,675,000	824,119	4,499,119
2034-2038	3,675,000	275,625	3,950,625
	<u>\$ 15,480,000</u>	<u>\$ 5,527,217</u>	<u>\$ 21,007,217</u>

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - NONSPENDABLE FUND BALANCE

At June 30, 2018, the Town had the following nonspendable fund balance:

General fund:	
Tax acquired property	<u>\$ 51,949</u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Capital Projects Fund -	
Public safety building (See Statement C)	\$ 13,409,261
Nonmajor special revenue funds (See Schedule E)	3,001,018
Nonmajor permanent funds (See Schedule I)	3,753
	<u>\$ 3,004,771</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

Nonmajor special revenue funds (See Schedule E)	\$ 987,762
Nonmajor capital projects funds (See Schedule G)	981,633
	<u>\$ 1,969,395</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

General fund:

FY 19 budget	\$ 2,270,570
PLAN - survey and appraisal	5,000
LIBRARY - technology	987
Union/non-union salary	100,000
PD - vehicle replacement	12,865
PD - computers	24,562
PD - communications	3,375
PD - equipment	13,328
PD - gas and oil	30,474
PD - building	11,000
FD - equipment	9,236
FD - air packs	6,157
FD - general training	13,210
EMA - supplies	9,319
WEMS - ambulance	23,000
Nonmajor special revenue funds (See Schedule E)	53,921
	<u>\$ 2,587,004</u>

NOTE 10 - DEFICIT FUND BALANCES/NET POSITION

At June 30, 2018, the Town had the following deficit fund balances/net position:

Fund Balances:

Wells Transport Center	\$ 1,163
Eastern Trail Design Work	891
Sick Leave	3,728
Library Board	44
Bednarz Memorial	722
Harbor Plan Update Grant	2,502
FEMA Map Study	12,640
Harbor Grants	12,405
	<u>\$ 34,095</u>

Net Position:

Transfer Station	<u>\$ 508,263</u>
------------------	-------------------

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD 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 System's Board of Trustees and is currently 2.45%.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police and fire department employees are part of the PLDs special plans "2C" and are required to contribute 8.0% of their annual salary, the general government and dispatch employees are part of the PLDs 7006-AN plan and are required to contribute 6.0% of their annual salary, the department heads, highway, transfer station, library and recreation employees are part of the PLDs 7007-AN plan and are required to contribute 7.0% of their annual salary, while all other employees are part of regular plan "AC" and are required to contribute 8.0% of their annual salary. The 7006-AN and 7007-AN plans became effective on January 1, 2018. The Town is required to contribute 9.6% for the AC plan, 10.1% for the 2C plan, 9.0% for the 7006-AN plan, and 8.0% for the 7007-AN plan on members' covered payroll. By a special agreement for the 2C plan effective July 1, 2013, the Town will contribute up to 7%. If the MainePERS's employer rate for the 2C plan increases to a rate above 7%, the employees who choose to participate in the plan agree to contribute, in addition to their portion, the difference between the 7% and the actual percentage. For the year ended June 30, 2018 employee contributions to the 2C plan were 11.1% of their annual salary. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2018 was \$215,647.

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

At June 30, 2018, the Town reported a liability of \$1,520,425 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.371346%, which was a decrease of 0.453804% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized total pension expense of \$22,885. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 73,046
Changes of assumptions	129,378	-
Net difference between projected and actual earnings on pension plan investments	523,982	565,789
Changes in proportion and differences between contributions and proportionate share of contributions	777,602	1,220,668
Contributions subsequent to the measurement date	<u>215,647</u>	<u>-</u>
Total	<u>\$ 1,646,609</u>	<u>\$ 1,859,503</u>

\$215,647 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PLD Plan</u>
Plan year ended June 30:	
2018	\$ (262,638)
2019	(72,587)
2020	10,200
2021	(103,517)
2022	-
Thereafter	-

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 2.20% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2017 are summarized in the following table.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Non-US equities		
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 3,050,446	\$ 1,520,428	\$ 368,562

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2017, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED CONTRIBUTION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION -
RETIREMENT CORPORATION

Plan Description

The Town offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401. The plan, available to the Town Manager, permits them to defer a portion of their salary until retirement. The employer contribution is not available to the employee until retirement or death, or in case of other life events as allowed by law. The plan is administered by ICMA Retirement Corporation.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the Board of Selectmen. Under the 401 plan, the Town Manager may elect to participate. The Town is required to contribute 15% of the Town Manager's annual compensation. The Town Manager is immediately vested in Town contributions and earnings on Town contributions. The Town's contribution vests 100% with the employee when contributed. For the year ended June 30, 2018, the Town recognized pension expense of \$19,248.

NOTE 13 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION -
RETIREMENT CORPORATION

Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Managers Association Retirement Corporation (ICMA). The plan, available to employees who negotiate for such benefits as a condition of employment, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - DEFERRED COMPENSATION PLAN (CONTINUED)

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will match a union full time and eligible part-time employee's contribution to the ICMA-RC Plan up to a maximum of 6% of the employee's gross annual wages and the Town will match up to a maximum of 7% of the employee's gross annual wages for non-union full and part time employees. The employee's and the Town's matching contribution vests 100% with the employee when contributed.

The Town's contributions to the plan including employee contributions for 2018, 2017 and 2016 were \$389,797, \$345,040 and \$344,669, respectively.

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2018, the following employees were covered by the benefit terms:

Active members	54
Retirees and spouses	<u>13</u>
Total	<u><u>67</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$878	\$1,969
PPO 500	\$779	\$1,747
PPO 1500	\$680	\$1,526
<u>Medicare</u>		
Medicare-Eligible Retirees	\$518	\$1,036

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

At June 30, 2018, the Town reported a liability of \$689,611 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2018, the Town recognized OPEB expense of \$20,263. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,474	\$ -
Changes of assumptions	-	851
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>-</u>
Total	<u>\$ 8,474</u>	<u>\$ 851</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2019	\$ 953
2020	953
2021	953
2022	953
2023	953
Thereafter	2,858

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of January 1, 2018. The discount rate determination is based on the high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.44% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 795,449	\$ 689,611	\$ 604,306
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 795,449</u>	<u>\$ 689,611</u>	<u>\$ 604,306</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 600,138	\$ 689,611	\$ 803,552
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 600,138</u>	<u>\$ 689,611</u>	<u>\$ 803,552</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2017, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 3.44% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weight as listed below.

FYE	Non-Medicare		Medicare		Non-Medicare	Medicare
	Medical	Drug	Medical	Drug	Blended	Blended
2018	8.20%	9.60%	4.93%	9.60%	8.46%	8.27%
2019	7.90%	9.20%	4.87%	9.20%	8.15%	8.00%
2020	7.60%	8.80%	4.80%	8.80%	7.83%	7.72%
2021	7.30%	8.40%	4.73%	8.40%	7.51%	7.44%
2022	7.00%	8.00%	4.67%	8.00%	7.20%	7.15%
2023	6.70%	7.60%	4.60%	7.60%	6.88%	6.85%
2024	6.40%	7.20%	4.53%	7.20%	6.56%	6.55%
2025	6.10%	6.80%	4.47%	6.80%	6.24%	6.24%
2026	5.80%	6.40%	4.40%	6.40%	5.92%	5.93%
2027	5.50%	6.00%	4.33%	6.00%	5.60%	5.61%
2028	5.20%	5.60%	4.27%	5.60%	5.28%	5.29%
2029	4.90%	5.20%	4.20%	5.20%	4.96%	4.97%
2030	4.60%	4.80%	4.13%	4.80%	4.64%	4.65%
2031	4.30%	4.40%	4.07%	4.40%	4.32%	4.33%
2032	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	Tier 1 (Those hired before 7/1/14)		Tier 2 (Those hired on or after 7/1/14)	
	No Additional Employer Payment	With Additional Employer Payment	No Additional Employer Payment	With Additional Employer Payment
55	5%	5%	5%	5.5%
56	5%	5%	5%	5.5%
57	5%	5%	5%	5.5%
58	5%	5%	5%	5.5%
59	20%	20%	5%	5.5%
60	20%	25%	5%	5.5%
61	20%	25%	5%	5.5%
62	20%	25%	5%	5.5%
63	20%	25%	5%	5.5%
64	20%	25%	20%	25%
65	25%	45%	20%	40%
66	25%	30%	20%	25%
67	25%	30%	20%	25%
68	25%	30%	20%	25%
69	25%	30%	20%	25%
70	100%	100%	100%	100%

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

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

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

Administrative expenses - Included in the per capita claims cost.

