

City of Lewiston, Maine Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2018



City of Lewiston, Maine

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

For the Fiscal Year Ended June 30, 2018

Prepared by:
Heather A. Hunter, Finance Director/Treasurer

INTRODUCTORY SECTION

City of Lewiston, Maine
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

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City of Lewiston
Heather Hunter, Finance Director/Treasurer

December 24, 2018

Honorable Shane D. Bouchard, Mayor
Members of the City Council, and
Citizens of Lewiston

The comprehensive annual financial report (CAFR) of the City of Lewiston for the year ended June 30, 2018 is hereby submitted as required by the City Charter. The Charter requires that the City of Lewiston issue a report annually on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The financial statements are presented in conformance with generally accepted accounting principles in the United States (GAAP) and audited in accordance with generally accepted auditing standards (GAAS).

Management of the City of Lewiston assumes full responsibility for the completeness and accuracy of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Lewiston's financial statements have been audited by RHR Smith & Company, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City of Lewiston's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is presented at the front of the financial section of this report.

The independent audit of the financial statements of the City of Lewiston was part of a broader, federally mandated audit in accordance with OMB Circular A-133 designed to meet the special needs of federal grantor agencies. The standards governing the OMB Circular A-133 engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Lewiston's separately issued report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The comprehensive annual financial report is presented in three sections: introductory,

financial and statistical. The introductory section, which is not audited, includes the transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining and individual fund statements and schedules as well as the independent auditor's report and MD&A. The statistical section includes selected financial and demographic information, which is generally presented on a multi-year basis and is unaudited.

GOVERNMENTAL PROFILE

Lewiston incorporated as a Town in 1795 and established as a City in 1863, is located on the east bank of the Androscoggin River in the south-central section of the State and is the second largest City in Maine with a population of 36,592, as of the 2010 census. The City is 34 miles north of Portland, Maine, 142 miles from Boston and 195 miles from Quebec City, Canada and encompasses an area of 34 square miles.

The City has operated under the Council-Administrator form of government since its most recent charter revision effective in 1980. Policy making and legislative authority are vested in the governing council which consists of a mayor and seven-member council. The governing council is vested with the authority, among other things, to adopt the budget, pass ordinances, and hire the City Administrator and City Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the City's department heads. The Finance Director and other officials, whose primary function is financial, such as the Treasurer and Tax Collector, shall be appointed by the City Administrator and confirmed by the City Council. The City Clerk is also appointed by the City Administrator and confirmed by the City Council. The Mayor and Council are elected on a nonpartisan basis and to two-year terms. Only the Mayor has a limit on the term of office of 2, two-year terms. A school committee, consisting of nine members, eight elected and one City Council representative, has general authority for the public schools.

The financial reporting entity includes all funds of the City of Lewiston. The City provides a full range of services including: police and fire protection; education; sanitation services; the construction and maintenance of highways, streets and infrastructure; human services; recreation and cultural activities; water, sewer and storm water utility services.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Lewiston Mill Redevelopment Corporation is reported as a nonmajor special revenue fund in the City's governmental fund financial statements and included in the Governmental Activities column in the City's government-wide financial statements.

Financial statements for the following entities are not included in this report as they are administered by boards separate from, or independent of, the City Council and otherwise have not met the established criteria for inclusion in the reporting entity:

Lewiston-Auburn Water Pollution Control Authority
Lake Auburn Watershed Protection Commission
Auburn-Lewiston Municipal Airport

Lewiston-Auburn Transit Committee
Lewiston-Auburn 9-1-1 Committee

Brief descriptions of these organizations and selected financial data are incorporated in the notes to the financial statements.

The annual budget serves as the foundation for the City of Lewiston's financial planning and control. The City Administrator is required to submit a budget to the City Council for the ensuing fiscal year. The City of Lewiston's School Committee is also required to submit a budget to the City Council for adoption. The City Administrator's budget message explains the budget in fiscal terms and in terms of the work programs. It outlines the proposed financial policies of the City for the ensuing fiscal year, describes the important features of the budget, and indicates any major changes from the current year in financial policies, expenditures and revenues together with the reason for such changes. The legal level of budgetary control is at the department level for the general fund and enterprise funds, and at the federal program level for the Community Development Block Grant (CDBG) fund. At anytime during the fiscal year, the Administrator may transfer part or all of any unencumbered appropriation balance among programs within a department. The City Council may transfer part or all of any unencumbered balance to another department.

ASSESSING ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the economic condition within the City of Lewiston.

Local Economy. Lewiston, along with the adjacent City of Auburn, is part of a broad and diverse economy. With a combined total population of 107,702, the Lewiston-Auburn area is the fourth largest Metropolitan Statistical Area in Maine. Considerable growth has occurred in the service sector over the past several decades which have increased the diversity of Lewiston's economy, from mainly manufacturing-based economy to a mixed economy. Over the past 10 years, the average number of manufacturing jobs has decreased from 2,027 to 1,557 or 23%. The steady reduction in manufacturing jobs had reversed itself for a couple of years before declining again during the economic slump. During the same 10 year period, the non-manufacturing jobs have declined, going from 22,693, to 20,777, recognizing we are comparing today's count to the height of the economic boom in the mid-2000s. Although total employment within the City declined by 11.2%, total payroll grew by \$79.7 million or an average of .9% per year.

