

Audited Financial Statements and
Other Financial Information

Town of Wells, Maine

June 30, 2020



Proven Expertise & Integrity

TOWN OF WELLS, MAINE

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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Selectboard
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, 2020 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.

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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, 2020 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 66 through 72 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, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, 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.

R.H.R. Smith & Company

Buxton, Maine
December 23, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. 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, beach and harbors, library, overlay 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 - Pension, 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 \$1,962,952 from \$43,128,568 to \$45,091,520. The Town's total business-type activities net position decreased by \$82,027 from \$1,407,400 to \$1,325,373.

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 \$10,857,638 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$799,148.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019 (Restated)</u>	<u>2020</u>	<u>2019</u>
Assets:				
Current assets	\$ 19,761,414	\$ 18,223,268	\$ 821,276	\$ 870,668
Noncurrent assets - restricted cash	1,457,982	5,472,521	-	-
Noncurrent assets - capital assets	44,238,143	40,352,658	526,225	586,416
Total Assets	<u>65,457,539</u>	<u>64,048,447</u>	<u>1,347,501</u>	<u>1,457,084</u>
Deferred Outflows of Resources:				
Deferred outflows related to OPEB	109,900	31,817	-	-
Deferred outflows related to pensions	1,185,572	1,383,361	-	-
Total Deferred Outflows of Resources	<u>1,295,472</u>	<u>1,415,178</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current liabilities	3,049,074	2,793,255	22,128	49,684
Noncurrent liabilities	17,978,497	18,500,945	-	-
Total Liabilities	<u>21,027,571</u>	<u>21,294,200</u>	<u>22,128</u>	<u>49,684</u>
Deferred Inflows of Resources:				
Prepaid taxes	40,935	33,117	-	-
Deferred inflows related to OPEB	110,167	53,675	-	-
Deferred inflows related to pensions	482,818	954,065	-	-
Total Deferred Inflows of Resources	<u>633,920</u>	<u>1,040,857</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	29,616,765	30,775,179	526,225	360,119
Restricted for: Special revenue funds	4,617,117	3,212,154	-	-
Permanent funds	-	3,756	-	-
Unrestricted	10,857,638	9,137,479	799,148	1,047,281
Total Net Position	<u>\$ 45,091,520</u>	<u>\$ 43,128,568</u>	<u>\$ 1,325,373</u>	<u>\$ 1,407,400</u>

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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 2,849,865	\$ 2,903,149	\$ 848,172	\$ 1,244,970
Operating grants and contributions	207,204	236,560	-	-
<i>General Revenues:</i>				
Taxes	36,667,453	35,728,857	-	-
Grants and contributions not restricted to specific programs	1,249,297	940,579	-	-
Investment income	119,329	357,874	-	-
Other income	588,820	471,300	127	69,398
Total Revenues	<u>41,681,968</u>	<u>40,638,319</u>	<u>848,299</u>	<u>1,314,368</u>
Expenses				
General government	5,344,229	6,339,826	-	-
Public safety	6,679,586	4,511,107	-	-
Health and sanitation	694,792	764,971	-	-
Recreation and culture	473,598	388,941	219,478	421,883
Education	20,199,403	19,833,029	-	-
Public works	2,417,185	822,291	-	-
County tax	1,731,739	1,688,904	-	-
Beach and harbors	325,274	292,385	785,848	547,284
Library	705,246	541,993	-	-
Unallocated depreciation (Note 4)	150,343	157,040	-	-
Unclassified	284,814	649,093	-	-
Overlay	72,319	38,443	-	-
Interest on long-term debt	565,488	832,081	-	-
Total Expenses	<u>39,644,016</u>	<u>36,870,321</u>	<u>1,005,326</u>	<u>969,167</u>
Transfers	<u>(75,000)</u>	<u>(81,000)</u>	<u>75,000</u>	<u>81,000</u>
Change in Net Position	1,962,952	3,686,998	(82,027)	426,201
Net Position - July 1, Restated	<u>43,128,568</u>	<u>39,441,570</u>	<u>1,407,400</u>	<u>981,199</u>
Net Position - June 30	<u>\$ 45,091,520</u>	<u>\$ 43,128,568</u>	<u>\$ 1,325,373</u>	<u>\$ 1,407,400</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.57%, while total expenses increased by 7.52%. The largest increase in revenues was in taxes and the largest increase in expenses was in public safety.

Revenues for the Town's business-type activities decreased by 35.46%, while total expenses increased by 3.73%.

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,

	2020	2019	Change Increase/ (Decrease)
General Fund:			
Nonspendable	\$ 102,392	\$ 95,214	\$ 7,178
Assigned	2,697,096	2,069,300	627,796
Unassigned	9,020,062	8,846,951	173,111
Total General Fund	<u>\$ 11,819,550</u>	<u>\$ 11,011,465</u>	<u>\$ 808,085</u>
Capital Projects Fund:			
Public safety building			
Restricted	\$ 1,148,522	\$ 4,623,995	\$ (3,475,473)
Total Capital Projects Fund -			
Public safety building	<u>\$ 1,148,522</u>	<u>\$ 4,623,995</u>	<u>\$ (3,475,473)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 3,443,125	\$ 3,212,154	\$ 230,971
Committed	1,273,881	1,013,134	260,747
Assigned	88,062	55,911	32,151
Unassigned	(108,548)	(153,027)	44,479
Capital Projects Funds:			
Committed	1,107,449	1,069,348	38,101
Unassigned	(18,891)	(49,470)	30,579
Permanent Funds:			
Restricted	3,783	3,756	27
Total Nonmajor Funds	<u>\$ 5,788,861</u>	<u>\$ 5,151,806</u>	<u>\$ 637,055</u>

The changes to total fund balances for the general fund and nonmajor funds occurred due to the regular activity of operations. The change in total fund balance of the public safety building fund was due to capital outlay expenditures.

Budgetary Highlights

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

The general fund actual revenues were over budget by \$451,222. This was due to all categories being receipted within or over budgeted amounts with the exception of other income.

The general fund actual expenditures were under budget by \$2,426,163. All expenditure categories were within or under budget with the exception of health and sanitation.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of the capital assets recorded by the Town increased by \$3,825,289 from the prior year. This increase was the result of capital additions of \$6,540,151 less net disposals of \$136,551 and current year depreciation of \$2,578,311.

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

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
Land	\$ 9,222,719	\$ 9,147,423
Art works and historical treasures	53,298	51,500
Construction in progress	29,828	10,597,305
Land improvements	669,829	527,673
Buildings and improvements	18,481,537	4,658,530
Machinery and equipment	2,112,139	1,037,614
Vehicles	2,135,107	2,306,186
Infrastructure	12,059,911	12,612,848
Total	<u>\$44,764,368</u>	<u>\$40,939,079</u>

Debt

At June 30, 2020, the Town had \$16,079,360 in a bond and bond premium outstanding versus \$16,213,148 last year, a decrease of 0.83%. For additional comparative information on the Town's outstanding debt, refer to Note 6 of Notes to Financial Statements.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Economic Factors and Next Year's Budgets and Rates

To further promote and ensure the financial well-being and fiscal stability of the Town, the Wells Selectboard 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, 2020, the Town's general fund unassigned fund balance will cover approximately 2.78 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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,862,500	\$ -	\$ 18,862,500
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,199,345	-	1,199,345
Liens	136,222	-	136,222
Other	81,334	-	81,334
Prepaid items	50,443	-	50,443
Tax acquired property	51,949	-	51,949
Internal balances	(821,276)	821,276	-
Total current assets	<u>19,761,414</u>	<u>821,276</u>	<u>20,582,690</u>
Noncurrent assets:			
Restricted cash	1,457,982	-	1,457,982
Capital assets:			
Land and other assets not being depreciated	9,305,845	-	9,305,845
Infrastructure, buildings, equipment and vehicles net of accumulated depreciation	34,932,298	526,225	35,458,523
Total noncurrent assets	<u>45,696,125</u>	<u>526,225</u>	<u>46,222,350</u>
TOTAL ASSETS	<u>65,457,539</u>	<u>1,347,501</u>	<u>66,805,040</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	109,900	-	109,900
Deferred outflows related to pensions	1,185,572	-	1,185,572
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,295,472</u>	<u>-</u>	<u>1,295,472</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 66,753,011</u>	<u>\$ 1,347,501</u>	<u>\$ 68,100,512</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,125,098	\$ 22,128	\$ 1,147,226
Accrued expenses	35,255	-	35,255
Escrows	586,910	-	586,910
Current portion of long-term obligations	1,301,811	-	1,301,811
Total current liabilities	<u>3,049,074</u>	<u>22,128</u>	<u>3,071,202</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	13,710,000	-	13,710,000
Bond premium payable	1,098,529	-	1,098,529
Accrued compensated absences	588,628	-	588,628
Net OPEB liability	679,799	-	679,799
Net pension liability	1,901,541	-	1,901,541
Total noncurrent liabilities	<u>17,978,497</u>	<u>-</u>	<u>17,978,497</u>
TOTAL LIABILITIES	<u>21,027,571</u>	<u>22,128</u>	<u>21,049,699</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	40,935	-	40,935
Deferred inflows related to OPEB	110,167	-	110,167
Deferred inflows related to pensions	482,818	-	482,818
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>633,920</u>	<u>-</u>	<u>633,920</u>
NET POSITION			
Net investment in capital assets	29,616,765	526,225	30,142,990
Restricted	4,617,117	-	4,617,117
Unrestricted	10,857,638	799,148	11,656,786
TOTAL NET POSITION	<u>45,091,520</u>	<u>1,325,373</u>	<u>46,416,893</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 66,753,011</u>	<u>\$ 1,347,501</u>	<u>\$ 68,100,512</u>

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

TOWN OF WELLS, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 5,344,229	\$ 1,778,150	\$ -	\$ -	\$ (3,566,079)	\$ -	\$ (3,566,079)
Public safety	6,679,586	288,270	-	-	(6,391,316)	-	(6,391,316)
Health and sanitation	694,792	415,104	-	-	(279,688)	-	(279,688)
Recreation and culture	473,598	156,990	-	-	(316,608)	-	(316,608)
Education	20,199,403	-	-	-	(20,199,403)	-	(20,199,403)
Public works	2,417,185	-	207,204	-	(2,209,981)	-	(2,209,981)
Beach and harbors	325,274	202,791	-	-	(122,483)	-	(122,483)
Library	705,246	8,560	-	-	(696,686)	-	(696,686)
County tax	1,731,739	-	-	-	(1,731,739)	-	(1,731,739)
Unclassified	284,814	-	-	-	(284,814)	-	(284,814)
Overlay	72,319	-	-	-	(72,319)	-	(72,319)
Unallocated depreciation (Note 4)*	150,343	-	-	-	(150,343)	-	(150,343)
Interest on long-term debt	565,488	-	-	-	(565,488)	-	(565,488)
Total governmental activities	<u>39,644,016</u>	<u>2,849,865</u>	<u>207,204</u>	<u>-</u>	<u>(36,586,947)</u>	<u>-</u>	<u>(36,586,947)</u>
Business-type activities:							
Beach operations	785,848	501,264	-	-	-	(284,584)	(284,584)
Recreation	219,478	346,908	-	-	-	127,430	127,430
Total business-type activities	<u>1,005,326</u>	<u>848,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,154)</u>	<u>(157,154)</u>
Total government	<u>\$40,649,342</u>	<u>\$ 3,698,037</u>	<u>\$ 207,204</u>	<u>\$ -</u>	<u>(36,586,947)</u>	<u>(157,154)</u>	<u>(36,744,101)</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, 2020