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Years of Service	Revised
0	25.0%
1	20.0%
2	15.0%
3	12.0%
4	10.0%
5	9.0%
6	6.0%
7+	4.0%

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Participation Rates -

Age	No Additional Employer Payment	With Additional Employer Payment
55	5%	80%
56	8%	80%
57	11%	80%
58	14%	80%
59	17%	80%
60	20%	80%
61	22%	90%
62	24%	90%
63	26%	90%
64	29%	90%
65	32%	90%
66	34%	90%
67	36%	90%
68	38%	90%
69	40%	90%
70	50%	90%

Retiree Continuation Percentage:

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

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

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

Significant actuarial assumptions employed by the actuary for Claim and Expense Assumptions as of January 1, 2018 are as follows

Monthly Per Capita Claims and Expense Cost - For all medical and prescription drug benefits for the year 2018 is expressed per adult covered beneficiary.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	POS A				POS 200			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$311	\$565	\$99	\$122	\$296	\$538	\$95	\$118
45	\$411	\$585	\$128	\$146	\$391	\$557	\$123	\$141
50	\$539	\$674	\$163	\$173	\$513	\$641	\$157	\$166
55	\$694	\$824	\$203	\$202	\$660	\$784	\$195	\$195
60	\$878	\$971	\$248	\$234	\$835	\$923	\$239	\$226
64	\$1,045	\$986	\$288	\$262	\$993	\$938	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	POS C				PPO 500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$306	\$556	\$99	\$122	\$289	\$524	\$95	\$118
45	\$404	\$575	\$128	\$146	\$381	\$542	\$123	\$141
50	\$530	\$662	\$163	\$173	\$499	\$624	\$157	\$166
55	\$683	\$811	\$203	\$202	\$643	\$764	\$195	\$195
60	\$863	\$955	\$248	\$234	\$813	\$899	\$239	\$226
64	\$1,027	\$969	\$288	\$262	\$968	\$913	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 1000				PPO 1500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$281	\$510	\$95	\$118	\$273	\$495	\$95	\$118
45	\$371	\$528	\$123	\$141	\$360	\$512	\$123	\$141
50	\$486	\$608	\$157	\$166	\$472	\$589	\$157	\$166
55	\$627	\$744	\$195	\$195	\$608	\$722	\$195	\$195
60	\$792	\$876	\$239	\$226	\$768	\$850	\$239	\$226
64	\$943	\$890	\$278	\$253	\$914	\$863	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age	PPO 2500			
	Medical		Rx	
	Male	Female	Male	Female
40	\$261	\$474	\$95	\$118
45	\$345	\$491	\$123	\$141
50	\$452	\$565	\$157	\$166
55	\$583	\$692	\$195	\$195
60	\$737	\$815	\$239	\$226
64	\$877	\$828	\$278	\$253
65	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432

Claims reflect all medical and prescription plans offered based on completed incurred experience through June 30, 2017 and projected to 2018 and associate enrollment in the various programs options offered.

Annual administrative and claims adjudication expenses are assumed to be \$430 per period for the year 2018.

Claims below age 65 have been loaded 4.3% for medical and 2.8% for drugs for the cost of children enrolled as dependent of eligible retirees. This figure is based on the expected cost for children of the current retirees. This assumption implicitly assumes that future retirees will have the same child distribution as current retirees.

No covered persons under 65 are assumed to be on Medicare and participants age 65 or older are assumed to be enrolled in Medicare.

Affordable Care Act (ACA) and Healthcare Marketplace - A 2.5% load has been built in to reflect the potential impact of changes from the ACA and its impact on the marketplace and program costs. Some key items are PCORI fees, the extra government subsidies for Medicare Part D that can be enrolled in through an Employer Group Waiver Program, minimum loss ratio requirements that impacted some fully insured programs, federal premium taxes, taxes and requirements on providers in the healthcare system, dynamics of the marketplace with Exchanges, Accountable Care Organizations, etc, and the potential impact of the Excise Tax associated with high-costs employer sponsored health plans.

Medical Plan Election - employees will continue in their current medical plan for their entire career.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Second-to-Die Spousal Life Insurance - not explicitly valued and was estimated to impact roughly 0.2% of the Plan's total liability.

Dependent Children - no liability assumed for dependent children's benefits.

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2018 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$9,533.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 208 Sanford Road, Wells, Maine 04090.

NOTE 15 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2018, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 3,900,000	10.14%	\$ 395,460
Wells-Ogunquit CSD	27,676,590	78.67%	21,773,173
			<u>\$ 22,168,633</u>

NOTE 16 - LANDFILL CLOSURE

The Wells landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain postclosure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for postclosure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 17 - CONTINGENCIES

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

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 18 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance through the Cole Harrison Agency and the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2018.

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

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

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 18 - RISK MANAGEMENT (CONTINUED)

June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 19 - LETTERS OF CREDIT

At June 30, 2018, the Town has one outstanding irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Peoples United Bank. This letter of credit, which all expire at the close of business on August 13, 2018, authorizes multiple and partial draws only up to the amount of \$34,000,000. There was no draw for the year ended June 30, 2018.

NOTE 20 - RELATED PARTY TRANSACTIONS

One of the Town's Selectmen owns a business that provides trash hauling services for the Town. During the fiscal year ended June 30, 2018, payments to this vendor for trash hauling totaled \$237,012. Another member of the Town's Board of Selectmen is related to someone that owns a business that provides services to the Town's highway department. During the fiscal year ended June 30, 2018, payments to this vendor for these services totaled \$7,725.

The Town requests contract proposals for these services annually. The Selectmen recuse themselves from the contract award process in those matters pertaining to their respective related parties.

NOTE 21 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$669,348. The resulting restatement decreased net position from \$37,973,871 to \$37,304,523.

Required Supplementary Information

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

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

TOWN OF WELLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 9,623,060	\$ 9,623,060	\$ 9,623,060	\$ -
Resources (Inflows):				
Taxes	33,404,434	33,614,219	34,240,293	626,074
Intergovernmental revenue	616,600	823,157	855,382	32,225
Charges for services	521,475	521,475	665,911	144,436
Investment income	30,000	30,000	85,723	55,723
Other income	201,100	201,100	331,596	130,496
Transfers from other funds	65,319	65,319	65,319	-
Amounts Available for Appropriation	<u>44,461,988</u>	<u>44,878,330</u>	<u>45,867,284</u>	<u>988,954</u>
Charges to Appropriations (Outflows):				
General government	4,853,478	4,815,284	4,532,515	282,769
Public safety	4,432,301	4,722,721	4,379,731	342,990
Recreation and culture	300,642	310,147	310,771	(624)
Education	19,323,541	19,323,541	19,323,541	-
Public works	1,138,932	1,156,885	1,232,050	(75,165)
Beach and harbors	107,761	110,018	95,284	14,734
Library	424,006	449,645	430,523	19,122
County tax	1,695,517	1,695,518	1,695,518	-
Unclassified	595,040	571,340	228,635	342,705
Debt service:				
Principal	430,000	430,000	430,000	-
Interest	81,300	81,300	81,300	-
Overlay	500,000	916,341	-	916,341
Transfers to other funds	2,594,644	2,655,768	2,655,768	-
Total Charges to Appropriations	<u>36,477,162</u>	<u>37,238,508</u>	<u>35,395,636</u>	<u>1,842,872</u>
Budgetary Fund Balance, June 30	<u>\$ 7,984,826</u>	<u>\$ 7,639,822</u>	<u>\$ 10,471,648</u>	<u>\$ 2,831,826</u>
Use of unassigned fund balance	\$ 1,638,234	\$ 1,638,234	\$ -	\$ (1,638,234)
Use of assigned fund balance	-	345,004	-	(345,004)
	<u>\$ 1,638,234</u>	<u>\$ 1,983,238</u>	<u>\$ -</u>	<u>\$ (1,983,238)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability (asset)	0.37%	0.83%	0.39%	0.42%
Proportionate share of the net pension liability (asset)	\$ 1,520,425	\$ 4,384,276	\$ 1,229,379	\$ 639,438
Covered-employee payroll	2,084,381	2,104,769	1,976,829	1,835,357
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.94%	208.30%	62.19%	34.84%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%