Major industries within the City's boundaries include health care, education and financial services, and specialized manufacturing. The City has two major regional hospitals and many health care service providers; and along with education service providers for a four-year liberal arts college, a state university, a two-year business college and the K-12 school system, they provide a great deal of stability to the City's workforce. The two hospitals employ a combined 3,925 employees and are the two largest employers. Viewing a 10-year snapshot comparison, employment at these major hospitals shrank by 397 employees from 4,322 or 9.2%. Professional and business services are the next largest sector of our employment base. The third largest employer is TD Bank which has an operations center

and retail banking outlets employing a combined total of 989 employees.

Recent economic activity during the past year encompassed several diverse projects including the construction of the new Conner Elementary School valued at \$36.8 million with the estimated capacity of 800 students. The new school location sits on the former Lewiston High School Sports Complex requiring a complete overhaul of the complex including two new artificial turfs, regulation size baseball, softball, and lacrosse fields, along with an upgraded track facility, and a cross country trail.

Several area businesses undertook significant renovations/additions including Hannaford grocery store at \$2.9 million; Federal Distributors' \$2.6 million addition and improvements; Clariant's \$1.2 million warehouse addition; the Dept. of Defense's improvements their reserve facility valued at \$4.9 million; and Baxter Brewing's recent upgrade total \$810,000. The local hospitals and Bates College continue to upgrade their facilities at a combined total of \$2.1 million for nursing unit renovations, a new MRI suite, emergency room improvements, and a \$900,000 Lane Hall renovation project. Significant new commercial construction projects totaled \$2.2 million in new manufacturing and warehouse space.

New home construction offered 11 new starts totaling \$2.5 million. The Hartley Block, a downtown mixed use, mixed income construction project broke ground in the spring. The project includes 63 residential units and 4,000 s.f. of retail space at an estimated \$8.3 million.

Long-term Financial Planning. Each year, the City Administrator submits a Capital Improvement Plan (CIP) which is submitted to the Finance Committee, Planning Board and City Council for review. The five-year plan includes an inventory of possible capital projects which may ultimately be included in the City's Capital Improvement Plan that may be financed through a variety of sources including federal or state grants; general operating fund; user fee revenue; or through the issuance of indebtedness. The issuance of debt is subject to specific authorization of the City Council and after a public hearing on the matter. If the total amount of a single-purpose project exceeds 15% of the previous year's tax levy, authorization to borrow must be approved by the voters at a referendum election (15% of FY 2017 Gross Tax Levy of \$52,147,855 is \$7,822,178).

The City Council formally adopted a Fund Balance Policy in fiscal year 2011, with the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The policy calls for the City to maintain a minimum unassigned fund balance in the general fund of 8% of general fund revenues and transfers in. At the close of the fiscal year, unassigned fund balance was 12.94% of revenues and transfers in, and is within the policy. Continuing to maintain adequate reserves is a priority of management and the City Council.

With the State's enactment of Public Law 1 which establishes municipal property tax levy limitations each year, the City's management is strategically planning utilization of less than the allowable growth each year in order to bank portions of the allowable growth for future carry overs which is allowed by law. The City was \$15,652,385 below the allowable limit of \$46,637,585 for FY2018. This practice will allow the City Council greater flexibility in times of economic downturn.

Financial Trends. Utilizing a ten year financial trend snapshot comparison is not indicative of the financial stresses that the City has experienced as of late. With the recent recession coupled with flat or declining nontax revenues, the municipal side of the budget has been forced to contract through layoffs, expenditure curtailments and use of rainy day funds for one time capital purchases. FY2010 provides the line of demarcation between growth in a strong economy and the recession. Since the recession hit, the City's operating budget has remained virtually flat. While debt service fell by almost \$1,496,944 or roughly 16%, other operating cost rose by a similar amount producing a net overall increase in nine years of \$1,137,714. Prerecession, the City's portion of the tax rate went from \$16.46 in FY09 to \$14.58 in FY2010. Since then, the City rate rose to \$15.83 in FY14, was flat in FY15, and rose again to \$16.04 in FY16, due to a 26.7% loss in nontax revenue over that same period. For FY18, the City began to feel some revenue relief and projected a modest 3.31% increase to \$16.48.

Cost of education has outpaced recent increases in General Purpose Aid revenue. Additional costs include personnel increase due to union contract settlements, insurance costs, and additional teachers needed given class size ratios; special education and English Language Learner demands; transportation costs; and expanded educational programming for summer school and the Star Academy. The Essential Programs and Services (EPS) formula calculates a required local share in order to receive the full General Purposed Aid amount. Since FY11, the State provided a local share waiver to municipalities, thus lessen the impact on the tax rate. This waiver was phased out over a three year period concluding in FY17. Prerecession, the school's portion of the tax rate went from \$8.54 in FY09 to \$9.02 in FY2010. The rate further declined after the recession hit to a low of \$8.91 thanks to the EPS waiver. However, given the phase-out, the education portion of the FY16 tax rate rose to \$10.08 and further to \$10.18 in FY18 – the minimum required amount to receive the full General Purpose Aid allocation.

Since FY09, the City's state equalized valuation has suffered from the recession. Valuation went from \$2,499,200,000 to a low of \$2,157,800,000 in FY15. Since that point, valuation has steadily risen to the FY18's amount of \$2,237,250,000 or a 3.68% recovery. While still 10.5% below the peak, the growth has allowed the City Council to reinstate some discontinued programs and staffing. Four new firefighters and three new utility technicians were hired to reduce overtime, increase fire inspections, and better handle compliance with State and Federal regulations.

Major Initiatives. The Planning and Code Enforcement Department is this year's showcase department to highlight how they managed personnel attrition while keeping pace with the department's initiatives to promote safe downtown housing and manage the increased identification in lead found in these units.