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(36,586,947)	(157,154)	(36,744,101)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	33,761,045	-	33,761,045
Excise taxes	2,906,408	-	2,906,408
Grants and contributions not restricted to specific programs	1,249,297	-	1,249,297
Investment income	119,329	-	119,329
Other income	588,820	127	588,947
Transfers	(75,000)	75,000	-
Total general revenues and transfers	38,549,899	75,127	38,625,026
Change in net position	1,962,952	(82,027)	1,880,925
NET POSITION - JULY 1, RESTATED	43,128,568	1,407,400	44,535,968
NET POSITION - JUNE 30	\$ 45,091,520	\$ 1,325,373	\$ 46,416,893

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

TOWN OF WELLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Public Safety Building (0840)	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 18,828,782	\$ -	\$ 33,718	\$ 18,862,500
Investments	200,897	-	-	200,897
Accounts receivable (net of allowance for uncollectibles):				
Taxes	1,199,345	-	-	1,199,345
Liens	136,222	-	-	136,222
Other	81,334	-	-	81,334
Prepaid items	50,443	-	-	50,443
Tax acquired property	51,949	-	-	51,949
Restricted cash	1,457,982	-	-	1,457,982
Due from other funds	292,648	1,357,985	6,366,358	8,016,991
TOTAL ASSETS	\$ 22,299,602	\$ 1,357,985	\$ 6,400,076	\$ 30,057,663
LIABILITIES				
Accounts payable	\$ 391,562	\$ 209,463	\$ 524,073	\$ 1,125,098
Accrued expenses	35,255	-	-	35,255
Due to other funds	8,751,125	-	87,142	8,838,267
Escrows	586,910	-	-	586,910
TOTAL LIABILITIES	9,764,852	209,463	611,215	10,585,530
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	40,935	-	-	40,935
Deferred revenues	674,265	-	-	674,265
TOTAL DEFERRED INFLOWS OF RESOURCES	715,200	-	-	715,200
FUND BALANCES				
Nonspendable	102,392	-	-	102,392
Restricted	-	1,148,522	3,446,908	4,595,430
Committed	-	-	2,381,330	2,381,330
Assigned	2,697,096	-	88,062	2,785,158
Unassigned	9,020,062	-	(127,439)	8,892,623
TOTAL FUND BALANCES	11,819,550	1,148,522	5,788,861	18,756,933
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,299,602	\$ 1,357,985	\$ 6,400,076	\$ 30,057,663

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, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 18,756,933
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	44,238,143
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	674,265
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	109,900
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	1,185,572
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(14,750,000)
Bond premium payable	(1,163,148)
Note from direct borrowings payable	(166,212)
Accrued compensated absences	(619,608)
Net OPEB liability	(679,799)
Net pension liability	(1,901,541)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(110,167)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(482,818)</u>
Net position of governmental activities	<u><u>\$ 45,091,520</u></u>

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

TOWN OF WELLS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Public Safety Building (0840)	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 36,403,282	\$ -	\$ -	\$ 36,403,282
Intergovernmental revenue	1,152,425	-	304,076	1,456,501
Charges for services	1,211,683	-	1,638,182	2,849,865
Investment income	119,302	-	27	119,329
Other revenues	266,554	47,786	274,480	588,820
TOTAL REVENUES	39,153,246	47,786	2,216,765	41,417,797
EXPENDITURES				
Current:				
General government	3,523,847	-	1,444,589	4,968,436
Public safety	5,959,388	-	161,806	6,121,194
Health and sanitation	621,110	-	-	621,110
Recreation and culture	425,113	-	26,417	451,530
Education	20,199,403	-	-	20,199,403
Public works	1,348,896	-	77,300	1,426,196
Beach and harbors	134,899	-	49,219	184,118
Library	548,733	-	27,250	575,983
County tax	1,731,739	-	-	1,731,739
Unclassified	276,026	-	8,788	284,814
Capital outlay	-	3,523,259	2,347,541	5,870,800
Debt service:				
Principal	300,000	-	-	300,000
Interest	565,488	-	-	565,488
TOTAL EXPENDITURES	35,706,961	3,523,259	4,142,910	43,373,130
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,446,285	(3,475,473)	(1,926,145)	(1,955,333)
OTHER FINANCING SOURCES (USES)				
Transfers in	767,086	-	3,226,286	3,993,372
Transfers (out)	(3,405,286)	-	(663,086)	(4,068,372)
TOTAL OTHER FINANCING SOURCES (USES)	(2,638,200)	-	2,563,200	(75,000)
NET CHANGE IN FUND BALANCES	808,085	(3,475,473)	637,055	(2,030,333)
FUND BALANCES - JULY 1	11,011,465	4,623,995	5,151,806	20,787,266
FUND BALANCES - JUNE 30	\$ 11,819,550	\$ 1,148,522	\$ 5,788,861	\$ 18,756,933

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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (2,030,333)</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	16,946,664
Capital asset disposals	(10,566,305)
Depreciation expense	<u>(2,494,874)</u>
	<u>3,885,485</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>264,171</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position.	
	<u>(332,424)</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>(119,706)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>466,212</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>414,755</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(60,746)
Net OPEB liability	(29,114)
Net pension liability	<u>(495,348)</u>
	<u>(585,208)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,962,952</u></u>

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

TOWN OF WELLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
ASSETS				
Current assets:				
Due from other funds	\$ 360,969	\$ -	\$ 665,813	\$ 1,026,782
Total current assets	<u>360,969</u>	<u>-</u>	<u>665,813</u>	<u>1,026,782</u>
Noncurrent assets:				
Capital assets:				
Infrastructure, buildings, equipment and vehicles net of accumulated depreciation	302,532	-	223,693	526,225
Total noncurrent assets	<u>302,532</u>	<u>-</u>	<u>223,693</u>	<u>526,225</u>
TOTAL ASSETS	<u>\$ 663,501</u>	<u>\$ -</u>	<u>\$ 889,506</u>	<u>\$ 1,553,007</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 19,356	\$ -	\$ 2,772	\$ 22,128
Due to other funds	-	205,506	-	205,506
Total current liabilities	<u>19,356</u>	<u>205,506</u>	<u>2,772</u>	<u>227,634</u>
TOTAL LIABILITIES	<u>19,356</u>	<u>205,506</u>	<u>2,772</u>	<u>227,634</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	302,532	-	223,693	526,225
Unrestricted	341,613	(205,506)	663,041	799,148
TOTAL NET POSITION (DEFICIT)	<u>644,145</u>	<u>(205,506)</u>	<u>886,734</u>	<u>1,325,373</u>
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	<u>\$ 663,501</u>	<u>\$ -</u>	<u>\$ 889,506</u>	<u>\$ 1,553,007</u>

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, 2020

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
OPERATING REVENUES				
Charges for services	\$ 501,264	\$ -	\$ 346,908	\$ 848,172
Other	127	-	-	127
TOTAL OPERATING REVENUES	<u>501,391</u>	<u>-</u>	<u>346,908</u>	<u>848,299</u>
OPERATING EXPENSES				
Salaries	335,361	-	203,683	539,044
Building operations	66,772	-	-	66,772
Repairs and maintenance	88,004	-	-	88,004
Supplies and uniforms	24,021	-	177,194	201,215
Depreciation	72,585	-	10,852	83,437
Other	26,854	-	-	26,854
TOTAL OPERATING EXPENSES	<u>613,597</u>	<u>-</u>	<u>391,729</u>	<u>1,005,326</u>
OPERATING INCOME (LOSS)	<u>(112,206)</u>	<u>-</u>	<u>(44,821)</u>	<u>(157,027)</u>
NONOPERATING REVENUES (EXPENSES)				
Transfers in	-	150,000	-	150,000
Transfers (out)	(25,000)	-	(50,000)	(75,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(25,000)</u>	<u>150,000</u>	<u>(50,000)</u>	<u>75,000</u>
CHANGE IN NET POSITION (DEFICIT)	(137,206)	150,000	(94,821)	(82,027)
NET POSITION (DEFICIT) - JULY 1	<u>781,351</u>	<u>(355,506)</u>	<u>981,555</u>	<u>1,407,400</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ 644,145</u>	<u>\$ (205,506)</u>	<u>\$ 886,734</u>	<u>\$ 1,325,373</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, 2020

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 501,391	\$ -	\$ 346,908	\$ 848,299
Internal activity - receipts (payments) from/to other funds	83,886	(150,000)	115,508	49,394
Payments to employees	(339,626)	-	(203,683)	(543,309)
Payments to suppliers	(205,651)	-	(200,485)	(406,136)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>40,000</u>	<u>(150,000)</u>	<u>58,248</u>	<u>(51,752)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(15,000)	-	(8,248)	(23,248)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(15,000)</u>	<u>-</u>	<u>(8,248)</u>	<u>(23,248)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers in (out)	(25,000)	150,000	(50,000)	75,000
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(25,000)</u>	<u>150,000</u>	<u>(50,000)</u>	<u>75,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (112,206)	\$ -	\$ (44,821)	\$ (157,027)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	72,585	-	10,852	83,437
Changes in operating assets and liabilities:				
(Increase) decrease in due from other funds	83,886	-	115,508	199,394
Increase (decrease) in accounts payable	(4,265)	-	(23,291)	(27,556)
Increase (decrease) in due to other funds	-	(150,000)	-	(150,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 40,000</u>	<u>\$ (150,000)</u>	<u>\$ 58,248</u>	<u>\$ (51,752)</u>

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 selectboard-manager form of government and provides the following services: general government, public safety, health and sanitation, recreation and culture, education, public works, beach and harbors, library, overlay 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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to December 23, 2020 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town needed to postpone the Town meeting until July 14, 2020. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 17, 2020 to May 17, 2020.

Tax and excise tax 60-day deferred revenue extended

Closures and/or reduced hours of Town facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) allowed municipal officers to extend both tax due dates and interest dates for the fiscal year 2020 property taxes due as well as the option to delay property tax lien filing dates until after the state of emergency has expired. The Town extended the interest due dates from May 27, 2020 to June 26, 2020 for the second installment of 2020 tax bills.

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable Federal and /or State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. 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. 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.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function 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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund 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:

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Nonoperating 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:

- 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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Budget

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

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

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

Deposits and Investments

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Selectboard 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 evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Mutual funds

Restricted Cash

Certain resources of the Town are set aside and are classified as restricted cash on the balance sheet and statement of net position because their use is limited by applicable bond covenants. These funds are set aside from the Town's operation.

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. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Allowances for uncollectible accounts netted with accounts receivable were \$81,334 for the year ended June 30, 2020.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Tax Acquired Property

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of the Town charter.

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.

A grandfather clock, paintings, photos and furniture have been capitalized as art and historical items. These items are categorized as non-depreciable assets as they are considered inexhaustible.