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

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 215,647	\$ 149,327	\$ 153,652	\$ 157,509
Contributions in relation to the contractually required contribution	<u>(215,647)</u>	<u>(149,327)</u>	<u>(153,652)</u>	<u>(157,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,117,210	\$ 2,084,381	\$ 2,104,769	\$ 1,976,829
Contributions as a percentage of covered-employee payroll	6.92%	7.16%	7.30%	7.97%

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

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 669,348	\$ -	\$ 669,348
Changes for the year:			
Service cost	16,492	-	16,492
Interest	25,360	-	25,360
Changes of benefits	-	-	-
Differences between expected and actual experience	9,533	-	9,533
Changes of assumptions	(957)	-	(957)
Contributions - employer	-	30,165	(30,165)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(30,165)	(30,165)	-
Administrative expense	-	-	-
Net changes	20,263	-	20,263
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 689,611</u>	<u>\$ -</u>	<u>\$ 689,611</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

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

	<u>2018</u>
<u>Total OPEB liability</u>	
Service cost (BOY)	16,492
Interest (includes interest on service cost)	25,360
Changes of benefit terms	-
Differences between expected and actual experience	9,533
Changes of assumptions	(957)
Benefit payments, including refunds of member contributions	<u>(30,165)</u>
Net change in total OPEB liability	\$ 20,263
Total OPEB liability - beginning	\$ 669,348
Total OPEB liability - ending	\$ 689,611
<u>Plan fiduciary net position</u>	
Contributions - employer	30,165
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(30,165)
Administrative expense	-
Net change in fiduciary net position	<u>-</u>
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 689,611</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 3,135,246
Net OPEB liability as a percentage of covered payroll	22.0%

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

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ -
Benefit payments	-
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ -
Contributions as a percentage of covered- employee payroll	0.00%

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

TOWN OF WELLS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Changes of Assumptions

The funding method for the MMEHT OPEB Plan was changed from Projected Unit Credit funding to Entry Age Normal funding method.

Other Supplementary Information

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

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

TOWN OF WELLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 31,324,934	\$ 31,534,719	\$ 31,538,950	\$ 4,231
Excise taxes	2,079,500	2,079,500	2,701,343	621,843
Intergovernmental revenues:				
State revenue sharing	210,000	210,000	222,648	12,648
Homestead exemption	125,000	306,827	294,038	(12,789)
LRAP	200,000	200,000	202,992	2,992
General assistance	2,000	2,000	8,195	6,195
Tree growth	29,000	29,000	38,480	9,480
Other	50,600	75,330	89,029	13,699
Charges for services:				
Planning and CEO	239,500	239,500	323,070	83,570
Beaches/harbors	82,550	82,550	55,837	(26,713)
Administration	35,825	35,825	38,778	2,953
Town clerk	74,100	74,100	81,502	7,402
Police department	43,250	43,250	117,377	74,127
Fire department	-	-	325	325
Dispatch department	37,000	37,000	37,000	-
Highway department	-	-	1,717	1,717
Library	9,250	9,250	10,305	1,055
Investment income	30,000	30,000	85,723	55,723
Other revenue:				
Interest/fees on taxes	80,000	80,000	71,185	(8,815)
Cable TV fees	118,100	118,100	165,787	47,687
Other income	3,000	3,000	94,624	91,624
Transfers from other funds:				
Capital projects funds	1,184	1,184	1,184	-
Enterprise funds	64,135	64,135	64,135	-
TOTAL REVENUES	<u>\$ 34,838,928</u>	<u>\$ 35,255,270</u>	<u>\$ 36,244,224</u>	<u>\$ 988,954</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original <u>Appropriations</u>	Budget <u>Adjustments</u>	Total <u>Available</u>	<u>Actual</u>	Variance <u>Positive (Negative)</u>
General government:					
Administration salaries	\$ 278,661	\$ 2,586	\$ 281,247	\$ 282,998	\$ (1,751)
Personnel salaries	80,874	4,698	85,572	93,043	(7,471)
Code enforcement salaries	279,499	13,710	293,209	284,759	8,450
Assessing salaries	178,068	7,303	185,371	181,611	3,760
Town clerk salaries	187,991	10,878	198,869	190,683	8,186
Town manager salaries	175,203	3,738	178,941	175,849	3,092
Office of planning salaries	124,903	2,121	127,024	126,614	410
Cable TV studio salaries	4,900	-	4,900	3,560	1,340
Building department salaries	69,179	2,778	71,957	75,515	(3,558)
Union/non-union salary adjustment	244,447	(140,740)	103,707	3,519	100,188
Benefits/insurances/taxes	1,918,833	(7,782)	1,911,051	1,899,673	11,378
Property/liability insurance	462,652	-	462,652	423,952	38,700
Town manager expenses	134,400	18,000	152,400	124,086	28,314
Office of planning expenses	18,900	-	18,900	12,220	6,680
Administration expenses	77,700	-	77,700	91,307	(13,607)
Town clerk expenses	38,550	2,352	40,902	21,099	19,803
Assessing expenses	14,700	4,100	18,800	17,702	1,098
Conservation committee	3,700	380	4,080	4,669	(589)
Code enforcement expenses	27,000	-	27,000	23,946	3,054
Building department expenses	219,206	31,377	250,583	230,507	20,076
Cable TV studio	17,000	-	17,000	6,789	10,211
Personnel department expenses	33,130	6,307	39,437	29,937	9,500
IT Infrastructure	263,982	-	263,982	228,477	35,505
	<u>4,853,478</u>	<u>(38,194)</u>	<u>4,815,284</u>	<u>4,532,515</u>	<u>282,769</u>

TOWN OF WELLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Public safety:					
Police department salaries	1,861,736	16,582	1,878,318	1,809,540	68,778
Fire department salaries	910,702	49,777	960,479	908,561	51,918
Dispatch center salaries	382,283	15,037	397,320	360,379	36,941
Animal control salaries	47,533	1,106	48,639	49,792	(1,153)
Police department operations	452,867	136,480	589,347	472,254	117,093
EMA	21,000	648	21,648	9,229	12,419
Ambulance service	215,000	-	215,000	215,000	-
Fire department operations	276,650	70,790	347,440	294,028	53,412
Dispatch operations	108,670	-	108,670	91,048	17,622
Animal control operations	15,860	-	15,860	16,487	(627)
Hydrant rental	140,000	-	140,000	153,413	(13,413)
	<u>4,432,301</u>	<u>290,420</u>	<u>4,722,721</u>	<u>4,379,731</u>	<u>342,990</u>
Recreation and culture:					
Recreation salaries	219,966	8,282	228,248	228,521	(273)
Recreation operations	57,600	-	57,600	56,005	1,595
R Jorgensen activity center	23,076	1,223	24,299	26,245	(1,946)
	<u>300,642</u>	<u>9,505</u>	<u>310,147</u>	<u>310,771</u>	<u>(624)</u>
Education	<u>19,323,541</u>	<u>-</u>	<u>19,323,541</u>	<u>19,323,541</u>	<u>-</u>

TOWN OF WELLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Public works:					
Highway salaries	585,932	17,953	603,885	620,789	(16,904)
Highway operations	520,000	-	520,000	577,250	(57,250)
Building	33,000	-	33,000	34,011	(1,011)
	<u>1,138,932</u>	<u>17,953</u>	<u>1,156,885</u>	<u>1,232,050</u>	<u>(75,165)</u>
Beach and harbors:					
Harbor master salaries	72,663	2,257	74,920	66,380	8,540
Harbor master operating	35,098	-	35,098	28,904	6,194
	<u>107,761</u>	<u>2,257</u>	<u>110,018</u>	<u>95,284</u>	<u>14,734</u>
Library	<u>424,006</u>	<u>25,639</u>	<u>449,645</u>	<u>430,523</u>	<u>19,122</u>
County tax	<u>1,695,517</u>	<u>1</u>	<u>1,695,518</u>	<u>1,695,518</u>	<u>-</u>
Debt service:					
Principal	430,000	-	430,000	430,000	-
Interest	81,300	-	81,300	81,300	-
	<u>511,300</u>	<u>-</u>	<u>511,300</u>	<u>511,300</u>	<u>-</u>