The department experienced a 55.6% turnover due to retiring personnel. The City accelerated the posting and hiring process by advertising all positions at once in order to attract the best pool of candidates. After which, qualified candidates and their skill sets were best matched against open and available positions. Thus, reducing the length of time needed to fill positions individually and increasing efficiency through combined training and onboarding. Both the City Planner and a Code Enforcement Officer were promoted to the

vacant positions of Director of Code Enforcement and Planning, and Building Inspector respectively, thus leaving three vacant positions to fill with externally matched candidates.

The City's goal of improving the condition of units and structures in the rental community has been ongoing for many years. Part of the goal includes the Planning and Code Enforcement Department placing additional focus and effort on blighted structures. Ideally, these structures would be repaired to provide safe and healthy housing. The new inspectors, working with the City Attorney, have been aggressive with inspections, issuing notice of violation (NOV) and 80k proceedings. A fast paced process has attracted property owners' attention, opening communication and developing an agreed upon timeline for compliance. Lack of attention to the NOV, are pursued directly by the attorney who also collects violation fines and recovers legal fees.

However, years of neglect and disregard have still resulted in many unsafe units and structures. With the continued support of elected officials, a continued emphasis has been placed on these hazardous structures with staff issuing notice of violations for demolishing the structure (i.e. condemnations). In 2016, 11 units or structures were condemned; 13 for 2017; and, as of September 1st, 12 units or structures for 2018. Ultimately, property owners would respond by reinvesting in these properties, bringing them into code compliance. However, in many cases the structure constitutes a hazard to health and safety because of inadequate maintenance, dilapidation, obsolescence, and abandonment resulting in demolition.

Since 2010, 78 structures have been demolished by the City eliminating 228 housing units at a total cost of just over \$2.5 million. During this same period, only 71 new units have been added to our inventory, resulting in a net loss as a result of the City's program of 157 units. This does not include private demolitions, which have addressed about another 200 buildings in the same period. In addition to full property demolitions, the City, with the assistance of a \$3.1 million U. S. Department of Housing and Urban Development (HUD) Lead grant, has been proactive on multi-unit lead remediation.

There are 6,246 housing units built pre-1940 (at risk), in the downtown areas of Lewiston and Auburn. With the change in Maine law regarding childhood lead poisoning, there has been an increase in State environmental lead Investigations resulting in numerous rental buildings being placed under an "Order to Abate Lead Hazards". This change added punitive fines of up to \$500 per day, per violation, and will not allow an owner to re-rent any unit that goes vacant while the building is under order. This has caused financial hardships for owners and pushed some landlords out of business. The L/A Lead Grant Program, a grant collaboration between the Cities of Lewiston and Auburn, Community Concepts, and Healthy Androscoggin, is able to assist owners with the cost of lead remediation thus avoiding additional vacant, blighted buildings in the downtown.

With the first lead grant closed out in December 2017, 244 apartment units were abated. A new grant began in January with a target of clearing an additional 220 Lewiston housing units by 2021. The City was well on its way to reach that goal with over 150 units applying in the first nine months.

The program, as required by HUD, targets remediation to housing units occupied by low

income families. The rules require the building owner to fund a minimum 10% match for the lead remediation, to maintain safe units, and to screen and provide low income housing for an additional three years. In some instances, the landlord may apply to the City's Community Development Block Grant (CDBG) revolving loan fund to obtain a low or no interest rate loan for their match funds. The "safe unit" requirement has compelled some owners to replace leaking roofs, replace heating systems, and make physical improvements to dangerous units in order to qualify for the funds. A Code Enforcement Officer has inspected every project prior to program acceptance to ensure there are no other life-safety or code violations in the building.



Qualified projects include replacing deteriorated porch systems; friction surfaces such as old doors and wooden windows which also has the added benefit of saving heating costs and increase life safety; and deteriorated exteriors by replacing hazardous siding with a layer of insulation, vinyl siding, and metal trim. Property owners not only reap the benefit of having the Lead Order lifted, but also improved building efficiency, reduced maintenance, and enhanced neighborhood appearance.

HUD guidelines will not allow the program to remove all lead components in the building however. There is often lead found in paint which is still in good condition left behind in buildings. The program stresses owner education and the need to conduct self-inspections in units to avoid egregious wear & tear that produces chipping or flaking paint. Lead abatement is only required for clearing identified lead hazards that have become air borne and/or have the possibility of being ingested. Maintaining paint conditions or replacing painted components with something newer is a low cost preventive property investment. It's this education the department intends to increase through landlord outreach in the future, as a proactive approach reduces overall costs, increases safe housing, and protect children.

The efforts of Planning and Code Enforcement along with the support of elected officials have clearly impacted both the quantity of units and the overall condition of rental housing in the community.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lewiston for its comprehensive annual financial report for the year ended June 30, 2017. This was the forty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the accounting and auditing division. Special thanks to Ralph Lenfestey, Assistant Finance Director and Allen Ward, Purchasing Agent for their dedication and loyalty, and countless hours contributed in preparation of this report and to all the staff in the finance department for their valuable assistance. I would also like to acknowledge the firm of RHR Smith & Company for their efforts and guidance during the engagement. Credit must also be given to the Mayor and City Council for their interest and support in planning and conducting operations of the City in a responsible and progressive manner.