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

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 obligations depend on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, bond premium payable, notes from direct borrowings payable, accrued 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.

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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 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. Prepaid taxes also qualify for reporting in this category. This item is reported in both the

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements of net position and 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.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 11, 2019, on the assessed value listed as of April 1, 2019, for all taxable real and personal property located in the Town. Taxes were due in two installments on November 25, 2019 and May 27, 2020. Interest on unpaid taxes commenced on November 26, 2019 and May 28, 2020, at 7% 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 \$1,210,975 for the year ended June 30, 2020.

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

Program Revenues

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

Operating/Nonoperating 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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2020, the Town's deposits of \$20,320,482 were comprised of bank deposits of \$20,554,750. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$500,000 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk, \$13,269,983 was covered with irrevocable stand-by letters of credit, \$6,583,870 was collateralized with securities held by the financial institution in the Town's name and \$200,897 was covered by the Securities Investor Protection Corporation (SIPC).

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 7,981,517
Savings accounts	12,352,285
Sweep accounts	20,051
Cash and cash equivalents	200,897
	<u>\$ 20,554,750</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.

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.

At June 30, 2020, 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.

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, 2020:

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash equivalents measured at the net asset value (NAV)

Money market mutual funds	\$ 200,897
Total cash equivalents measured at the NAV	<u>200,897</u>
Total investments measured at fair value	<u>\$ 200,897</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, 2020 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, 2020 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> (Due from)	<u>Payables</u> (Due to)
General fund	\$ 292,648	\$ 8,751,125
Capital projects fund - public safety building	1,357,985	-
Proprietary funds	1,026,782	205,506
Nonmajor special revenue funds	5,099,156	68,251
Nonmajor capital projects funds	<u>1,267,202</u>	<u>18,891</u>
	<u>\$ 9,043,773</u>	<u>\$ 9,043,773</u>

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE - 4 INTERFUND TRANSFERS

Interfund transfers at June 30, 2020, consisted of the following:

	Transfers From	Transfers To
General fund	\$ 767,086	\$ 3,405,286
Proprietary funds	150,000	75,000
Nonmajor special revenue funds	1,361,500	663,086
Nonmajor capital projects funds	1,864,786	-
	<u>\$ 4,143,372</u>	<u>\$ 4,143,372</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations. Significant transfers that occurred between the general fund and the nonmajor special revenue and capital projects funds were the result of transfers to reserve accounts.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 9,147,423	\$ 75,296	\$ -	\$ 9,222,719
Art works and historical treasures	57,998	-	(4,700)	53,298
Construction in progress	10,425,054	29,828	(10,425,054)	29,828
	<u>19,630,475</u>	<u>105,124</u>	<u>(10,429,754)</u>	<u>9,305,845</u>
Depreciated assets:				
Land improvements	1,192,861	29,900	(137,000)	1,085,761
Buildings	6,404,495	14,150,019	(615,640)	19,938,874
Building improvements	2,435,876	106,192	(44,178)	2,497,890
Machinery and equipment	5,874,082	1,390,806	(1,045,506)	6,219,382
Vehicles	6,303,562	262,400	(862,768)	5,703,194
Infrastructure	22,047,628	902,223	(8,000)	22,941,851
	<u>44,258,504</u>	<u>16,841,540</u>	<u>(2,713,092)</u>	<u>58,386,952</u>
Less: accumulated depreciation	<u>(23,536,321)</u>	<u>(2,494,874)</u>	<u>2,576,541</u>	<u>(23,454,654)</u>
	<u>20,722,183</u>	<u>14,346,666</u>	<u>(136,551)</u>	<u>34,932,298</u>
Net governmental capital assets	<u>\$ 40,352,658</u>	<u>\$ 14,451,790</u>	<u>\$ (10,566,305)</u>	<u>\$ 44,238,143</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 172,251	\$ -	\$ (172,251)	\$ -
	<u>172,251</u>	<u>-</u>	<u>(172,251)</u>	<u>-</u>
Depreciated assets:				
Land improvements	80,693	195,492	-	276,185
Building improvements	27,834	-	-	27,834
Machinery and equipment	282,053	-	-	282,053
Infrastructure	309,340	-	-	309,340
	<u>699,920</u>	<u>195,492</u>	<u>-</u>	<u>895,412</u>
Less: accumulated depreciation	<u>(285,750)</u>	<u>(83,437)</u>	<u>-</u>	<u>(369,187)</u>
	<u>414,170</u>	<u>112,055</u>	<u>-</u>	<u>526,225</u>
Net business-type capital assets	<u>\$ 586,421</u>	<u>\$ 112,055</u>	<u>\$ (172,251)</u>	<u>\$ 526,225</u>
<u>Current year depreciation</u>				
Administration				\$ 53,077
Police				97,073
Fire				276,059
Ambulance				66,005
Public works				1,463,101
Library				129,263
Parks and recreation				45,115
Harbormaster				141,156
Transfer station				73,682
Town-wide				150,343
Total governmental activities depreciation expense				<u>2,494,874</u>
Recreation enterprise				10,852
Beach operations				72,585
Total business-type activities depreciation expense				<u>83,437</u>
Total depreciation expense				<u>\$ 2,578,311</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Bonds payable	\$ 15,050,000	\$ -	\$ (300,000)	\$ 14,750,000	\$ 1,040,000
Bond premium payable	1,163,148	-	-	1,163,148	64,619
Note from direct borrowings payable	-	332,424	(166,212)	166,212	166,212
Totals	<u>\$ 16,213,148</u>	<u>\$ 332,424</u>	<u>\$ (466,212)</u>	<u>\$ 16,079,360</u>	<u>\$ 1,270,831</u>

The following is a summary of outstanding bonds payable:

Bonds payable:

\$3,000,000, 2013 General Obligation Bond due in annual installments and semiannual interest installments through November of 2024. Interest is charged at a fixed rate from 3.00% to 3.50% per annum. Annual principal installments are \$300,000. \$ 1,500,000

\$13,250,000, 2020 General Obligation Bond due in annual installments and semiannual interest payments through November 1, 2038. Interest is charged at a fixed rate of 5.0% from 2020 to 2027, 2.25% for 2028, and 3.0% for 2029 to 2037. The bond has a premium of \$1,163,148. 14,413,148

Note from direct borrowings payable:

The Town leases computer equipment and software under a non cancelable lease agreement. The term of the lease is July, 2019 through July, 2020. The annual principal payment is \$162,212 at 0% interest per annum. 166,212

Total bonds and note from direct borrowings payable \$ 16,079,360

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Bonds payable		Note from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2021	\$ 1,104,619	\$ 537,988	\$ 166,213	\$ -	\$ 1,808,820
2022	1,104,619	491,988			1,596,607
2023	1,104,619	444,488			1,549,107
2024	1,104,619	407,488			1,512,107
2025	1,099,619	348,863			1,448,482
2026-2030	3,998,097	1,204,483			5,202,580
2031-2035	3,998,097	606,375			4,604,472
2036-2040	2,398,859	99,225			2,498,084
	<u>\$ 15,913,148</u>	<u>\$ 4,140,898</u>	<u>\$ 166,213</u>	<u>\$ -</u>	<u>\$ 20,220,259</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.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
Accrued compensated absences	\$ 558,862	\$ 60,746	\$ -	\$ 619,608	\$ 30,980
Net OPEB liability	650,685	104,763	(75,649)	679,799	-
Net pension liability	1,406,193	1,115,937	(620,589)	1,901,541	-
	<u>\$ 2,615,740</u>	<u>\$ 1,281,446</u>	<u>\$ (696,238)</u>	<u>\$ 3,200,948</u>	<u>\$ 30,980</u>

Refer to Notes 8, 15 and 18 for more detailed information regarding other long-term obligations.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - ACCRUED 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 obligations 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, 2020, the Town's liability for compensated absences is \$619,608.

NOTE 9 - RESTRICTED NET POSITION

At June 30, 2020, the Town had the following restricted net position:

Public safety building (Statement C)	\$ 1,148,522
Nonmajor special revenue funds (Schedule E):	
Drug seizure	10,186
Drug forfeiture	17,419
Harbor moorings and floats	400,418
Town clerk state lic	67,808
Town clerk animal control	31,631
Shellfish control	21,687
Wells activity center	21,687
Central area dev. Beautification	20,111
Sidewalk and bicycle reserve	242,931
Open space reserve	279,521
Municipal land reserve	89,909
FEMA	40,178
Inland golf	354,614
Beautification reserve	24,951
Activity center parking	3,780
Technology/workstation refresh	300,488
Sans 2	849
PD recorder	612,330
Assessor revaluation	40,000
Solar panel buyout	40,000
Walden renewable solar	7,084
Pay classification	5,624
Beach erosion reserve	301,333
Harbor dredge	90,000
Future beach sand purchase	192,405

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - RESTRICTED NET POSITION (CONTINUED)

Cable studio upgrades	6,387
Traffic study	21,925
Wells conservation	16,281
Recycling	4,676
Walter Marsh field area	1,389
Computer mapping town hall	35,410
Town maps	6,339
School house 9	20,293
Harbor park project	54,064
Harbor park burke memorial	863
Joseph Bednarz memorial	5,094
Harbor park concerts	6,599
Harbor park pavillion	4,535
Dry hydrants	17,737
Wells police association	2,330
Fire dept. donations	12,696
JR fire	332
Fire grants	20,747
Police grants	4,748
Wellness works	151
Dispatch	506
Maine coastal program grant	4,766
Nonmajor permanent funds (Schedule I):	
Bailey trust scholarship	3,783
	<u>\$ 4,617,117</u>

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2020, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 50,443
Tax acquired property	51,949
	<u>\$ 102,392</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted fund balances:

Capital projects fund -	
Public safety building (Statement C)	\$ 1,148,522
Nonmajor special revenue funds (Schedule E)	3,443,125
Nonmajor permanent funds (Schedule I)	3,783
	<u>\$ 4,595,430</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 1,273,881
Nonmajor capital projects funds (Schedule G)	1,107,449
	<u>\$ 2,381,330</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

General fund:	
FY 21 budget	\$ 2,515,000
PLAN - survey and appraisal	8,201
HR- employee recognition	971
Union/non-union salary	15,000
IT - maintenance	23,500
PD - vehicle replacement	98,000
Dispatch - radio consoles	20,500
Dispatch - technology	6,500
TC - election workers	8,936
TC - office supplies	118
TC - election supplies	370
Nonmajor special revenue funds (Schedule E)	88,062
	<u>\$ 2,785,158</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - DEFICIT FUND BALANCES/NET POSITION

At June 30, 2020, the Town had the following deficit fund balances/net position:

Fund Balances:

Boat Tank Pumpout System Grant	\$	1,035
Eastern Trail Design Work		891
Sick Leave		3,728
Public Safety Beautification		30,305
Library Board		44
Harbor Plan Update Grant		2,502
FEMA Map Study		12,640
Harbor Grants		12,405
Harbor Mooring Tender CIP		18,891
FLAP Grant Furbish Road		22,258
FLAP Grant Harbor Road		22,740
	\$	<u>127,439</u>

Net Position:

Transfer Station	\$	<u>205,506</u>
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NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. As of June 30, 2019, there were 307 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

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 8.0% of their annual salary, while all other employees are part of regular plan "AC" and are required to contribute 8.1% of their annual salary. The 7006-AN and 7007-AN plans became effective on January 1, 2018. The Town is required to contribute 10.0% for the AC plan, 10.6% 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%

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

and the actual percentage. For the year ended June 30, 2020 employee contributions to the 2C plan were 11.6% of their annual salary. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2020 was \$380,553.