TOWN OF WELLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Unclassified:					
Info center	42,090	-	42,090	42,090	-
Warrant articles - net	415,000	-	415,000	72,582	342,418
Outside agencies	137,950	(23,700)	114,250	113,963	287
	<u>595,040</u>	<u>(23,700)</u>	<u>571,340</u>	<u>228,635</u>	<u>342,705</u>
Overlay	<u>500,000</u>	<u>416,341</u>	<u>916,341</u>	-	<u>916,341</u>
Transfers to other funds:					
Special revenue funds	828,394	61,124	889,518	889,518	-
Capital projects funds	1,666,250	-	1,666,250	1,666,250	-
Enterprise funds	100,000	-	100,000	100,000	-
	<u>2,594,644</u>	<u>61,124</u>	<u>2,655,768</u>	<u>2,655,768</u>	<u>-</u>
Total Departmental Operations	<u>\$ 36,477,162</u>	<u>\$ 761,346</u>	<u>\$ 37,238,508</u>	<u>\$ 35,395,636</u>	<u>\$ 1,842,872</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 32,184	\$ -	\$ 3,753	\$ 35,937
Due from other funds	4,528,399	1,177,829	-	5,706,228
TOTAL ASSETS	<u>\$ 4,560,583</u>	<u>\$ 1,177,829</u>	<u>\$ 3,753</u>	<u>\$ 5,742,165</u>
LIABILITIES				
Accounts payable	\$ 519,115	\$ 196,196	\$ -	\$ 715,311
Due to other funds	32,862	-	-	32,862
TOTAL LIABILITIES	<u>551,977</u>	<u>196,196</u>	<u>-</u>	<u>748,173</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	3,001,018	-	3,753	3,004,771
Committed	987,762	981,633	-	1,969,395
Assigned	53,921	-	-	53,921
Unassigned	(34,095)	-	-	(34,095)
TOTAL FUND BALANCES	<u>4,008,606</u>	<u>981,633</u>	<u>3,753</u>	<u>4,993,992</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,560,583</u>	<u>\$ 1,177,829</u>	<u>\$ 3,753</u>	<u>\$ 5,742,165</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 35,248	\$ -	\$ -	\$ 35,248
Charges for services	1,702,577	-	-	1,702,577
Interest income	14	-	2	16
Other income	1,152,112	-	-	1,152,112
TOTAL REVENUES	2,889,951	-	2	2,889,953
EXPENDITURES				
General government	1,840,835	-	-	1,840,835
Public safety	46,548	-	-	46,548
Recreation and culture	14,271	-	-	14,271
Public works	11,836	-	-	11,836
Beach and harbors	38,845	-	-	38,845
Library	105,576	-	-	105,576
Unclassified	-	-	20	20
Capital outlay	1,189,147	1,660,642	-	2,849,789
TOTAL EXPENDITURES	3,247,058	1,660,642	20	4,907,720
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(357,107)	(1,660,642)	(18)	(2,017,767)
OTHER FINANCING SOURCES (USES)				
Transfers in	890,030	1,666,250	-	2,556,280
Transfers (out)	(512)	(1,184)	-	(1,696)
TOTAL OTHER FINANCING SOURCES (USES)	889,518	1,665,066	-	2,554,584
NET CHANGE IN FUND BALANCES	532,411	4,424	(18)	536,817
FUND BALANCES - JULY 1	3,476,195	977,209	3,771	4,457,175
FUND BALANCES - JUNE 30	\$ 4,008,606	\$ 981,633	\$ 3,753	\$ 4,993,992

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

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

1. Drug Seizure (0002) - This fund is used to account for transactions related to drug related education as specified by the federal government.
2. Drug Forfeiture (0008) - This fund is used to account for transactions related to drug related education as specified by the federal government.
3. Harbor, Moorings & Floats (0012) - This fund is used to account for transactions related to the building of the moorings and floats.
4. Town Clerk Animal Control (0201) - Used to account for transactions related to animal registration licenses. A portion of these funds are remitted to the State and a portion is retained in the Town per State regulations to pay for local animal shelter requirements.
5. Shellfish Control (0210) - Used to account for transactions related to shellfish licenses issued by the Town Clerk. A portion of these funds are remitted to the State and a portion is retained in the Town per State regulations to pay for local shellfish needs.
6. Town Clerk State (0215) - Pass through account for State portion of Town Clerk Moses transactions.
7. State Clerk Dogs (0220) - Pass through account for State portion of dog fees.
8. State Clerk Vitals (0255) - Pass through account for State portion of vital fees.
9. State Plumbing Permits (0415) - Pass through account for State portion of Plumbing Permits.
10. Water Control Improvement (0416) - Pass through account. Related to State portion of Plumbing Permits.
11. Admin State Auto Reg (0435) - Pass through account for State portion of vehicle registrations, i.e. Sales tax, Title and Plates.
12. Background Checks (0470) - Fees required when business applications involved massage, taxi or an ice cream vendor.
13. Fuel Donations (0475) - To account for transactions related to donations made by Wells citizens and businesses to assist town residents with heating fuel needs. This is in addition to the State General Assistance Program but we can not be reimbursed for these expenditures by the State.

14. Smoke Detector/Carbon Monoxide Program (0480) - To account for the purchase of smoke detectors/carbon monoxide detectors for Wells citizens that meet income guidelines from donated funds.
15. Wells Activity Center (0522) - Used to account for transactions related to all the special functions held at the Wells Activity Center. The transactions include but are not limited to dances, dinners, musical performances, etc as fund raising events for Town or other organizations.
16. Central Area Dev Beautification (0550) - This fund is used to account for transactions related to beautification of town owned properties.
17. Boat Tank Pumpout System Grant (0570) - This fund is used to account for transactions relating to the maintenance of the pumpout system.
18. Sidewalk & Bicycle Reserve (0704) - This fund is used to account for transactions related to repair and construction of sidewalks & bicycle paths.
19. Open Space Reserve (0705) - This fund is used to account for transactions related to the purchase of land for conservation and open space.
20. Municipal Land Reserve (0706) - This fund is used to account for transactions related to the purchase of property for municipal facilities and to capitalize on real estate opportunities.
21. Infrastructure Reserve (0708) - This fund is used to account for transactions related to the eventual replacement of seawalls and bridges. It is also used for drainage projects, harbor improvements and road improvements.
22. Inland Golf (0713) - To account for fees related to the Old Marsh Golf Course and residential community located on Route 9B.
23. Ambulance (0715) - This fund is used to account for transactions related to ambulance replacement in conjunction with the Wells Emergency Services.
24. Wells Transport Center (0717) - This fund is used to account for transactions related to the operational shortfalls at the transportation center.
25. Beautification Reserve (0727) - Originally approved at the FY 2005 Town meeting with subsequent additions in FY 06 and FY 07 for beautification projects on town-owned land and facilities.
26. Activity Center Parking (0729) - Approved at the FY 2005 Town Meeting for parking lot improvements and enlargement.
27. Library Beautification Fund (0731) - Approved at the FY 2006 Town Meeting to improve landscaping and signage.