Respectfully submitted,

Heather A. Hunter

Heather A. Hunter, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lewiston
Maine**

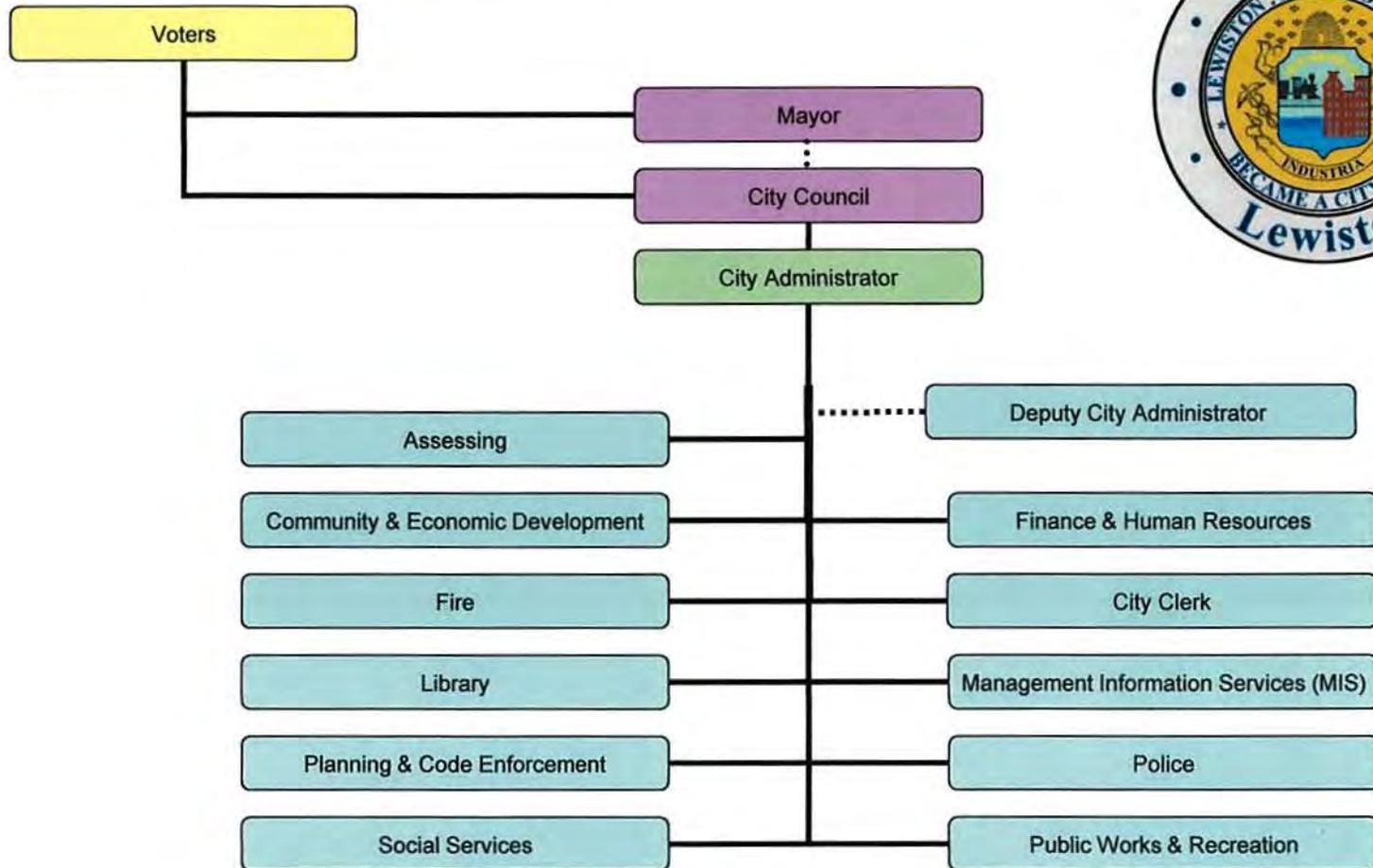
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of Lewiston, Maine Organizational Chart



City of Lewiston, Maine

List of Principal Officials

June 30, 2018

Elected Officials

Shane D. Bouchard	Mayor
James J. Lysen	Council Member - Ward 1
Zachary Pettengill	Council Member - Ward 2
Alicia Rea	Council Member - Ward 3
Michel A. Lajoie	Council Member - Ward 4
Kristen S. Cloutier, Council President	Council Member - Ward 5
Joline Landry Beam	Council Member - Ward 6
Michael J. Marcotte	Council Member - Ward 7

Appointed Officials and Department Heads

Edward A. Barrett, City Administrator

William H. Healey, Chief Assessor	Denis A. D'Auteuil, Deputy City Administrator
Lincoln Jeffers, Community & Economic Dev. Director	Kathleen M. Montejo, City Clerk
Brian D. Stockdale, Fire Chief	Heather A. Hunter, Finance Director
David A. Jones, Public Works Director	Brian T. O'Malley, Police Chief
David R. Hediger, Planning & Code Enforcement Director	Craig S. Starr, MIS Manager
Sue A. Charron, Social Services Director	Marcela S. Peres, Library Director

FINANCIAL SECTION



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

City Council
City of Lewiston
Lewiston, 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 City of Lewiston, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Lewiston, 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 the financial statements.

3 Old Orchard Road, Buxton, Maine 04093
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www.rhrsmith.com

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of the City of Lewiston, 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 City of Lewiston, Maine's internal control over financial reporting and compliance.