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

At June 30, 2020, the Town reported a liability of \$1,901,541 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 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, 2019, the Town's proportion was 0.622104%, which was an increase of 0.10829% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized total pension expense of \$221,890. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225,149	\$ -
Changes of assumptions	96,301	-
Net difference between projected and actual earnings on pension plan investments	-	476,289
Changes in proportion and differences between contributions and proportionate share of contributions	441,322	6,529
Contributions subsequent to the measurement date	422,800	-
Total	<u>\$ 1,185,572</u>	<u>\$ 482,818</u>

\$422,800 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2020	\$ 356,983
2021	(125,072)
2022	48,346
2023	(301)
2024	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2019, 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., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2019, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, 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 - 1.91%

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, 2019 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%
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%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2019 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2019 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 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 4,331,590	\$ 1,901,541	\$ (371,535)

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2019 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, 2019 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2019, this was four years; for 2018, this was three years for the PLD Consolidated Plan.

Differences between Expected 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs 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, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 16 - 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 Selectboard. 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, 2020, the Town recognized pension expense of \$34,364.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - 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.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Selectboard. 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 2020, 2019 and 2018 were \$274,333, \$212,642 and \$389,797, respectively.

NOTE 18 - 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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	54
Retirees and spouses	<u>9</u>
Total	<u><u>63</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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
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, 2020, the Town reported a liability of \$679,799 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$7,523. At June 30, 2020, 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	\$ 6,356	\$ 63,214
Changes of assumptions	84,387	46,953
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	<u>19,157</u>	<u>-</u>
Total	<u>\$ 109,900</u>	<u>\$ 110,167</u>

\$19,157 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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:	
2021	\$ (3,017)
2022	(3,017)
2023	(3,017)
2024	(3,017)
2025	(3,017)
Thereafter	(4,339)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. 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 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 787,319	\$ 679,799	\$ 592,977
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 787,319</u>	<u>\$ 679,799</u>	<u>\$ 592,977</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:

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 587,322	\$ 679,799	\$ 798,386
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 587,322</u>	<u>\$ 679,799</u>	<u>\$ 798,386</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, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. 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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2020 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, 2020, they are as follows:

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

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

Administrative and claims expense - 3% per annum.

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, 2020, 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.

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.

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 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, 2020 was \$56,858.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

NOTE 19 - 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, 2020, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 1,900,000	9.94%	\$ 188,860
Wells-Ogunquit CSD	24,700,000	78.74%	<u>19,448,780</u>
			<u><u>\$ 19,637,640</u></u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 20 - 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 21 - 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.

NOTE 22 - 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, 2020.

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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 - RISK MANAGEMENT (CONTINUED)

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 June 30, 2020. 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 23 - LETTER OF CREDIT

At June 30, 2020, 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 17, 2020, authorizes multiple and partial draws only up to the amount of \$22,500,000. There was no draw for the year ended June 30, 2020.

NOTE 24 - RELATED PARTY TRANSACTIONS

A member of the Town's Selectboard owns a business that provides snow removal services to the Town. During the fiscal year ended June 30, 2020, payments to this vendor for these services totaled \$40,010.

The Town requests contract proposals for services annually. The Selectboard member recuses themselves from the contract award process in matters pertaining to their respective related party.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 25 - RESTATEMENT

In 2020, the Town required a restatement to the capital assets for governmental activities and net position for governmental activities. The capital asset balance for governmental activities was increased by \$17,477 from \$40,335,181 to \$40,352,658.

The resulting restatement increased the governmental activities total net position by \$17,477 from \$43,111,091 to \$43,128,568.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- 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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,011,465	\$ 11,011,465	\$ 11,011,465	\$ -
Resources (Inflows):				
Taxes	36,390,133	36,390,133	36,403,282	13,149
Intergovernmental revenue	945,399	945,399	1,152,425	207,026
Charges for services	1,046,392	1,046,392	1,211,683	165,291
Investment income	44,000	44,000	119,302	75,302
Other income	276,100	276,100	266,554	(9,546)
Transfers from other funds	767,086	767,086	767,086	-
Amounts Available for Appropriation	<u>50,480,575</u>	<u>50,480,575</u>	<u>50,931,797</u>	<u>451,222</u>
Charges to Appropriations (Outflows):				
General government	3,783,455	3,896,255	3,523,847	372,408
Public safety	6,370,024	6,370,024	5,959,388	410,636
Health and sanitation	594,440	594,440	621,110	(26,670)
Recreation and culture	431,482	431,482	425,113	6,369
Education	20,199,403	20,199,403	20,199,403	-
Public works	1,533,502	1,533,502	1,348,896	184,606
Beach and harbors	141,147	141,147	134,899	6,248
Library	603,415	603,415	548,733	54,682
County tax	1,731,739	1,731,739	1,731,739	-
Unclassified	555,254	555,254	276,026	279,228
Debt service:				
Principal	300,000	300,000	300,000	-
Interest	565,488	565,488	565,488	-
Overlay	1,210,975	1,210,975	72,319	1,138,656
Transfers to other funds	3,405,286	3,405,286	3,405,286	-
Total Charges to Appropriations	<u>41,425,610</u>	<u>41,538,410</u>	<u>39,112,247</u>	<u>2,426,163</u>
Budgetary Fund Balance, June 30	<u>\$ 9,054,965</u>	<u>\$ 8,942,165</u>	<u>\$ 11,819,550</u>	<u>\$ 2,877,385</u>
Use of assigned fund balance	<u>\$ 1,956,500</u>	<u>\$ 2,069,300</u>	<u>\$ -</u>	<u>\$ (2,069,300)</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*

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Proportion of the net pension liability (asset)	0.62%	0.51%	0.37%	0.83%	0.39%	0.42%
Proportionate share of the net pension liability (asset)	\$ 1,901,541	\$ 1,406,193	\$ 1,520,425	\$ 4,384,276	\$ 1,229,379	\$ 639,438
Covered payroll	4,255,219	3,117,210	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 payroll	44.69%	45.11%	72.94%	208.30%	62.19%	34.84%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	91.14%	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 - PENSION
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 422,800	\$ 380,553	\$ 215,647	\$ 149,327	\$ 153,652	\$ 157,509
Contributions in relation to the contractually required contribution	<u>(422,800)</u>	<u>(380,553)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,645,565	\$ 4,255,219	\$ 3,117,210	\$ 2,084,381	\$ 2,104,769	\$ 1,976,829
Contributions as a percentage of covered payroll	9.10%	8.94%	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, 2020

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 650,685	\$ -	\$ 650,685
Changes for the year:			
Service cost	18,378	-	18,378
Interest	26,917	-	26,917
Changes of benefits	(14,622)	-	(14,622)
Differences between expected and actual experience	(71,116)	-	(71,116)
Changes of assumptions	94,935	-	94,935
Contributions - employer	-	25,378	(25,378)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(25,378)	(25,378)	-
Administrative expense	-	-	-
Net changes	29,114	-	29,114
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 679,799</u>	<u>\$ -</u>	<u>\$ 679,799</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*

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	18,378	20,993	16,492
Interest (includes interest on service cost)	26,917	24,029	25,360
Changes of benefit terms	(14,622)	-	-
Differences between expected and actual experience	(71,116)	-	9,533
Changes of assumptions	94,935	(59,546)	(957)
Benefit payments, including refunds of member contributions	(25,378)	(24,402)	(30,165)
Net change in total OPEB liability	\$ 29,114	\$ (38,926)	\$ 20,263
Total OPEB liability - beginning	\$ 650,685	\$ 689,611	\$ 669,348
Total OPEB liability - ending	\$ 679,799	\$ 650,685	\$ 689,611
<u>Plan fiduciary net position</u>			
Contributions - employer	25,378	24,402	30,165
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(25,378)	(24,402)	(30,165)
Administrative expense	-	-	-
Net change in fiduciary net position	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	-
Plan fiduciary net position - ending	\$ -	\$ -	-
Net OPEB liability - ending	\$ 679,799	\$ 650,685	\$ 689,611
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-
Covered payroll	\$ 3,386,124	\$ 3,135,246	\$ 3,135,246
Net OPEB liability as a percentage of covered payroll	20.1%	20.8%	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>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>			
Employer contributions	\$ -	\$ -	\$ -
Benefit payments	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	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, 2020

Changes of Assumptions

For the MMEHT Plan, there was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

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

Other Supplementary Information

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

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

TOWN OF WELLS, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 33,740,133	\$ 33,740,133	\$ 33,496,874	\$ (243,259)
Excise taxes	2,650,000	2,650,000	2,906,408	256,408
Intergovernmental revenues:				
State revenue sharing	210,000	210,000	392,033	182,033
Homestead exemption	392,443	392,443	402,485	10,042
LRAP	200,000	200,000	207,204	7,204
General assistance	3,000	3,000	16,261	13,261
Tree growth	38,000	38,000	31,405	(6,595)
Other	101,956	101,956	103,037	1,081
Charges for services:				
Planning and CEO	292,500	292,500	258,988	(33,512)
Beaches/harbors	87,357	87,357	115,375	28,018
Administration	37,835	37,835	46,864	9,029
Town clerk	79,200	79,200	78,522	(678)
Police department	88,100	88,100	186,203	98,103
Fire department	-	-	2,067	2,067
Dispatch department	100,000	100,000	100,000	-
Health and sanitation	351,900	351,900	415,104	63,204
Library	9,500	9,500	8,560	(940)
Investment income	44,000	44,000	119,302	75,302
Other revenue:				
Interest/fees on taxes	78,000	78,000	56,289	(21,711)
Cable TV fees	186,000	186,000	199,753	13,753
Other income	12,100	12,100	10,512	(1,588)
Transfers from other funds:				
Capital projects funds	692,086	692,086	692,086	-
Enterprise funds	75,000	75,000	75,000	-
TOTAL REVENUES	\$ 39,469,110	\$ 39,469,110	\$ 39,920,332	\$ 451,222