28. Rec Site Plan (0732) - Approved at the FY 2007 Town Meeting to develop a site plan for the Recreation Department as part of its long range strategic plan.
29. Town Wide Misc (0739) - Approved at FY 2011 Town Meeting for unknown daily maintenance throughout the Town.
30. Technology/Workstation Refresh (0740) - Rotating three-year program to refresh/update Town computers. Also used to account for technology improvements, upgrades and additions.
31. Sans 2 (0741) - Upgrades for Town servers to stabilize domain.
32. PD Recorder (0742) - Used to record the emergency and business phones in Dispatch and the Police, Fire and EMS radio traffic.
33. Solar Panel Buyout (0745) - This fund is used to account for transactions related to the buyout of solar panels.
34. Eastern Trail Design Work (0746) - This fund is used to account for transactions related to the design work of the Eastern Trail.
35. Pay Classification (0803) - This fund is used to account for transactions related to pay scale studies at the Town Office.
36. Beach Erosion Reserve (0804) - This fund is used to account for transactions related to beach erosion.
37. Future Beach Sand Purchase (0806) - To account for funds that will be used to purchase dredge sand to re-nourish the eroded beach system in Wells with new sand from another dredge community.
38. Cable Studio Upgrades (0807) - To account for funds that will be used to upgrade the cable studio.
39. Sick Leave (0808) - This fund is used to account for transactions related to sick leave.
40. Traffic Study (0814) - This fund is used to account for transactions related to the traffic impact study.
41. Wells Conservation (0816) - This fund is used to account for transactions related to the special conservation projects or improvements.
42. Building Improvements (0817) - This fund is used to account for transactions related to repairs and maintenance of Town facilities.
43. Recycling (0820) - This fund is used to account for transactions related to a recycling grant for the purchase of buckets.

44. Walter Marsh Field Area (0824) - This fund is used to account for transactions related to repairs and maintenance of the recreation field on 9A.
45. Revolving Vehicle Loan (0827) - This fund is used to account for transactions related to the purchase and refunding for new vehicles.
46. Computer Mapping Town Hall (0830) - This fund is used to account for transactions related to computer mapping project as part of the GIS master plan.
47. Library (0851) - This fund is used to account for transactions related to the library building expansion.
48. Library Board (0852) - Used for disbursements/donations for the library.
49. Library Donations (0853) - This fund is used to account for transactions relating to the library.
50. Town Maps (0901) - This fund is used to account for transactions involved with repairs and replacement of the engineering copier.
51. School House 9 (0903) - This fund is used to account for transactions related to the upkeep of the school house.
52. 1710 Restoration (0906) - Originally approved at the FY 2005 Town Meeting with an addition in FY 06 for restoration work in conjunction the Town Historic Preservation Commission at the 1710 Cape (located adjacent to the Town Hall). The Town acquired the house in 1999.
53. Harbor Park Project (0907) - This fund is used to account for transactions related to improvements and repairs at the harbor park.
54. Harbor Park Burke Memorial (0909) - Funds used to maintain the Joan Burke path.
55. Joseph Bednarz Memorial (0910) - This fund is used to account for transactions related to a park bench.
56. Harbor Park Concerts (0914) - This fund is used to account for transactions related to summer concerts in the park.
57. Harbor Park Pavilion (0915) - This fund is used to account for transactions related to the building or the pavilion by the Rotary Club.
58. Dry Hydrants (0922) - This fund is used to account for transactions related to installation and maintenance of dry hydrants.
59. Wells Police Association (0925) - This fund is used to account for transactions related to employee to employee concerns.

60. Fire Grants (0940) - Used to account for transactions related to grants applied for and subsequently received by the Fire Department.
61. Police Grants (0941) - Used to account for transactions related to grants applied for and subsequently received by the Police Department.
62. Wellness Works (0942) - Grants related to activities of the Town's safety committee.
63. Harbor Plan Update Grant (0944) - Grant related to the update of the Town's harbor master plan.
64. Dispatch (0947) - This fund was established in FY 2013 to account for transactions related to shared dispatch services with Ogunquit.
65. Maine Coastal Program Grant (0948) - Grant related to research being done by Town Historian regarding beach ownership and improving public access.
66. FEMA Map Study (0950) - Used to account for transactions related to the Town's appeal of the 2013 FEMA Flood Maps for the Town.
67. Harbor Grants (0951) - To account for transactions related to grants applied for and subsequently received by the Harbor Master.
68. Rental Properties - Cole (0955) - To account for transactions related to the rental of the apartment units that the Town acquired when it purchased 13 Main Street and 29 Main Street.

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Drug Seizure (0002)	Drug Forfeiture (0008)	Harbor Moorings & Floats (0012)	Town Clerk Animal Control (0201)	Shellfish Control (0210)	Town Clerk State (0215)	State Clerk Dogs (0220)
ASSETS							
Cash and cash equivalents	\$ 10,176	\$ 17,402	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	279,901	86,490	36,990	12,969	92
TOTAL ASSETS	\$ 10,176	\$ 17,402	\$ 279,901	\$ 86,490	\$ 36,990	\$ 12,969	\$ 92
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 1,069	\$ 126	\$ 196	\$ 12,969	\$ 92
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	1,069	126	196	12,969	92
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	10,176	17,402	278,832	86,364	36,794	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	10,176	17,402	278,832	86,364	36,794	-	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 10,176	\$ 17,402	\$ 279,901	\$ 86,490	\$ 36,990	\$ 12,969	\$ 92

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	State Clerk Vitals (0255)	State Plumbing Permits (0415)	Water Control Improvement (0416)	Admin State Auto Reg (0435)	Background Checks (0470)	Fuel Donations (0475)	Smoke Detector/Carbon Monoxide (0480)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	201	988	60	134,686	390	41,472	809
TOTAL ASSETS	\$ 201	\$ 988	\$ 60	\$ 134,686	\$ 390	\$ 41,472	\$ 809
LIABILITIES							
Accounts payable	\$ 201	\$ 988	\$ 60	\$ 134,686	\$ -	\$ 514	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	201	988	60	134,686	-	514	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	809
Assigned	-	-	-	-	390	40,958	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	-	-	390	40,958	809
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 201	\$ 988	\$ 60	\$ 134,686	\$ 390	\$ 41,472	\$ 809

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Wells Activity Center (0522)	Central Area Dev. Beautification (0550)	Boat Tank Pumpout System Grant (0570)	Sidewalk & Bicycle Reserve (0704)	Open Space Reserve (0705)
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	38,837	20,111	6,022	187,606	291,463
TOTAL ASSETS	\$ 38,837	\$ 20,111	\$ 6,022	\$ 187,606	\$ 291,463
LIABILITIES					
Accounts payable	\$ 63	\$ -	\$ -	\$ 19,164	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	63	-	-	19,164	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	38,774	20,111	6,022	168,442	291,463
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	38,774	20,111	6,022	168,442	291,463
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 38,837	\$ 20,111	\$ 6,022	\$ 187,606	\$ 291,463

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Municipal Land Reserve (0706)	Infrastructure Reserve (0708)	Inland Golf (0713)	Ambulance (0715)	Wells Transport Center (0717)	Beautification Reserve (0727)	Activity Center Parking (0729)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	89,909	544,449	685,700	120,176	-	37,102	3,780
TOTAL ASSETS	<u>\$ 89,909</u>	<u>\$ 544,449</u>	<u>\$ 685,700</u>	<u>\$ 120,176</u>	<u>\$ -</u>	<u>\$ 37,102</u>	<u>\$ 3,780</u>
LIABILITIES							
Accounts payable	\$ -	\$ 134,254	\$ -	\$ -	\$ 1,163	-	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>134,254</u>	<u>-</u>	<u>-</u>	<u>1,163</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	89,909	-	685,700	-	-	37,102	3,780
Committed	-	410,195	-	120,176	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,163)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>89,909</u>	<u>410,195</u>	<u>685,700</u>	<u>120,176</u>	<u>(1,163)</u>	<u>37,102</u>	<u>3,780</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 89,909</u>	<u>\$ 544,449</u>	<u>\$ 685,700</u>	<u>\$ 120,176</u>	<u>\$ -</u>	<u>\$ 37,102</u>	<u>\$ 3,780</u>

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Library Beautification Fund (0731)	Rec Site Plan (0732)	Town Wide Misc (0739)	Technology/ Workstation Refresh (0740)	Sans 2 (0741)	PD Recorder (0742)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,000	5,000	38,854	323,189	61,849	13,690
TOTAL ASSETS	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 38,854</u>	<u>\$ 323,189</u>	<u>\$ 61,849</u>	<u>\$ 13,690</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 471	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>471</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	323,189	61,849	13,690
Committed	20,000	5,000	38,383	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>20,000</u>	<u>5,000</u>	<u>38,383</u>	<u>323,189</u>	<u>61,849</u>	<u>13,690</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 38,854</u>	<u>\$ 323,189</u>	<u>\$ 61,849</u>	<u>\$ 13,690</u>