Buxton, Maine
December 3, 2018

CITY OF LEWISTON, MAINE
Management's Discussion and Analysis
June 30, 2018

As management of the City of Lewiston, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Lewiston exceeded its liabilities at the close of the most recent fiscal year by \$160,389 (*net position*).
- The City's total net position increased by \$4,746, which represents a 3.05% increase.
- As of the close of the current fiscal year, the City of Lewiston's governmental funds reported combined ending fund balances of \$60,320 an increase of \$32,958 in comparison with the prior year. Approximately 40.4% of this total amount or \$24,381 is *available for spending* at the City's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16,476 or 12.94% of general fund revenues and transfers in.
- The City of Lewiston's total debt increased by \$58,156 (46.6%) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Lewiston that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lewiston include the broad activities of general government, public safety, highways and streets, sanitation (public works), human services, culture and recreation, and education and nutrition. The business-type activities of the City of Lewiston include the water system, the sanitary sewer system, and the storm water system.

The government-wide financial statements include not only the City of Lewiston itself (*known as the primary government*), but also the Lewiston Mill Redevelopment Corporation as a blended component unit.

The government-wide financial statements can be found on pages 40-41 of this report.

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 City of Lewiston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lewiston can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Lewiston maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general fund, capital projects fund, school categorical grants special revenue fund and the debt service fund which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 42-44 of this report.

Proprietary Funds. The City of Lewiston maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business type activities* in the government-wide financial statements. The City of Lewiston uses enterprise funds to account for its water system and storm and sanitary sewer systems.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water system, sanitary sewer system, and storm water utility fund, all of which are considered to be major funds of the City of Lewiston.

The basic proprietary fund financial statements can be found on pages 48-51 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Lewiston's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 52-53 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54-90 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Lewiston's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions and other postemployment benefits. Combining and individual fund statements and schedules can be found on page 95 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lewiston, assets exceeded liabilities by \$160,389 at the close of the most recent fiscal year. A comparison of key government-wide components is found in the following table.

City of Lewiston's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	Restated	2018	2017	2018	Restated
		2017				2017
Assets:						
Current & Other Assets	\$79,132	\$42,270	\$20,643	\$10,746	\$99,775	\$53,016
Capital Assets	218,601	197,440	84,812	81,826	303,413	279,266
Total Assets	297,733	239,710	105,455	92,573	403,188	332,282
Deferred Outflows of Resources	10,301	14,183			10,301	14,183
Liabilities:						
Noncurrent Liabilities	158,546	114,796	47,148	37,468	205,694	152,264
Other Liabilities	33,192	26,150	5,270	5,622	38,462	31,772
Total Liabilities	191,738	140,946	52,418	43,090	244,156	184,036
Deferred Inflows of Resources	8,945	6,786			8,945	6,786
Net Position:						
Net Investment in Capital Assets	84,930	114,158	33,866	40,886	118,796	155,044
Restricted	35,167	11,002			35,167	11,002
Unrestricted	(12,746)	(18,999)	19,172	8,596	6,426	(10,402)
Total Net Position	\$107,351	\$106,161	\$53,038	\$49,482	\$160,389	\$155,643

By far the largest portion of the City of Lewiston's net position (\$118,796) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Lewiston uses the capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Lewiston's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lewiston's net position (\$35,167) represents resources that are subject to external restrictions on how they may be used. The remaining category of net position is the unrestricted net position of \$6,426; a reduced amount attributed to the deficit in the governmental activities which is due to recording all of the City's long-term liabilities that are not due and payable in the current period. Liabilities of this nature include noncapital bonds payable, bond premium, accrued interest payable, obligations for workers' compensation claims, unfunded actuarial pension liability, long-term compensated absences, other post-employment benefits, and landfill closure and postclosure care costs. A complete reconciliation, by item and amount, can be found in the notes to the financial statements.

At the end of the current fiscal year, the City of Lewiston is able to report positive balances in all three categories of total net position, both for the government as a whole, as well as for its governmental and business-type activities. The same situation was true for the prior fiscal year.

The City's net position increased by \$4,746 during the course of the year. Contributing factors in the increase in governmental activities net position (\$1,190) were increases in combined grants and

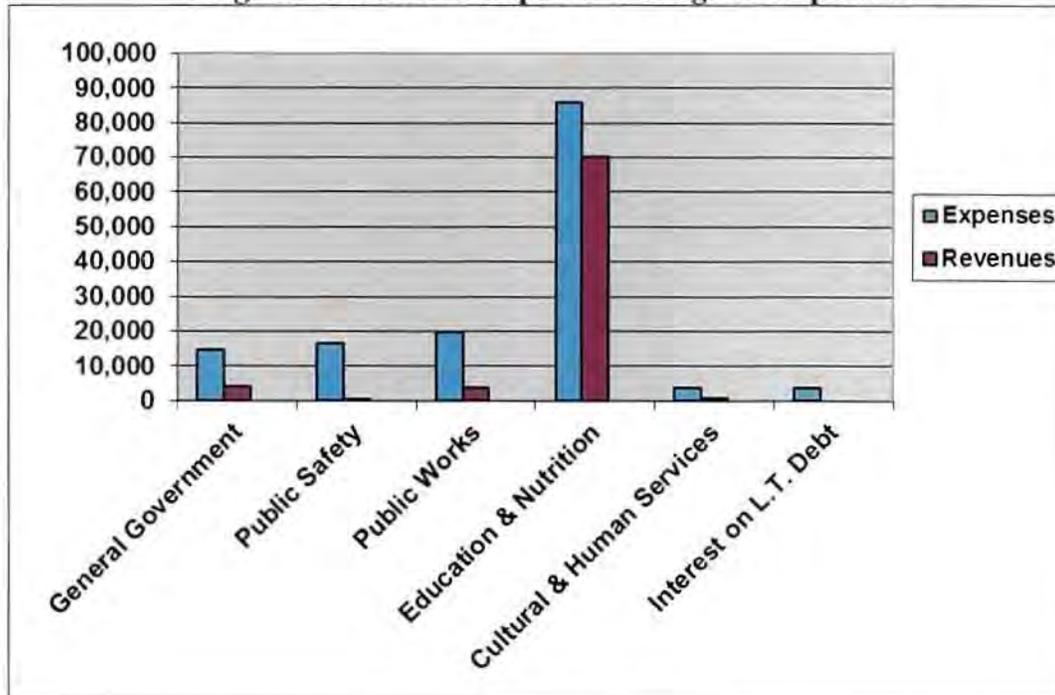
contributions of \$7,303, tax related revenues of \$1,921, which tempered the \$8,845 growth in expenses. Net position in business-type activities increased by \$3,556 due to charges for services and contributions exceeding expenses in water by \$859, in sewer by the amount of \$1,634, and \$1,392 in storm water. The business-type activities' grants and contributions rose by \$325 and investment earnings increased by \$65.