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, 2020

	Original	Budget	Total		Variance
	Appropriations	Adjustments	Available	Actual	Positive (Negative)
General government:					
Administration salaries	\$ 459,607	\$ -	\$ 459,607	\$ 456,723	\$ 2,884
Personnel salaries	137,263	-	137,263	135,175	2,088
Code enforcement salaries	422,553	-	422,553	404,410	18,143
Assessing salaries	261,809	-	261,809	243,994	17,815
Town clerk salaries	330,784	-	330,784	320,762	10,022
Town manager salaries	286,168	-	286,168	282,786	3,382
Office of planning salaries	196,515	-	196,515	196,120	395
Cable TV studio salaries	6,228	-	6,228	4,545	1,683
General government salaries	73,504	-	73,504	71,648	1,856
Train station salaries	48,250	-	48,250	44,847	3,403
Union/non-union salary adjustment	-	77,404	77,404	1,085	76,319
Benefits/insurances/taxes	279,435	7,596	287,031	251,396	35,635
Property/liability insurance	258,412	-	258,412	267,167	(8,755)
Town manager expenses	156,513	-	156,513	151,718	4,795
Office of planning expenses	19,852	5,300	25,152	14,458	10,694
Administration expenses	81,792	-	81,792	67,276	14,516
Town clerk expenses	38,450	-	38,450	31,331	7,119
Assessing expenses	14,900	-	14,900	13,500	1,400
Conservation committee	5,000	-	5,000	3,203	1,797
Code enforcement expenses	21,850	-	21,850	18,598	3,252
General government expenses	261,000	-	261,000	177,117	83,883
Train station operations	34,165	-	34,165	27,558	6,607
Cable TV studio	20,895	-	20,895	14,951	5,944
Personnel department expenses	60,310	-	60,310	40,987	19,323
IT Infrastructure	308,200	22,500	330,700	282,492	48,208
	<u>3,783,455</u>	<u>112,800</u>	<u>3,896,255</u>	<u>3,523,847</u>	<u>372,408</u>

TOWN OF WELLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Public safety:					
Police department salaries	2,774,894	-	2,774,894	2,672,196	102,698
Fire department salaries	1,386,467	-	1,386,467	1,331,343	55,124
Dispatch center salaries	553,828	-	553,828	556,274	(2,446)
Animal control salaries	72,905	-	72,905	66,442	6,463
Police department operations	568,850	-	568,850	455,423	113,427
EMA	85,200	-	85,200	38,388	46,812
Ambulance service	315,000	-	315,000	315,000	-
Fire department operations	310,100	-	310,100	262,951	47,149
Dispatch operations	136,630	-	136,630	95,051	41,579
Animal control operations	16,150	-	16,150	15,410	740
Hydrant rental	150,000	-	150,000	150,910	(910)
	6,370,024	-	6,370,024	5,959,388	410,636
Recreation and culture:					
Recreation salaries	354,897	-	354,897	354,050	847
Recreation operations	54,800	-	54,800	56,664	(1,864)
R Jorgensen activity center	21,785	-	21,785	14,399	7,386
	431,482	-	431,482	425,113	6,369
Education	20,199,403	-	20,199,403	20,199,403	-

TOWN OF WELLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Public works:					
Highway salaries	844,702	-	844,702	789,552	55,150
Highway operations	688,800	-	688,800	559,344	129,456
	<u>1,533,502</u>	<u>-</u>	<u>1,533,502</u>	<u>1,348,896</u>	<u>184,606</u>
Health and sanitation:					
Transfer station salaries	221,840	-	221,840	211,502	10,338
Transfer station operations	372,600	-	372,600	409,608	(37,008)
	<u>594,440</u>	<u>-</u>	<u>594,440</u>	<u>621,110</u>	<u>(26,670)</u>
Beach and harbors:					
Harbor master salaries	117,049	-	117,049	110,141	6,908
Harbor master operating	24,098	-	24,098	24,758	(660)
	<u>141,147</u>	<u>-</u>	<u>141,147</u>	<u>134,899</u>	<u>6,248</u>
Library	<u>603,415</u>	<u>-</u>	<u>603,415</u>	<u>548,733</u>	<u>54,682</u>
County tax	<u>1,731,739</u>	<u>-</u>	<u>1,731,739</u>	<u>1,731,739</u>	<u>-</u>
Debt service:					
Principal	300,000	-	300,000	300,000	-
Interest	565,488	-	565,488	565,488	-
	<u>865,488</u>	<u>-</u>	<u>865,488</u>	<u>865,488</u>	<u>-</u>

TOWN OF WELLS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Unclassified:					
Info center	46,435	-	46,435	46,435	-
Warrant articles - net	415,069	-	415,069	128,341	286,728
Outside agencies	93,750	-	93,750	101,250	(7,500)
	<u>555,254</u>	<u>-</u>	<u>555,254</u>	<u>276,026</u>	<u>279,228</u>
Overlay	<u>1,210,975</u>	<u>-</u>	<u>1,210,975</u>	<u>72,319</u>	<u>1,138,656</u>
Transfers to other funds:					
Special revenue funds	1,390,500	-	1,390,500	1,390,500	-
Capital projects funds	1,864,786	-	1,864,786	1,864,786	-
Enterprise funds	150,000	-	150,000	150,000	-
	<u>3,405,286</u>	<u>-</u>	<u>3,405,286</u>	<u>3,405,286</u>	<u>-</u>
Total Departmental Operations	<u>\$ 41,425,610</u>	<u>\$ 112,800</u>	<u>\$ 41,538,410</u>	<u>\$ 39,112,247</u>	<u>\$ 2,426,163</u>

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

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	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	\$ 29,935	\$ -	\$ 3,783	\$ 33,718
Due from other funds	5,099,156	1,267,202	-	6,366,358
TOTAL ASSETS	<u>\$5,129,091</u>	<u>\$1,267,202</u>	<u>\$ 3,783</u>	<u>\$ 6,400,076</u>
LIABILITIES				
Accounts payable	\$ 364,320	\$ 159,753	\$ -	\$ 524,073
Due to other funds	68,251	18,891	-	87,142
TOTAL LIABILITIES	<u>432,571</u>	<u>178,644</u>	<u>-</u>	<u>611,215</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	3,443,125	-	3,783	3,446,908
Committed	1,273,881	1,107,449	-	2,381,330
Assigned	88,062	-	-	88,062
Unassigned	(108,548)	(18,891)	-	(127,439)
TOTAL FUND BALANCES	<u>4,696,520</u>	<u>1,088,558</u>	<u>3,783</u>	<u>5,788,861</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,129,091</u>	<u>\$1,267,202</u>	<u>\$ 3,783</u>	<u>\$ 6,400,076</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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 304,076	\$ -	\$ -	\$ 304,076
Charges for services	1,638,182	-	-	1,638,182
Interest income	-	-	27	27
Other income	178,604	95,876	-	274,480
TOTAL REVENUES	<u>2,120,862</u>	<u>95,876</u>	<u>27</u>	<u>2,216,765</u>
EXPENDITURES				
General government	1,444,589	-	-	1,444,589
Public safety	161,806	-	-	161,806
Recreation and culture	26,417	-	-	26,417
Public works	77,300	-	-	77,300
Beach and harbors	49,219	-	-	49,219
Library	27,250	-	-	27,250
Unclassified	-	8,788	-	8,788
Capital outlay	464,347	1,883,194	-	2,347,541
TOTAL EXPENDITURES	<u>2,250,928</u>	<u>1,891,982</u>	<u>-</u>	<u>4,142,910</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(130,066)</u>	<u>(1,796,106)</u>	<u>27</u>	<u>(1,926,145)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,361,500	1,864,786	-	3,226,286
Transfers (out)	(663,086)	-	-	(663,086)
TOTAL OTHER FINANCING SOURCES (USES)	<u>698,414</u>	<u>1,864,786</u>	<u>-</u>	<u>2,563,200</u>
NET CHANGE IN FUND BALANCES	568,348	68,680	27	637,055
FUND BALANCES - JULY 1	<u>4,128,172</u>	<u>1,019,878</u>	<u>3,756</u>	<u>5,151,806</u>
FUND BALANCES - JUNE 30	<u>\$ 4,696,520</u>	<u>\$ 1,088,558</u>	<u>\$ 3,783</u>	<u>\$ 5,788,861</u>

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 state 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 and 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 Moses - State (0215) - Pass through account for State portion of Town Clerk Moses transactions.
7. Town Clerk Dogs - State (0220) - Pass through account for State portion of dog fees.
8. Town Clerk Vitals - State (0255) - Pass through account for State portion of vital fees.
9. State Plumbing Permits (0415) - Pass through account for State portion of Plumbing and Plumbing Subsurface Permits.
10. Water Control Improvement (0416) - Pass through account used for State plumbing surcharge fees.
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.

Special Revenue Funds (Continued)

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 the Town cannot be reimbursed for these expenditures by the State.
14. We Are Wells (0476) - To account for transactions related to donations made by Wells citizens and businesses to assist Town residents affected by Covid-19 or similar events that need help but exceed the guidelines for general assistance or the special fuel fund.
15. 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.
16. 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.
17. Central Area Dev Beautification (0550) - This fund is used to account for transactions related to beautification of town owned properties.
18. Boat Tank Pumpout System Grant (0570) - This fund is used to account for transactions relating to the maintenance of the pumpout system.
19. Sidewalk and Bicycle Reserve (0704) - This fund is used to account for transactions related to repair and construction of sidewalks & bicycle paths.
20. Open Space Reserve (0705) - This fund is used to account for transactions related to the purchase of land for conservation and open space.
21. 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.
22. FEMA (0707) - Used to account for transactions related FEMA for the Town.
23. 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.
24. Inland Golf (0713) - To account for impact fees collected from the selling of building lots in the Old Marsh Golf Course residential community located on Route 9B.
25. Ambulance (0715) - This fund is used to account for transactions related to ambulance replacement in conjunction with the Wells Emergency Services.

Special Revenue Funds (Continued)

26. Wells Transport Center (0717) - This fund is used to account for transactions related to the operational shortfalls at the transportation center.
27. 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.
28. Activity Center Parking (0729) - Approved at the FY 2005 Town Meeting for parking lot improvements and enlargement.
29. Library Beautification Fund (0731) - Approved at the FY 2006 Town Meeting to improve landscaping and signage.
30. 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.
31. Town Wide Misc. (0739) - Approved at FY 2011 Town Meeting for unknown daily maintenance throughout the Town.
32. Technology/Workstation Refresh (0740) - Rotating three-year program to refresh/update Town computers. Also used to account for technology improvements, upgrades and additions.
33. Sans 2 (0741) - Upgrades for Town servers to stabilize domain.
34. PD Recorder (0742) - Used to record the emergency and business phones in Dispatch and the Police, Fire and EMS radio traffic. Updated in FY 2019 to also track various CIP projects for the Police Department such as the radio tower project.
35. Assessor Revaluation (0744) - Used to account for transactions related to the revaluation of property assessments throughout the Town of Wells.
36. Solar Panel Buyout (0745) - This fund is used to account for transactions related to the buyout of solar panels.
37. Eastern Trail Design Work (0746) - This fund is used to account for transactions related to the design work of the Eastern Trail.
38. Walden Renewable Solar (0747) - Established in FY 2019, to account for transactions involving the feasibility study of leasing Town land for solar projects. Eventually the fund may be used for transactions involving solar land leases.
39. Pay Classification (0803) - This fund is used to account for transactions related to pay scale studies at the Town Office.
40. Beach Erosion Reserve (0804) - This fund is used to account for transactions related to beach erosion.