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Solar Panel Buyout (0745)	Eastern Trail Design Work (0746)	Pay Classification (0803)	Beach Erosion Reserve (0804)	Future Beach Sand Purchase (0806)	Cable Studio Upgrades (0807)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,000	-	5,624	212,273	192,405	16,154
TOTAL ASSETS	\$ 20,000	\$ -	\$ 5,624	\$ 212,273	\$ 192,405	\$ 16,154
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,798
Due to other funds	-	891	-	-	-	-
TOTAL LIABILITIES	-	891	-	-	-	1,798
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	20,000	-	5,624	212,273	192,405	14,356
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(891)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	20,000	(891)	5,624	212,273	192,405	14,356
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 20,000	\$ -	\$ 5,624	\$ 212,273	\$ 192,405	\$ 16,154

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Sick Leave (0808)	Traffic Study (0814)	Wells Conservation (0816)	Building Improvements (0817)	Recycling (0820)	Walter Marsh Field Area (0824)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	25,105	16,281	83,669	4,676	1,389
TOTAL ASSETS	\$ -	\$ 25,105	\$ 16,281	\$ 83,669	\$ 4,676	\$ 1,389
LIABILITIES						
Accounts payable	\$ -	\$ 1,160	\$ -	\$ 13,525	\$ -	\$ -
Due to other funds	3,728	-	-	-	-	-
TOTAL LIABILITIES	3,728	1,160	-	13,525	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	23,945	16,281	-	4,676	1,389
Committed	-	-	-	70,144	-	-
Assigned	-	-	-	-	-	-
Unassigned	(3,728)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(3,728)	23,945	16,281	70,144	4,676	1,389
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 25,105	\$ 16,281	\$ 83,669	\$ 4,676	\$ 1,389

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Revolving Vehicle Loan (0827)	Computer Mapping Town Hall (0830)	Library (0851)	Library Board (0852)	Library Donations (0853)	Town Maps (0901)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	62,049	60,024	453,354	-	13,540	6,265
TOTAL ASSETS	\$ 62,049	\$ 60,024	\$ 453,354	\$ -	\$ 13,540	\$ 6,265
LIABILITIES						
Accounts payable	\$ -	\$ 750	\$ 192,405	\$ -	\$ 1,220	\$ -
Due to other funds	-	-	-	44	-	-
TOTAL LIABILITIES	-	750	192,405	44	1,220	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	59,274	-	-	-	6,265
Committed	62,049	-	260,949	-	-	-
Assigned	-	-	-	-	12,320	-
Unassigned	-	-	-	(44)	-	-
TOTAL FUND BALANCES (DEFICITS)	62,049	59,274	260,949	(44)	12,320	6,265
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 62,049	\$ 60,024	\$ 453,354	\$ -	\$ 13,540	\$ 6,265

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	School House 9 (0903)	1710 Restoration (0906)	Harbor Park Project (0907)	Harbor Park Burke Memorial (0909)	Joseph Bednarz Memorial (0910)	Harbor Park Concerts (0914)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,413	57	49,691	863	-	9,682
TOTAL ASSETS	<u>\$ 20,413</u>	<u>\$ 57</u>	<u>\$ 49,691</u>	<u>\$ 863</u>	<u>\$ -</u>	<u>\$ 9,682</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 920	\$ -	\$ 70	\$ 1,146
Due to other funds	-	-	-	-	652	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>920</u>	<u>-</u>	<u>722</u>	<u>1,146</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	20,413	-	48,771	863	-	8,536
Committed	-	57	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(722)	-
TOTAL FUND BALANCES (DEFICITS)	<u>20,413</u>	<u>57</u>	<u>48,771</u>	<u>863</u>	<u>(722)</u>	<u>8,536</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 20,413</u>	<u>\$ 57</u>	<u>\$ 49,691</u>	<u>\$ 863</u>	<u>\$ -</u>	<u>\$ 9,682</u>

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Harbor Park Pavilion (0915)	Dry Hydrants (0922)	Wells Police Association (0925)	Fire Grants (0940)	Police Grants (0941)	Wellness Works (0942)	Harbor Plan Update Grant (0944)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 4,606	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,535	17,737	-	20,747	4,748	358	-
TOTAL ASSETS	\$ 4,535	\$ 17,737	\$ 4,606	\$ 20,747	\$ 4,748	\$ 358	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105	\$ -
Due to other funds	-	-	-	-	-	-	2,502
TOTAL LIABILITIES	-	-	-	-	-	105	2,502
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	4,535	17,737	4,606	20,747	4,748	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	253	-
Unassigned	-	-	-	-	-	-	(2,502)
TOTAL FUND BALANCES (DEFICITS)	4,535	17,737	4,606	20,747	4,748	253	(2,502)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 4,535	\$ 17,737	\$ 4,606	\$ 20,747	\$ 4,748	\$ 358	\$ -

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Dispatch (0947)	Maine Coastal Program Grant (0948)	FEMA Map Study (0950)	Harbor Grants (0951)	Rental Properties - Cole (0955)	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,184
Due from other funds	115,256	28,719	-	-	-	4,528,399
TOTAL ASSETS	<u>\$ 115,256</u>	<u>\$ 28,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,560,583</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519,115
Due to other funds	-	-	12,640	12,405	-	32,862
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>12,640</u>	<u>12,405</u>	<u>-</u>	<u>551,977</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	115,256	28,719	-	-	-	3,001,018
Committed	-	-	-	-	-	987,762
Assigned	-	-	-	-	-	53,921
Unassigned	-	-	(12,640)	(12,405)	-	(34,095)
TOTAL FUND BALANCES (DEFICITS)	<u>115,256</u>	<u>28,719</u>	<u>(12,640)</u>	<u>(12,405)</u>	<u>-</u>	<u>4,008,606</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 115,256</u>	<u>\$ 28,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,560,583</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Drug Seizure (0002)	Drug Forfeiture (0008)	Harbor Moorings & Floats (0012)	Town Clerk Animal Control (0201)	Shellfish Control (0210)	Town Clerk State (0215)	State Clerk Dogs (0220)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	110,482	8,146	2,430	74,204	7,660
Interest income	5	9	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	5	9	110,482	8,146	2,430	74,204	7,660
EXPENDITURES							
General government	-	-	-	-	-	74,204	7,660
Public safety	-	-	-	1,614	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	22,615	-	1,600	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	22,615	1,614	1,600	74,204	7,660
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5	9	87,867	6,532	830	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	512	-	-	-	-	-	-
Transfers (out)	-	(512)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	512	(512)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	517	(503)	87,867	6,532	830	-	-
FUND BALANCES (DEFICITS) - JULY 1	9,659	17,905	190,965	79,832	35,964	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 10,176	\$ 17,402	\$ 278,832	\$ 86,364	\$ 36,794	\$ -	\$ -

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	State Clerk Vitals (0255)	State Plumbing Permits (0415)	Water Control Improvement (0416)	Admin State Auto Reg (0435)	Background Checks (0470)	Fuel Donations (0475)	Smoke Detector/Carbon Monoxide (0480)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	2,046	14,385	1,380	1,201,809	75	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	9,161	-
TOTAL REVENUES	2,046	14,385	1,380	1,201,809	75	9,161	-
EXPENDITURES							
General government	2,046	14,385	8,928	1,201,809	-	12,814	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,046	14,385	8,928	1,201,809	-	12,814	-
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES	-	-	(7,548)	-	75	(3,653)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(7,548)	-	75	(3,653)	-
FUND BALANCES (DEFICITS) - JULY 1	-	-	7,548	-	315	44,611	809
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ 390	\$ 40,958	\$ 809