Governmental Activities. Governmental activities increased the City of Lewiston's net position by \$1,190. Key elements of the increase are as follows:

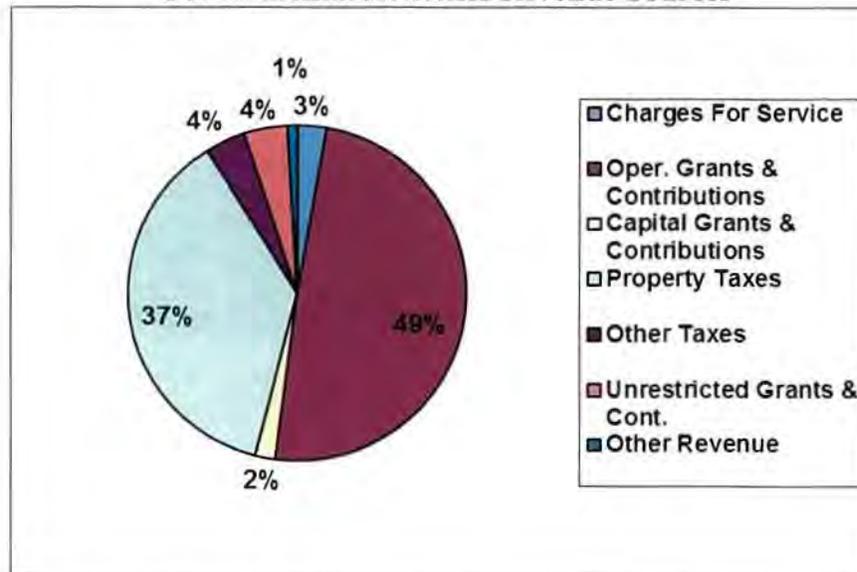
	Governmental Activities		Business-type Activities		Total	
	Restated		2018	2017	2018	Restated 2017
	2018	2017				
Revenues:						
Program revenues:						
Charges for services	\$5,013	\$4,583	\$15,265	\$14,032	\$20,278	\$18,616
Operating grants & contributions	71,296	64,231	381	152	71,677	64,383
Capital grants & contributions	2,761	2,524	135	38	2,896	2,562
General revenues:						
Property taxes	53,590	52,168			53,590	52,168
Other taxes	5,528	5,434			5,528	5,434
Grants & contributions not restricted to specific programs	6,041	5,516			6,041	5,516
Other	934	1,309	82	17	1,016	1,326
Total revenues	<u>145,163</u>	<u>135,765</u>	<u>15,863</u>	<u>14,239</u>	<u>161,026</u>	<u>150,004</u>
Expenses:						
General government	14,554	14,729			14,554	14,729
Public safety	16,443	18,108			16,443	18,108
Public works	19,729	16,480			19,729	16,480
Human services	1,263	1,562			1,263	1,562
Culture & recreation	2,536	2,358			2,536	2,358
Education & nutrition	86,045	81,409			86,045	81,409
Interest on long-term debt	3,813	3,224			3,813	3,224
Water			4,621	4,457	4,621	4,457
Sewer			5,553	5,282	5,553	5,282
Storm water			1,722	1,781	1,722	1,781
Total Expenses	<u>144,384</u>	<u>137,870</u>	<u>11,896</u>	<u>11,521</u>	<u>156,279</u>	<u>149,391</u>
Increase/ (Decrease) in net position before transfers	779	(2,105)	3,967	2,718	4,746	613
Transfers	412	435	(412)	(435)		
Increase/ (Decrease) in net position	1,190	(1,670)	3,556	2,283	4,746	613
Net position, July 1	<u>106,161</u>	<u>107,832</u>	<u>49,482</u>	<u>47,199</u>	<u>155,643</u>	<u>155,030</u>
Net position, June 30	<u>\$107,351</u>	<u>\$106,161</u>	<u>\$53,038</u>	<u>\$49,482</u>	<u>\$160,389</u>	<u>\$155,643</u>

- Revenues received from the Maine Department of Transportation grants rose by \$237.
- Operating grants climbed by \$7065, primarily from the State Department of Education.
- A forty-eight cent tax rate increase provided additional property tax revenue of \$1,422.
- Charges for service rose \$430 from the prior year of which \$229 is attributed to an increase in adult education and school lunch fees.