Special Revenue Funds (Continued)

41. Harbor Dredge (0805) - This fund is used to account for transactions related to harbor dredging.
42. 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.
43. Cable Studio Upgrades (0807) - To account for funds that will be used to upgrade the cable studio.
44. Sick Leave (0808) - This fund is used to account for transactions related to sick leave.
45. Traffic Study (0814) - This fund is used to account for transactions related to the traffic impact study.
46. Wells Conservation (0816) - This fund is used to account for transactions related to the special conservation projects or improvements.
47. Building Improvements (0817) - This fund is used to account for transactions related to repairs and maintenance of Town facilities.
48. Recycling (0820) - This fund is used to account for transactions related to a recycling grant for the purchase of buckets.
49. Walter Marsh Field Area (0824) - This fund is used to account for transactions related to repairs and maintenance of the recreation field on 9A.
50. Revolving Vehicle Loan (0827) - This fund is used to account for transactions related to the purchase and refunding for new vehicles.
51. 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.
52. Public Safety Beautification (0841) - This fund created in FY 2019 is used to account for beautification projects at the public safety facility on Route 1.
53. Library (0851) - This fund is used to account for transactions related to the library building expansion.
54. Library Board (0852) - Used for disbursements/donations for the library.
55. Library Donations (0853) - This fund is used to account for transactions relating to the library.
56. Town Maps (0901) - This fund is used to account for transactions involved with repairs and replacement of the engineering copier.
57. School House 9 (0903) - This fund is used to account for transactions related to the upkeep of the school house.

Special Revenue Funds (Continued)

58. Wells Preservation (0906) - Originally approved as 1710 Restoration to account for restoration and preservation work to the 1710 Cape (located adjacent to the Town Hall). The account name was changed in FY 2019 to track all preservation projects throughout the Town.
59. Harbor Park Project (0907) - This fund is used to account for transactions related to improvements and repairs at the harbor park.
60. Harbor Park Burke Memorial (0909) - Funds used to maintain the Joan Burke path.
61. Joseph Bednarz Memorial (0910) - This fund is used to account for transactions related to a park bench.
62. Harbor Park Concerts (0914) - This fund is used to account for transactions related to summer concerts in the park.
63. Harbor Park Pavilion (0915) - This fund used to account for transactions related to the construction and maintenance of the pavilion at Harbor Park.
64. Dry Hydrants (0922) - This fund is used to account for transactions related to installation and maintenance of dry hydrants.
65. Wells Police Association (0925) - This fund is used to account for transactions related to employee to employee concerns.
66. Fire Dept. Donations (0926) - To account for donations given to the Wells Fire Department to be used at the discretion of the department.
67. JR Fire (0927) - To account for donations given to the Wells Fire Department to be used for Jr Fire Fighters at the discretion of the department.
68. Fire Grants (0940) - Used to account for transactions related to grants applied for and subsequently received by the Fire Department.
69. Police Grants (0941) - Used to account for transactions related to grants applied for and subsequently received by the Police Department.
70. Wellness Works (0942) - Grants related to activities of the Town's wellness committee.
71. Harbor Plan Update Grant (0944) - Grant related to the update of the Town's harbor master plan.
72. Dispatch (0947) - This fund was established in FY 2013 to account for transactions related to shared dispatch services with Ogunquit.

Special Revenue Funds (Continued)

73. Maine Coastal Program Grant (0948) - This fund is used to account for transactions related to Maine Coastal Grants. Fund includes, but is not limited to, grants to research beach ownership and improving public access or the Harbor Trail project.
74. FEMA Map Study (0950) - Used to account for transactions related to the Town's appeal of the 2013 FEMA Flood Maps for the Town.
75. Harbor Grants (0951) - To account for transactions related to grants applied for and subsequently received by the Harbor Master.
76. FLAP Grant - Furbish Road (0952) - This fund is used to account for transactions related to the grant application for the Furbish Road Improvement Project.
77. FLAP Grant - Harbor Road (0953) - This fund is used to account for transactions related to the grant application for the Harbor Road Improvements Project.

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Drug Seizure (0002)	Drug Forfeiture (0008)	Harbor Moorings and Floats (0012)	Town Clerk Animal Control (0201)	Shellfish Control (0210)	Town Clerk Moses - State (0215)	Town Clerk Dogs - State (0220)
ASSETS							
Cash and cash equivalents	\$ 10,186	\$ 17,419	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	400,418	67,933	34,205	15,336	105
TOTAL ASSETS	\$ 10,186	\$ 17,419	\$ 400,418	\$ 67,933	\$ 34,205	\$ 15,336	\$ 105
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 125	\$ 2,574	\$ 15,336	\$ 105
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	125	2,574	15,336	105
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	10,186	17,419	400,418	67,808	31,631	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	10,186	17,419	400,418	67,808	31,631	-	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 10,186	\$ 17,419	\$ 400,418	\$ 67,933	\$ 34,205	\$ 15,336	\$ 105

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Town Clerk Vitals - State (0255)	State Plumbing Permits (0415)	Water Control Improvement (0416)	Admin State Auto Reg (0435)	Background Checks (0470)	Fuel Donations (0475)	We Are Wells (0476)	Smoke Detector/Carbon Monoxide (0480)
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	178	1,748	195	188,370	405	48,443	23,032	809
TOTAL ASSETS	\$ 178	\$ 1,748	\$ 195	\$ 188,370	\$ 405	\$ 48,443	\$ 23,032	\$ 809
LIABILITIES								
Accounts payable	\$ 178	\$ 1,748	\$ 195	\$ 188,370	\$ -	\$ 797	\$ 886	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	178	1,748	195	188,370	-	797	886	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	809
Assigned	-	-	-	-	405	47,646	22,146	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	-	-	405	47,646	22,146	809
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	\$ 178	\$ 1,748	\$ 195	\$ 188,370	\$ 405	\$ 48,443	\$ 23,032	\$ 809

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Wells Activity Center (0522)	Central Area Dev. Beautification (0550)	Boat Tank Pumpout System Grant (0570)	Sidewalk and Bicycle Reserve (0704)	Open Space Reserve (0705)	Municipal Land Reserve (0706)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	24,037	20,111	-	242,931	280,603	89,909
TOTAL ASSETS	<u>\$ 24,037</u>	<u>\$ 20,111</u>	<u>\$ -</u>	<u>\$ 242,931</u>	<u>\$ 280,603</u>	<u>\$ 89,909</u>
LIABILITIES						
Accounts payable	\$ 2,350	\$ -	\$ -	\$ -	\$ 1,082	\$ -
Due to other funds	-	-	1,035	-	-	-
TOTAL LIABILITIES	<u>2,350</u>	<u>-</u>	<u>1,035</u>	<u>-</u>	<u>1,082</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	21,687	20,111	-	242,931	279,521	89,909
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	(1,035)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>21,687</u>	<u>20,111</u>	<u>(1,035)</u>	<u>242,931</u>	<u>279,521</u>	<u>89,909</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 24,037</u>	<u>\$ 20,111</u>	<u>\$ -</u>	<u>\$ 242,931</u>	<u>\$ 280,603</u>	<u>\$ 89,909</u>

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	FEMA (0707)	Infrastructure Reserve (0708)	Inland Golf (0713)	Ambulance (0715)	Conservation Commission Program (0716)	Wells Transport Center (0717)	Beautification Reserve (0727)	Activity Center Parking (0729)
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	82,290	751,799	354,614	80,176	80	-	24,951	3,780
TOTAL ASSETS	\$ 82,290	\$ 751,799	\$ 354,614	\$ 80,176	\$ 80	\$ -	\$ 24,951	\$ 3,780
LIABILITIES								
Accounts payable	\$ 42,112	\$ 5,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	42,112	5,819	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	40,178	-	354,614	-	-	-	24,951	3,780
Committed	-	745,980	-	80,176	80	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	40,178	745,980	354,614	80,176	80	-	24,951	3,780
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	\$ 82,290	\$ 751,799	\$ 354,614	\$ 80,176	\$ 80	\$ -	\$ 24,951	\$ 3,780

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Library Beautification Fund (0731)	Rec Site Plan (0732)	Town Wide Misc (0739)	Technology/ Workstation Refresh (0740)	Sans 2 (0741)	PD Recorder (0742)	Assessor Revaluation (0744)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,000	5,000	170,897	300,488	849	612,330	40,000
TOTAL ASSETS	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 170,897</u>	<u>\$ 300,488</u>	<u>\$ 849</u>	<u>\$ 612,330</u>	<u>\$ 40,000</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	300,488	849	612,330	40,000
Committed	20,000	5,000	170,897	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>20,000</u>	<u>5,000</u>	<u>170,897</u>	<u>300,488</u>	<u>849</u>	<u>612,330</u>	<u>40,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 170,897</u>	<u>\$ 300,488</u>	<u>\$ 849</u>	<u>\$ 612,330</u>	<u>\$ 40,000</u>

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Solar Panel Buyout (0745)	Eastern Trail Design Work (0746)	Walden Renewable Solar (0747)	Pay Classification (0803)	Beach Erosion Reserve (0804)	Harbor Dredge (0805)	Future Beach Sand Purchase (0806)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	40,000	-	7,084	5,624	301,333	90,000	192,405
TOTAL ASSETS	\$ 40,000	\$ -	\$ 7,084	\$ 5,624	\$ 301,333	\$ 90,000	\$ 192,405
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	891	-	-	-	-	-
TOTAL LIABILITIES	-	891	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	40,000	-	7,084	5,624	301,333	90,000	192,405
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(891)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	40,000	(891)	7,084	5,624	301,333	90,000	192,405
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)							
	\$ 40,000	\$ -	\$ 7,084	\$ 5,624	\$ 301,333	\$ 90,000	\$ 192,405

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Cable Studio Upgrades (0807)	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	6,387	-	21,925	16,281	101,364	4,676	1,389
TOTAL ASSETS	\$ 6,387	\$ -	\$ 21,925	\$ 16,281	\$ 101,364	\$ 4,676	\$ 1,389
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	3,728	-	-	-	-	-
TOTAL LIABILITIES	-	3,728	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	6,387	-	21,925	16,281	-	4,676	1,389
Committed	-	-	-	-	101,364	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(3,728)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	6,387	(3,728)	21,925	16,281	101,364	4,676	1,389
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 6,387	\$ -	\$ 21,925	\$ 16,281	\$ 101,364	\$ 4,676	\$ 1,389

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Revolving Vehicle Loan (0827)	Computer Mapping Town Hall (0830)	Public Safety Beautification (0841)	Library Library (0851)	Library Board (0852)	Library Donations (0853)	Town Maps (0901)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	56,016	35,410	61,016	63,236	-	18,399	6,339
TOTAL ASSETS	<u>\$ 56,016</u>	<u>\$ 35,410</u>	<u>\$ 61,016</u>	<u>\$ 63,236</u>	<u>\$ -</u>	<u>\$ 18,399</u>	<u>\$ 6,339</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 91,321	\$ -	\$ -	\$ 534	\$ -
Due to other funds	-	-	-	-	44	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>91,321</u>	<u>-</u>	<u>44</u>	<u>534</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	35,410	-	-	-	-	6,339
Committed	56,016	-	-	63,236	-	-	-
Assigned	-	-	-	-	-	17,865	-
Unassigned	-	-	(30,305)	-	(44)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>56,016</u>	<u>35,410</u>	<u>(30,305)</u>	<u>63,236</u>	<u>(44)</u>	<u>17,865</u>	<u>6,339</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)							
	<u>\$ 56,016</u>	<u>\$ 35,410</u>	<u>\$ 61,016</u>	<u>\$ 63,236</u>	<u>\$ -</u>	<u>\$ 18,399</u>	<u>\$ 6,339</u>