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Wells Activity Center (0522)	Central Area Dev. Beautification (0550)	Boat Tank Pumpout System Grant (0570)	Sidewalk & Bicycle Reserve (0704)	Open Space Reserve (0705)
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	9,243	-	-	-	-
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	9,243	-	-	-	-
EXPENDITURES					
General government	-	-	-	-	286,398
Public safety	-	-	-	-	-
Recreation and culture	3,978	-	-	-	-
Public works	-	-	-	-	-
Beach and harbors	-	-	-	-	-
Library	-	-	-	19,537	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	3,978	-	-	19,537	286,398
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	5,265	-	-	(19,537)	(286,398)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	50,000	100,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	50,000	100,000
NET CHANGE IN FUND BALANCES (DEFICITS)	5,265	-	-	30,463	(186,398)
FUND BALANCES (DEFICITS) - JULY 1	33,509	20,111	6,022	137,979	477,861
FUND BALANCES (DEFICITS) - JUNE 30	\$ 38,774	\$ 20,111	\$ 6,022	\$ 168,442	\$ 291,463

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Municipal Land Reserve (0706)	Infrastructure Reserve (0708)	Inland Golf (0713)	Ambulance (0715)	Wells Transport Center (0717)	Beautification Reserve (0727)	Activity Center Parking (0729)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	255,000	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	1,597	2,087	-
TOTAL REVENUES	-	-	255,000	-	1,597	2,087	-
EXPENDITURES							
General government	-	-	-	-	40,542	32,979	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	409,126	-	-	-	-	-
TOTAL EXPENDITURES	-	409,126	-	-	40,542	32,979	-
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES	-	(409,126)	255,000	-	(38,945)	(30,892)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	275,000	-	60,000	61,124	12,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	275,000	-	60,000	61,124	12,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(134,126)	255,000	60,000	22,179	(18,892)	-
FUND BALANCES (DEFICITS) - JULY 1	89,909	544,321	430,700	60,176	(23,342)	55,994	3,780
FUND BALANCES (DEFICITS) - JUNE 30	\$ 89,909	\$ 410,195	\$ 685,700	\$ 120,176	\$ (1,163)	\$ 37,102	\$ 3,780

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Library Beautification Fund (0731)	Rec Site Plan (0732)	Town Wide Misc (0739)	Technology/ Workstation Refresh (0740)	Sans 2 (0741)	PD Recorder (0742)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
General government	-	-	2,841	28,786	-	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public works	-	-	11,836	-	-	-
Beach and harbors	-	-	-	-	-	-
Library	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	14,677	28,786	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(14,677)	(28,786)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	18,000	150,170	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	18,000	150,170	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	3,323	121,384	-	-
FUND BALANCES (DEFICITS) - JULY 1	20,000	5,000	35,060	201,805	61,849	13,690
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,000	\$ 5,000	\$ 38,383	\$ 323,189	\$ 61,849	\$ 13,690

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Solar Panel Buyout (0745)	Eastern Trail Design Work (0746)	Pay Classification (0803)	Beach Erosion Reserve (0804)	Future Beach Sand Purchase (0806)	Cable Studio Upgrades (0807)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	45,473	-	-
TOTAL REVENUES	-	-	-	45,473	-	-
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	-	-	-	1,000	-	-
Library	-	-	-	-	-	32,398
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	1,000	-	32,398
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	44,473	-	(32,398)
OTHER FINANCING SOURCES (USES)						
Transfers in	10,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	10,000	-	-	44,473	-	(32,398)
FUND BALANCES (DEFICITS) - JULY 1	10,000	(891)	5,624	167,800	192,405	46,754
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,000	\$ (891)	\$ 5,624	\$ 212,273	\$ 192,405	\$ 14,356

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Sick Leave (0808)	Traffic Study (0814)	Wells Conservation (0816)	Building Improvements (0817)	Recycling (0820)	Walter Marsh Field Area (0824)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	3,235	-	-
TOTAL REVENUES	-	-	-	3,235	-	-
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	11,651	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-
Library	-	-	-	29,073	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	11,651	-	29,073	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	-	(11,651)	-	(25,838)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	78,489	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	78,489	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(11,651)	-	52,651	-	-
FUND BALANCES (DEFICITS) - JULY 1	(3,728)	35,596	16,281	17,493	4,676	1,389
FUND BALANCES (DEFICITS) - JUNE 30	\$ (3,728)	\$ 23,945	\$ 16,281	\$ 70,144	\$ 4,676	\$ 1,389

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Revolving Vehicle Loan (0827)	Computer Mapping Town Hall (0830)	Library (0851)	Library Board (0852)	Library Donations (0853)	Town Maps (0901)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	370
Interest income	-	-	-	-	-	-
Other income	-	11,377	1,052,444	-	17,933	-
TOTAL REVENUES	-	11,377	1,052,444	-	17,933	370
EXPENDITURES						
General government	-	81,381	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	53	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-
Library	-	4,814	4,869	-	14,885	-
Capital outlay	-	-	780,021	-	-	-
TOTAL EXPENDITURES	-	86,248	784,890	-	14,885	-
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	-	(74,871)	267,554	-	3,048	370
OTHER FINANCING SOURCES (USES)						
Transfers in	-	41,600	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	41,600	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(33,271)	267,554	-	3,048	370
FUND BALANCES (DEFICITS) - JULY 1	62,049	92,545	(6,605)	(44)	9,272	5,895
FUND BALANCES (DEFICITS) - JUNE 30	\$ 62,049	\$ 59,274	\$ 260,949	\$ (44)	\$ 12,320	\$ 6,265

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	School House 9 (0903)	1710 Restoration (0906)	Harbor Park Project (0907)	Harbor Park Burke Memorial (0909)	Joseph Bednarz Memorial (0910)	Harbor Park Concerts (0914)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	6,477	-	1,700	7,170
Interest income	-	-	-	-	-	-
Other income	8	-	-	-	-	-
TOTAL REVENUES	8	-	6,477	-	1,700	7,170
EXPENDITURES						
General government	-	-	-	-	2,994	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	10,240
Public works	-	-	-	-	-	-
Beach and harbors	-	-	5,900	-	-	-
Library	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	5,900	-	2,994	10,240
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8	-	577	-	(1,294)	(3,070)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	8	-	577	-	(1,294)	(3,070)
FUND BALANCES (DEFICITS) - JULY 1	20,405	57	48,194	863	572	11,606
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,413	\$ 57	\$ 48,771	\$ 863	\$ (722)	\$ 8,536

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Harbor Park Pavilion (0915)	Dry Hydrants (0922)	Wells Police Association (0925)	Fire Grants (0940)	Police Grants (0941)	Wellness Works (0942)	Harbor Plan Update Grant (0944)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 35,248	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	1,386	-	-	2,389	-
TOTAL REVENUES	-	-	1,386	-	35,248	2,389	-
EXPENDITURES							
General government	-	-	-	-	-	2,188	-
Public safety	-	-	622	-	30,500	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	622	-	30,500	2,188	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES							
	-	-	764	-	4,748	201	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	764	-	4,748	201	-
FUND BALANCES (DEFICITS) - JULY 1	4,535	17,737	3,842	20,747	-	52	(2,502)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 4,535	\$ 17,737	\$ 4,606	\$ 20,747	\$ 4,748	\$ 253	\$ (2,502)

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Dispatch (0947)	Maine Coastal Program Grant (0948)	FEMA Map Study (0950)	Harbor Grants (0951)	Rental Properties - Cole (0955)	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,248
Charges for services	-	-	-	-	-	1,702,577
Interest income	-	-	-	-	-	14
Other income	-	42	-	-	4,980	1,152,112
TOTAL REVENUES	-	42	-	-	4,980	2,889,951
EXPENDITURES						
General government	-	-	-	-	40,880	1,840,835
Public safety	2,161	-	-	-	-	46,548
Recreation and culture	-	-	-	-	-	14,271
Public works	-	-	-	-	-	11,836
Beach and harbors	-	7,730	-	-	-	38,845
Library	-	-	-	-	-	105,576
Capital outlay	-	-	-	-	-	1,189,147
TOTAL EXPENDITURES	2,161	7,730	-	-	40,880	3,247,058
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	(2,161)	(7,688)	-	-	(35,900)	(357,107)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	33,135	-	-	-	890,030
Transfers (out)	-	-	-	-	-	(512)
TOTAL OTHER FINANCING SOURCES (USES)	-	33,135	-	-	-	889,518
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,161)	25,447	-	-	(35,900)	532,411
FUND BALANCES (DEFICITS) - JULY 1	117,417	3,272	(12,640)	(12,405)	35,900	3,476,195
FUND BALANCES (DEFICITS) - JUNE 30	\$ 115,256	\$ 28,719	\$ (12,640)	\$ (12,405)	\$ -	\$ 4,008,606

See accompanying independent auditors' report and notes to financial statements.