Program Revenues Compared to Program Expenses

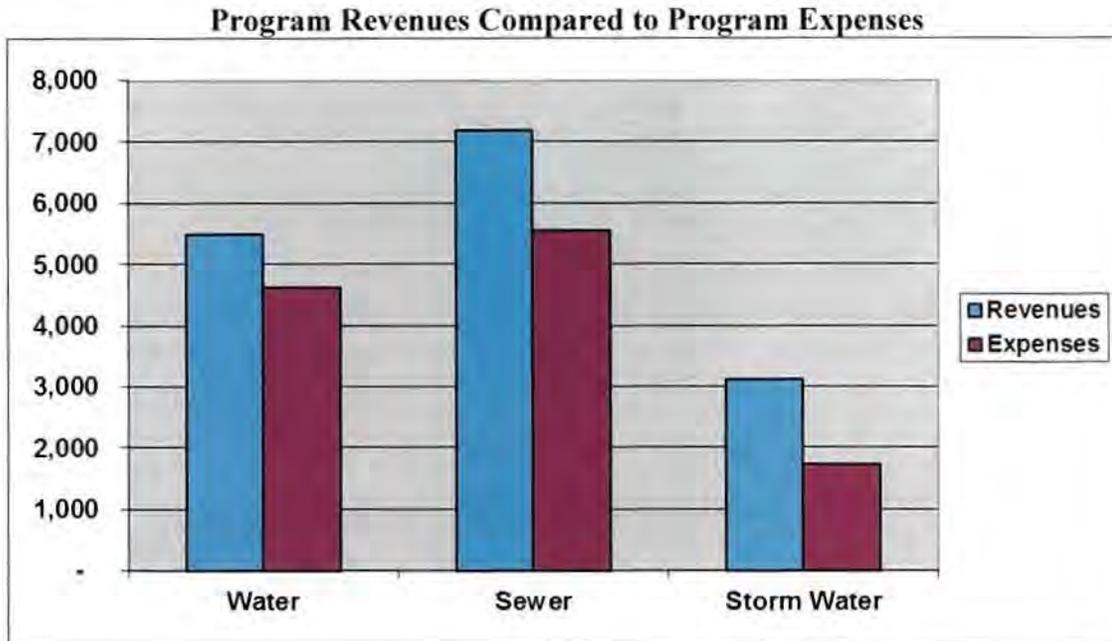


Governmental Activities Revenue Sources



Business-type Activities. The City of Lewiston’s net position for business-type activities increased by \$3,556. Key financial elements are as follows:

- Increase in fund equity from joint ventures with the Auburn Water & Sewer Districts in Sewer (\$362) and in Water (\$34).
- Income from operations continues to be strong at \$15,265, an increase from the prior year of \$14,032.
- Operating Expense rose slightly by 3.25% or \$375.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Lewiston's governmental funds reported combined ending fund balances of \$60,320, an increase of \$32,958 in comparison with the prior year. Approximately 40.4% of this total amount (\$24,381) constitutes *assigned and unassigned fund balance*, which is available for spending at the city's discretion. The remainder of the fund balance is either restricted (\$33,485) to indicate that it is not available for spending due to constraints placed on the use of resources which are either externally imposed by creditors, grantors, contributors, or other governments or imposed by law through constitutional provisions or enabling legislation or; nonspendable because they are not in spendable form (\$1,204) or are legally or contractually required to be maintained intact (\$1,249).

The general fund is the primary operating fund of the City of Lewiston and, by definition, is the only fund that may have a positive unassigned fund balance. At the end of the current fiscal year, unassigned fund balance of the general fund was \$16,476 while total fund balance was \$27,392. As

a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 12.94% of total general fund revenues and transfers in (\$127,332), while total fund balance represents 21.51% of that same amount. To provide for unforeseen events and liquidity preservation, the City adopted a fund balance policy that targets the unassigned general fund balance at a floor of 8% and a ceiling of 12%. The current unassigned fund balance of 12.94% falls well above the prescribed range.

The fund balance of the City of Lewiston's general fund increased by \$3,082 during the current fiscal year. Key factors contributing to this change are as follows:

- Total revenues including transfers in, rose by \$10,400 or 8.89% of which \$8,334 reflects the increase in intergovernmental revenue primarily from the State Department of Education.
- Expenditures grew by \$5,518 with \$4,962 attributed to a rise in educational costs.
- Transfers out which is comprised primarily of debt service rose by \$792.

The school categorical grants fund has a fund balance of \$655. The fund balance increased by \$8 during the year due to a \$491 increase in grant revenue and a \$345 increase in misc. revenue which mitigated the \$83 decrease in charges for service. Grant funded operating expenses declined by \$262 and the cost of the school nutrition program rose by \$49.

The debt service fund has a zero fund balance.

The capital projects fund has a total fund balance of \$24,285. Expenditures for capital projects amounted to \$31,145. The City issued three separate series of bonds this year two for the FY17 and FY18 capital improvement program, and the third for the new elementary school project. Proceeds totaled \$59,342. Grant funds received from the Maine Department of Transportation totaled \$1,220, a \$767 decrease from 2017. Total fund balance climbed by \$30,444.

Proprietary Funds. The City of Lewiston's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the water fund at the end of the year was \$6,957; \$8,297 for the sewer fund; and \$3,917 for the storm water fund. The total growth in net position for the water fund was \$867, while the increase in net position of the sewer fund was \$1,618, and \$1,070 for the storm water fund. Other factors concerning the finances of these three funds have already been addressed above in the discussion of the City of Lewiston's business-type activities.