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	School House 9 (0903)	Wells Preservation (0906)	Harbor Park Project (0907)	Harbor Park Burke Memorial (0909)	Joseph Bednarz Memorial (0910)	Harbor Park Concerts (0914)	Harbor Park Pavilion (0915)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,293	30,323	54,860	863	5,094	6,599	4,535
TOTAL ASSETS	\$ 20,293	\$ 30,323	\$ 54,860	\$ 863	\$ 5,094	\$ 6,599	\$ 4,535
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 796	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	796	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	20,293	-	54,064	863	5,094	6,599	4,535
Committed	-	30,323	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	20,293	30,323	54,064	863	5,094	6,599	4,535
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 20,293	\$ 30,323	\$ 54,860	\$ 863	\$ 5,094	\$ 6,599	\$ 4,535

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Dry Hydrants (0922)	Wells Police Association (0925)	Fire Dept. Donations (0926)	JR Fire (0927)	Fire Grants (0940)	Police Grants (0941)	Wellness Works (0942)	Harbor Plan Update Grant (0944)
ASSETS								
Cash and cash equivalents	\$ -	\$ 2,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	17,737	-	12,696	332	20,747	4,748	151	-
TOTAL ASSETS	\$ 17,737	\$ 2,330	\$ 12,696	\$ 332	\$ 20,747	\$ 4,748	\$ 151	\$ -
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	2,502
TOTAL LIABILITIES	-	-	-	-	-	-	-	2,502
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	17,737	2,330	12,696	332	20,747	4,748	151	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(2,502)
TOTAL FUND BALANCES (DEFICITS)	17,737	2,330	12,696	332	20,747	4,748	151	(2,502)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	\$ 17,737	\$ 2,330	\$ 12,696	\$ 332	\$ 20,747	\$ 4,748	\$ 151	\$ -

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Dispatch (0947)	Maine Coastal Program Grant (0948)	FEMA Map Study (0950)	Harbor Grants (0951)	FLAP Grant Furbish Road (0952)	FLAP Grant Harbor Road (0953)	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,935
Due from other funds	506	4,766	-	-	-	-	5,099,156
TOTAL ASSETS	\$ 506	\$ 4,766	\$ -	\$ -	\$ -	\$ -	\$ 5,129,091
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 5,769	\$ 4,223	\$ 364,320
Due to other funds	-	-	12,640	12,405	16,489	18,517	68,251
TOTAL LIABILITIES	-	-	12,640	12,405	22,258	22,740	432,571
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	506	4,766	-	-	-	-	3,443,125
Committed	-	-	-	-	-	-	1,273,881
Assigned	-	-	-	-	-	-	88,062
Unassigned	-	-	(12,640)	(12,405)	(22,258)	(22,740)	(108,548)
TOTAL FUND BALANCES (DEFICITS)	506	4,766	(12,640)	(12,405)	(22,258)	(22,740)	4,696,520
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)							
	\$ 506	\$ 4,766	\$ -	\$ -	\$ -	\$ -	\$ 5,129,091

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, 2020

	Drug Seizure (0002)	Drug Forfeiture (0008)	Harbor Moorings & Floats (0012)	Town Clerk Animal Control (0201)	Shellfish Control (0210)	Town Clerk Moses - State (0215)	Town Clerk Dogs - State (0220)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	80,367	6,799	3,094	82,071	7,761
Other income	5	8	-	-	-	-	-
TOTAL REVENUES	5	8	80,367	6,799	3,094	82,071	7,761
EXPENDITURES							
General government	-	-	-	-	-	82,071	-
Public safety	-	-	-	8,582	-	-	7,761
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	10,662	-	7,368	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	10,662	8,582	7,368	82,071	7,761
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5	8	69,705	(1,783)	(4,274)	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	5	8	69,705	(1,783)	(4,274)	-	-
FUND BALANCES (DEFICITS) - JULY 1	10,181	17,411	330,713	69,591	35,905	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 10,186	\$ 17,419	\$ 400,418	\$ 67,808	\$ 31,631	\$ -	\$ -

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Town Clerk Vitals - State (0255)	State Plumbing Permits (0415)	Water Control Improvement (0416)	Admin State Auto Reg (0435)	Background Checks (0470)	Fuel Donations (0475)	We Are Wells (0476)	Smoke Detector/Carbon Monoxide (0480)
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	1,810	13,310	-	1,278,266	-	-	-	-
Other income	-	-	1,290	-	-	14,354	29,632	-
TOTAL REVENUES	1,810	13,310	1,290	1,278,266	-	14,354	29,632	-
EXPENDITURES								
General government	1,810	13,310	1,290	1,278,266	-	8,728	7,486	-
Public safety	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,810	13,310	1,290	1,278,266	-	8,728	7,486	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	5,626	22,146	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	5,626	22,146	-
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	-	405	42,020	-	809
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ 405	\$ 47,646	\$ 22,146	\$ 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, 2020

	Wells Activity Center (0522)	Central Area Dev. Beautification (0550)	Boat Tank Pumpout System Grant (0570)	Sidewalk & Bicycle Reserve (0704)	Open Space Reserve (0705)	Municipal Land Reserve (0706)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 31,995	\$ -	\$ -	\$ -
Charges for services	6,990	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	6,990	-	31,995	-	-	-
EXPENDITURES						
General government	-	-	-	-	10,403	-
Public safety	-	-	-	-	-	-
Recreation and culture	14,852	-	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	-	-	22,232	-	-	-
Library	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	14,852	-	22,232	-	10,403	-
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	(7,862)	-	9,763	-	(10,403)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	75,000	100,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	75,000	100,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(7,862)	-	9,763	75,000	89,597	-
FUND BALANCES (DEFICITS) - JULY 1	29,549	20,111	(10,798)	167,931	189,924	89,909
FUND BALANCES (DEFICITS) - JUNE 30	\$ 21,687	\$ 20,111	\$ (1,035)	\$ 242,931	\$ 279,521	\$ 89,909

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	FEMA (0707)	Infrastructure Reserve (0708)	Inland Golf (0713)	Ambulance (0715)	Conservation Commission Program (0716)	Wells Transport Center (0717)	Beautification Reserve (0727)	Activity Center Parking (0729)
REVENUES								
Intergovernmental revenue	\$ 211,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	150,000	-	-	-	-	-
Other income	-	-	-	-	80	-	-	-
TOTAL REVENUES	211,083	-	150,000	-	80	-	-	-
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Public works	77,300	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Capital outlay	-	128,458	-	-	-	-	-	-
TOTAL EXPENDITURES	77,300	128,458	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	133,783	(128,458)	150,000	-	80	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	300,000	-	80,000	-	-	-	-
Transfers (out)	-	-	(602,086)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	300,000	(602,086)	80,000	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	133,783	171,542	(452,086)	80,000	80	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	(93,605)	574,438	806,700	176	-	-	24,951	3,780
FUND BALANCES (DEFICITS) - JUNE 30	\$ 40,178	\$ 745,980	\$ 354,614	\$ 80,176	\$ 80	\$ -	\$ 24,951	\$ 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, 2020

	Library Beautification Fund (0731)	Rec Site Plan (0732)	Town Wide Misc (0739)	Technology/ Workstation Refresh (0740)	Sans 2 (0741)	PD Recorder (0742)	Assessor Revaluation (0744)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
General government	-	-	1,026	-	-	-	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	244,676	-	24,360	-
TOTAL EXPENDITURES	-	-	1,026	244,676	-	24,360	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,026)	(244,676)	-	(24,360)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	81,000	153,000	-	521,500	15,000
Transfers (out)	-	-	-	-	(61,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	81,000	153,000	(61,000)	521,500	15,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	79,974	(91,676)	(61,000)	497,140	15,000
FUND BALANCES (DEFICITS) - JULY 1	20,000	5,000	90,923	392,164	61,849	115,190	25,000
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,000	\$ 5,000	\$ 170,897	\$ 300,488	\$ 849	\$ 612,330	\$ 40,000

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Solar Panel Buyout (0745)	Eastern Trail Design Work (0746)	Walden Renewable Solar (0747)	Pay Classification (0803)	Beach Erosion Reserve (0804)	Harbor Dredge (0805)	Future Beach Sand Purchase (0806)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	11,250	-	43,160	-	-
TOTAL REVENUES	-	-	11,250	-	43,160	-	-
EXPENDITURES							
General government	-	-	8,326	-	-	-	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	8,326	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2,924	-	43,160	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	10,000	-	-	-	-	30,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,000	-	-	-	-	30,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	10,000	-	2,924	-	43,160	30,000	-
FUND BALANCES (DEFICITS) - JULY 1	30,000	(891)	4,160	5,624	258,173	60,000	192,405
FUND BALANCES (DEFICITS) - JUNE 30	\$ 40,000	\$ (891)	\$ 7,084	\$ 5,624	\$ 301,333	\$ 90,000	\$ 192,405

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Cable Studio Upgrades (0807)	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	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>6,387</u>	<u>(3,728)</u>	<u>21,925</u>	<u>16,281</u>	<u>101,364</u>	<u>4,676</u>	<u>1,389</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,387</u>	<u>\$ (3,728)</u>	<u>\$ 21,925</u>	<u>\$ 16,281</u>	<u>\$ 101,364</u>	<u>\$ 4,676</u>	<u>\$ 1,389</u>

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Revolving Vehicle Loan (0827)	Computer Mapping Town Hall (0830)	Public Safety Beautification (0841)	Library (0851)	Library Board (0852)	Library Donations (0853)	Town Maps (0901)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	74
Other income	-	-	45,000	-	-	14,592	-
TOTAL REVENUES	-	-	45,000	-	-	14,592	74
EXPENDITURES							
General government	6,033	25,088	-	-	-	-	-
Public safety	-	-	123,084	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	17,037	-	10,213	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	6,033	25,088	123,084	17,037	-	10,213	-
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES	(6,033)	(25,088)	(78,084)	(17,037)	-	4,379	74
OTHER FINANCING SOURCES (USES)							
Transfers in	-	16,500	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	16,500	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(6,033)	(8,588)	(78,084)	(17,037)	-	4,379	74
FUND BALANCES (DEFICITS) - JULY 1	62,049	43,998	47,779	80,273	(44)	13,486	6,265
FUND BALANCES (DEFICITS) - JUNE 30	\$ 56,016	\$ 35,410	\$ (30,305)	\$ 63,236	\$ (44)	\$ 17,865	\$ 6,339

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	School House 9 (0903)	Wells Preservation (0906)	Harbor Park Project (0907)	Harbor Park Burke Memorial (0909)	Joseph Bednarz Memorial (0910)	Harbor Park Concerts (0914)	Harbor Park Pavilion (0915)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	3,685	3,955	-
Other income	-	-	5,815	-	-	-	-
TOTAL REVENUES	-	-	5,815	-	3,685	3,955	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	2,415	9,150	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	3,700	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	3,700	-	2,415	9,150	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2,115	-	1,270	(5,195)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	8,500	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	8,500	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	2,115	-	1,270	3,305	-
FUND BALANCES (DEFICITS) - JULY 1	20,293	30,323	51,949	863	3,824	3,294	4,535
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,293	\$ 30,323	\$ 54,064	\$ 863	\$ 5,094	\$ 6,599	\$ 4,535