Capital Projects Funds

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

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Harbor Mooring Tender CIP (0013)	Public Works Equipment Reserve (0701)	Fire Truck Reserve (0703)	Paving/ Sidewalks Bridges (0723)	PW Building Replace Reserve (0733)
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	64,041	378,414	356,725	242,367	-
TOTAL ASSETS	\$ 64,041	\$ 378,414	\$ 356,725	\$ 242,367	\$ -
LIABILITIES					
Accounts payable	\$ 1,058	\$ -	\$ -	\$ 186,603	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	1,058	-	-	186,603	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	62,983	378,414	356,725	55,764	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	62,983	378,414	356,725	55,764	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,041	\$ 378,414	\$ 356,725	\$ 242,367	\$ -

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	FD Misc Operating Equip Reserve (0734)	WEMS EKG/DEFIB Reserve (0735)	Town Clerk Voting Machines (0736)	PD Boat (0738)	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	55,754	40,804	36,622	3,102	1,177,829
TOTAL ASSETS	<u>\$ 55,754</u>	<u>\$ 40,804</u>	<u>\$ 36,622</u>	<u>\$ 3,102</u>	<u>\$ 1,177,829</u>
LIABILITIES					
Accounts payable	\$ 8,535	\$ -	\$ -	\$ -	\$ 196,196
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>8,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,196</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	47,219	40,804	36,622	3,102	981,633
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>47,219</u>	<u>40,804</u>	<u>36,622</u>	<u>3,102</u>	<u>981,633</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 55,754</u>	<u>\$ 40,804</u>	<u>\$ 36,622</u>	<u>\$ 3,102</u>	<u>\$ 1,177,829</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Harbor Mooring Tender CIP (0013)	Public Works Equipment Reserve (0701)	Fire Truck Reserve (0703)	Paving/ Sidewalks Bridges (0723)	PW Building Replace Reserve (0733)
REVENUES					
Other income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Capital outlay	35,718	99,161	544,277	944,236	-
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>35,718</u>	<u>99,161</u>	<u>544,277</u>	<u>944,236</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,718)</u>	<u>(99,161)</u>	<u>(544,277)</u>	<u>(944,236)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	280,000	250,000	1,000,000	-
Transfers (out)	-	-	-	-	(1,184)
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>280,000</u>	<u>250,000</u>	<u>1,000,000</u>	<u>(1,184)</u>
NET CHANGE IN FUND BALANCES	24,282	180,839	(294,277)	55,764	(1,184)
FUND BALANCES - JULY 1	<u>38,701</u>	<u>197,575</u>	<u>651,002</u>	<u>-</u>	<u>1,184</u>
FUND BALANCES - JUNE 30	<u>\$ 62,983</u>	<u>\$ 378,414</u>	<u>\$ 356,725</u>	<u>\$ 55,764</u>	<u>\$ -</u>

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	FD Misc Operating Equip Reserve (0734)	WEMS EKG/DEFIB Reserve (0735)	Town Clerk Voting Machines (0736)	PD Boat (0738)	Total
REVENUES					
Other income	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Capital outlay	30,862	-	6,388	-	1,660,642
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>30,862</u>	<u>-</u>	<u>6,388</u>	<u>-</u>	<u>1,660,642</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,862)</u>	<u>-</u>	<u>(6,388)</u>	<u>-</u>	<u>(1,660,642)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	61,250	15,000	-	-	1,666,250
Transfers (out)	-	-	-	-	(1,184)
TOTAL OTHER FINANCING SOURCES (USES)	<u>61,250</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>1,665,066</u>
NET CHANGE IN FUND BALANCES	30,388	15,000	(6,388)	-	4,424
FUND BALANCES - JULY 1	<u>16,831</u>	<u>25,804</u>	<u>43,010</u>	<u>3,102</u>	<u>977,209</u>
FUND BALANCES - JUNE 30	<u>\$ 47,219</u>	<u>\$ 40,804</u>	<u>\$ 36,622</u>	<u>\$ 3,102</u>	<u>\$ 981,633</u>

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Wells, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry.

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Bailey Trust Scholarship	Total
ASSETS		
Cash and cash equivalents	\$ 3,753	\$ 3,753
TOTAL ASSETS	<u>\$ 3,753</u>	<u>\$ 3,753</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	3,753	3,753
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>3,753</u>	<u>3,753</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,753</u>	<u>\$ 3,753</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Bailey Trust Scholarship	Total
REVENUES		
Interest income	\$ 2	\$ 2
TOTAL REVENUES	<u>2</u>	<u>2</u>
EXPENDITURES		
Other	<u>20</u>	<u>20</u>
TOTAL EXPENDITURES	<u>20</u>	<u>20</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18)</u>	<u>(18)</u>
NET CHANGE IN FUND BALANCES	(18)	(18)
FUND BALANCES - JULY 1	<u>3,771</u>	<u>3,771</u>
FUND BALANCES - JUNE 30	<u>\$ 3,753</u>	<u>\$ 3,753</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

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

TOWN OF WELLS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2018

	Land, Other Non- Depreciable Assets and Construction in Progress	Land Improvements, Buildings and Building Improvements	Equipment and Vehicles	Infrastructure	Total
Administration	\$ 1,083,740	\$ 889,414	\$ 737,632	21,621	\$ 2,732,407
Police	1,162,615	360,540	1,892,660	-	3,415,815
Fire	158,440	635,021	3,854,385	-	4,647,846
Ambulance	-	-	489,698	-	489,698
Public works	984,970	1,740,603	2,636,251	17,234,670	22,596,494
Library	969,969	1,054,378	832,054	-	2,856,401
Parks and recreation	308,060	781,134	163,279	22,393	1,274,866
Recreation enterprise	-	16,590	-	26,300	42,890
Harbormaster	599,840	353,314	282,314	1,735,298	2,970,766
Transfer station	189,980	1,450,908	677,371	61,410	2,379,669
Town-wide	5,315,807	1,496,827	315,183	854,604	7,982,421
Beach operations	-	67,281	232,921	268,215	568,417
Total General Capital Assets	10,773,421	8,846,010	12,113,748	20,224,511	51,957,690
Less: Accumulated Depreciation	-	(4,600,609)	(8,907,045)	(8,268,930)	(21,776,584)
Net General Capital Assets	<u>\$ 10,773,421</u>	<u>\$ 4,245,401</u>	<u>\$ 3,206,703</u>	<u>\$ 11,955,581</u>	<u>\$ 30,181,106</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WELLS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
Administration	\$ 2,726,037	\$ 6,370	\$ -	\$ 2,732,407
Police	2,184,481	1,323,872	(92,538)	3,415,815
Fire	4,020,948	626,898	-	4,647,846
Ambulance	489,698	-	-	489,698
Public works	21,565,741	1,030,753	-	22,596,494
Library	2,253,632	602,769	-	2,856,401
Parks and recreation	1,274,866	-	-	1,274,866
Recreation enterprise	-	42,890	-	42,890
Harbormaster	2,933,682	37,084	-	2,970,766
Transfer station	2,370,169	9,500	-	2,379,669
Town-wide	7,628,186	354,235	-	7,982,421
Beach operations	529,674	38,743	-	568,417
Total General Capital Assets	47,977,114	4,073,114	(92,538)	51,957,690
Less: Accumulated Depreciation	(19,389,125)	(2,469,218)	81,759	(21,776,584)
Net General Capital Assets	<u>\$ 28,587,989</u>	<u>\$ 1,603,896</u>	<u>\$ (10,779)</u>	<u>\$ 30,181,106</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise and Integrity

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

Board of Selectmen
Town of Wells
Wells, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Wells, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Wells, Maine's basic financial statements, and have issued our report thereon dated December 18, 2018.

Internal Control Over Financial Reporting

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wells, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
December 18, 2018