TOWN OF WELLS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Dry Hydrants (0922)	Wells Police Association (0925)	Fire Dept. Donations (0926)	JR Fire (0927)	Fire Grants (0940)	Police Grants (0941)	Wellness Works (0942)	Harbor Plan Update Grant (0944)
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,826	\$ 1,237	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other income	-	390	12,696	332	-	-	-	-
TOTAL REVENUES	-	390	12,696	332	-	21,826	1,237	-
EXPENDITURES								
General government	-	-	-	-	-	-	752	-
Public safety	-	553	-	-	-	21,826	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	553	-	-	-	21,826	752	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(163)	12,696	332	-	-	485	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(163)	12,696	332	-	-	485	-
FUND BALANCES (DEFICITS) - JULY 1	17,737	2,493	-	-	20,747	4,748	(334)	(2,502)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 17,737	\$ 2,330	\$ 12,696	\$ 332	\$ 20,747	\$ 4,748	\$ 151	\$ (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, 2020

	Dispatch (0947)	Maine Coastal Program Grant (0948)	FEMA Map Study (0950)	Harbor Grants (0951)	FLAP Grant Furbish Road (0952)	FLAP Grant Harbor Road (0953)	Total
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 22,737	\$ 15,198	\$ 304,076
Charges for services	-	-	-	-	-	-	1,638,182
Other income	-	-	-	-	-	-	178,604
TOTAL REVENUES	-	-	-	-	22,737	15,198	2,120,862
EXPENDITURES							
General government	-	-	-	-	-	-	1,444,589
Public safety	-	-	-	-	-	-	161,806
Recreation and culture	-	-	-	-	-	-	26,417
Public works	-	-	-	-	-	-	77,300
Beach and harbors	-	5,257	-	-	-	-	49,219
Library	-	-	-	-	-	-	27,250
Capital outlay	-	-	-	-	33,509	33,344	464,347
TOTAL EXPENDITURES	-	5,257	-	-	33,509	33,344	2,250,928
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES	-	(5,257)	-	-	(10,772)	(18,146)	(130,066)
OTHER FINANCING SOURCES (USES)							
Transfers in	(29,000)	-	-	-	-	-	1,361,500
Transfers (out)	-	-	-	-	-	-	(663,086)
TOTAL OTHER FINANCING SOURCES (USES)	(29,000)	-	-	-	-	-	698,414
NET CHANGE IN FUND BALANCES (DEFICITS)	(29,000)	(5,257)	-	-	(10,772)	(18,146)	568,348
FUND BALANCES (DEFICITS) - JULY 1	29,506	10,023	(12,640)	(12,405)	(11,486)	(4,594)	4,128,172
FUND BALANCES (DEFICITS) - JUNE 30	\$ 506	\$ 4,766	\$ (12,640)	\$ (12,405)	\$ (22,258)	\$ (22,740)	\$ 4,696,520

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, 2020

	Harbor Mooring Tender CIP (0013)	Public Works Equipment Reserve (0701)	Fire Truck Reserve (0703)	Paving/ Sidewalks Bridges (0723)	Public Safety Equipment (0842)
ASSETS					
Due from other funds	\$ -	\$ 130,749	\$ 662,825	\$ 217,044	-
TOTAL ASSETS	\$ -	\$ 130,749	\$ 662,825	\$ 217,044	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ 4,140	\$ -	\$ 155,613	\$ -
Due to other funds	18,891	-	-	-	-
TOTAL LIABILITIES	18,891	4,140	-	155,613	-
FUND BALANCES (DEFICIT)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	126,609	662,825	61,431	-
Assigned	-	-	-	-	-
Unassigned	(18,891)	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	(18,891)	126,609	662,825	61,431	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ -	\$ 130,749	\$ 662,825	\$ 217,044	\$ -

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	FD Misc Operating Equip Reserve (0734)	WEMS EKG/DEFIB Reserve (0735)	Town Clerk Voting Machines (0736)	PD Boat (0738)	Total
ASSETS					
Due from other funds	\$ 193,676	\$ 33,804	\$ 25,679	\$ 3,425	\$ 1,267,202
TOTAL ASSETS	\$ 193,676	\$ 33,804	\$ 25,679	\$ 3,425	\$ 1,267,202
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 159,753
Due to other funds	-	-	-	-	18,891
TOTAL LIABILITIES	-	-	-	-	178,644
FUND BALANCES (DEFICIT)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	193,676	33,804	25,679	3,425	1,107,449
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(18,891)
TOTAL FUND BALANCES (DEFICIT)	193,676	33,804	25,679	3,425	1,088,558
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 193,676	\$ 33,804	\$ 25,679	\$ 3,425	\$ 1,267,202

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, 2020

	Harbor Mooring Tender CIP (0013)	Public Works Equipment Reserve (0701)	Fire Truck Reserve (0703)	Paving/ Sidewalks Bridges (0723)	Public Safety Equipment (0842)
REVENUES					
Other income	\$ 10,579	\$ 15,000	\$ -	\$ 69,521	\$ -
TOTAL REVENUES	<u>10,579</u>	<u>15,000</u>	<u>-</u>	<u>69,521</u>	<u>-</u>
EXPENDITURES					
Capital outlay	-	731,185	10,900	1,008,354	60,000
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>731,185</u>	<u>10,900</u>	<u>1,008,354</u>	<u>60,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,579</u>	<u>(716,185)</u>	<u>(10,900)</u>	<u>(938,833)</u>	<u>(60,000)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	20,000	395,586	225,000	1,000,000	60,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>395,586</u>	<u>225,000</u>	<u>1,000,000</u>	<u>60,000</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	30,579	(320,599)	214,100	61,167	-
FUND BALANCES (DEFICIT) - JULY 1	<u>(49,470)</u>	<u>447,208</u>	<u>448,725</u>	<u>264</u>	<u>-</u>
FUND BALANCES (DEFICIT) - JUNE 30	<u>\$ (18,891)</u>	<u>\$ 126,609</u>	<u>\$ 662,825</u>	<u>\$ 61,431</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, 2020

	FD Misc Operating Equip Reserve (0734)	WEMS EKG/DEFIB Reserve (0735)	Town Clerk Voting Machines (0736)	PD Boat (0738)	Total
REVENUES					
Other income	\$ -	\$ -	\$ -	\$ 776	\$ 95,876
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>776</u>	<u>95,876</u>
EXPENDITURES					
Capital outlay	30,755	42,000	-	-	1,883,194
Other	-	-	8,335	453	8,788
TOTAL EXPENDITURES	<u>30,755</u>	<u>42,000</u>	<u>8,335</u>	<u>453</u>	<u>1,891,982</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,755)</u>	<u>(42,000)</u>	<u>(8,335)</u>	<u>323</u>	<u>(1,796,106)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	144,200	20,000	-	-	1,864,786
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>144,200</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,864,786</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	113,445	(22,000)	(8,335)	323	68,680
FUND BALANCES (DEFICIT) - JULY 1	<u>80,231</u>	<u>55,804</u>	<u>34,014</u>	<u>3,102</u>	<u>1,019,878</u>
FUND BALANCES (DEFICIT) - JUNE 30	<u>\$ 193,676</u>	<u>\$ 33,804</u>	<u>\$ 25,679</u>	<u>\$ 3,425</u>	<u>\$ 1,088,558</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, 2020

	Bailey Trust <u>Scholarship</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 3,783	\$ 3,783
TOTAL ASSETS	<u>\$ 3,783</u>	<u>\$ 3,783</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	3,783	3,783
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>3,783</u>	<u>3,783</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,783</u>	<u>\$ 3,783</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, 2020

	Bailey Trust Scholarship	Total
REVENUES		
Interest income	\$ 27	\$ 27
TOTAL REVENUES	<u>27</u>	<u>27</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	27	27
FUND BALANCES - JULY 1	<u>3,756</u>	<u>3,756</u>
FUND BALANCES - JUNE 30	<u>\$ 3,783</u>	<u>\$ 3,783</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, 2020

	Land, Other Non- Depreciable Assets and Construction in Progress	Land Improvements, Buildings and Building Improvements	Equipment and Vehicles	Infrastructure	Total
Administration	\$ 1,083,740	\$ 895,011	\$ 683,394	21,621	\$ 2,683,766
Police	-	14,236,981	1,589,886	-	15,826,867
Fire	158,440	310,693	3,508,258	-	3,977,391
Ambulance	-	-	613,154	-	613,154
Public works	1,014,798	1,740,603	2,993,290	20,231,334	25,980,025
Library	356,868	2,082,778	789,549	-	3,229,195
Parks and recreation	308,060	781,134	188,482	22,393	1,300,069
Recreation enterprise	-	197,077	9,632	41,125	247,834
Harbormaster	599,840	460,370	341,332	1,729,489	3,131,031
Transfer station	189,980	1,450,908	685,830	61,410	2,388,128
Town-wide	5,594,119	1,564,047	529,401	875,604	8,563,171
Beach operations	-	91,942	272,421	283,215	647,578
Total General Capital Assets	9,305,845	23,811,544	12,204,629	23,266,191	68,588,209
Less: Accumulated Depreciation	-	(4,675,178)	(7,957,383)	(11,191,280)	(23,823,841)
Net General Capital Assets	<u>\$ 9,305,845</u>	<u>\$ 19,136,366</u>	<u>\$ 4,247,246</u>	<u>\$ 12,074,911</u>	<u>\$ 44,764,368</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, 2020

	General Capital Assets 7/1/19 (Restated)	Additions	Deletions	General Capital Assets 6/30/20
Administration	\$ 2,669,366	\$ 14,400	\$ -	\$ 2,683,766
Police	12,809,493	14,799,916	(11,782,542)	15,826,867
Fire	4,655,700	8,050	(686,359)	3,977,391
Ambulance	604,804	42,000	(33,650)	613,154
Public works	24,689,693	1,656,267	(365,935)	25,980,025
Library	3,231,351	45,049	(47,205)	3,229,195
Parks and recreation	1,274,866	25,203	-	1,300,069
Recreation enterprise	239,593	180,492	(172,251)	247,834
Harbormaster	3,299,779	58,407	(227,155)	3,131,031
Transfer station	2,388,128	-	-	2,388,128
Town-wide	8,265,799	297,372	-	8,563,171
Beach operations	632,578	15,000	-	647,578
Total General Capital Assets	64,761,150	17,142,156	(13,315,097)	68,588,209
Less: Accumulated Depreciation	(23,822,071)	(2,578,311)	2,576,541	(23,823,841)
Net General Capital Assets	<u>\$ 40,939,079</u>	<u>\$ 14,563,845</u>	<u>\$ (10,738,556)</u>	<u>\$ 44,764,368</u>

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



Proven Expertise & 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

Selectboard
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, 2020 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 23, 2020.

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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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*. We noted certain other matters that we reported to management of the Town of Wells, Maine in a separate letter dated December 22, 2020.

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 23, 2020