General Fund Budgetary Highlights

The City Council approved one supplemental budget adjustment during the fiscal year. A supplemental appropriation was approved to fund \$4,557 of one time expenditures and capital items for various departments. The only other changes to the original budget approved by the City Council during the course of the year were transfers within and between departments. The majority of the transfers made were to allocate the salary reserve and fringe benefits to specific departments, as well as pay for the cost of repairs or projects that were unanticipated when the budgets were originally submitted. The total amount of transfers made was \$2,788.

The overall general fund budget (on a budgetary basis of accounting) ended the year with a decrease in fund balance of \$1,837 – more favorable than the planned use of \$5,835 of fund balance.

The following schedule provides a summary of general fund revenues on the budgetary basis of accounting for the year and the amount of increases and decreases in relation to prior year revenues:

Revenues	Final Budget	Actual Amount	Percentage of Total	Increase/ (Decrease) from 2017
Taxes:				
Real Estate	\$ 54,677	\$ 54,716	44.6%	\$ 1,893
Excise	4,246	4,993	4.1%	80
License and Permits	363	492	0.4%	85
Intergovernmental	58,226	58,164	47.4%	7,478
Charges for Services	1,105	1,336	1.1%	73
Fines	172	211	0.2%	18
Interest, Rents & Royalties	1,495	1,700	1.4%	37
Miscellaneous	102	265	0.2%	(112)
Transfers from Other Funds	25	724	0.6%	(8)
Total	\$ 120,411	\$ 122,601	100.0%	\$ 9,543

Fiscal year 2018 revenues for the general fund (on the budgetary basis of accounting) totaled \$122,601 or an 8.4% increase.

Current and prior year real estate and personal property taxes continue to represent one of the largest revenue source, with \$54.7 million or 44.6% of all general fund revenues. The increase of \$1,893 in the amount collected is a result of a forty-eight cent tax rate increase. Excise tax revenue which amounted to \$4,993, outpaced the prior year by \$80 or 1.6%, and represents 4.1% of the revenues.

Intergovernmental revenues amounted to \$58,164 or 47.4% of the total, the city's largest revenue source. The increase of \$7,478 from the previous year was largely due to additional school aid (\$7,370), and State Revenue Sharing of \$120.

Charges for services increased \$73 from \$1,263 to \$1,336. All of the additional revenue is attributed to the \$148 increase in tipping fees at the solid waste facility which offset reductions in other solid waste fees of \$46 due to a revamping and consolidation of fees.

Interest, rents, and royalties increased by \$37 to \$1,700. Return on investments rose by \$64 given the rising interest rate environment. Combined parking garage revenues dropped by \$27 which was tempered by a \$14 increase in rental revenue for the City's public works annex.

Miscellaneous revenues shrank by \$112 due to reductions in unclassified revenue (\$34), other reimbursements (\$148) and the sale of recyclable materials and metals (\$8) offset by an increase in the sale of surplus property (\$74).

Licenses and permits rose by 20.9% to \$492. The expansion of the local economy is best illustrated by increases in constructions permits including jumps in building (\$76), electrical (\$3), and plumbing (\$7) permits.

Expenditures	Final Budget & FY17 Encum.	Actual Amount	Percentage of Total	Increase/ (Decrease) from 2017
General government	\$ 4,135	\$ 4,037	3.2%	\$ 535
Public safety	14,755	14,437	11.6%	256
Public works	10,129	9,997	8.0%	2,444
Human services	1,187	876	0.7%	(203)
Recreation	623	593	0.5%	(37)
Library	1,325	1,296	1.0%	225
Intergovernmental	4,506	4,506	3.6%	417
Education	68,252	67,690	54.4%	4,198
Insurances & pensions	6,176	5,938	4.8%	223
Miscellaneous	1,045	956	0.8%	(652)
Transfers to other funds	14,114	14,114	11.3%	792
Total	\$ 126,247	\$ 124,441	100.0%	\$ 8,198

Expenditures for the general fund (on the budgetary basis of accounting) totaled \$124,441 in fiscal year ended June 30, 2018.

The net increase in general government expenditures of \$535 were attributed to increases in legal cost (\$38), labor and fringe (\$120), utilities (\$14), and repairs to buildings and equipment (\$96) to replace windows and repair the roof at city hall, and pressure washing and relining parking stalls in the public garages.

Public safety increased by \$256 to \$14,437. The cost of police operations rose by \$367 offsetting the \$69 reduction in fire services resulting from a series of retirements. Public safety vacancies and increased police patrols produced a \$191 increase in overtime. The replacement of five police vehicles (\$136) and improvements to the fire substation (\$54) also negatively impacted the variance between fiscal years.

Education expenditures of \$67,690 represent 54.4% of the total expenditures. Expenditures rose by \$4,198 due to additional personnel costs, new programing, special education, and staffing primarily funded by the additional revenue received from the Department of Education.

The number of clients and the assistance provided decreased in FY18 producing a surplus in the current year and a \$203 decline from FY17 in human services.

Cultural and recreation had a combined increase of \$188. Increases were noted in personnel costs and benefits (\$16), and capital improvements to the City's Armory building and library (\$385) for LED light replacement, new flooring, window replacement at the library, and gymnasium improvements.

The City Council has made great strides in converting the funding of some capital items from bonded debt to the operational budget primarily through the use of fund balance surplus. This

changing in funding source is best illustrated in public works. All of the \$2,444 increase is attributed to capital purchases and encumbrances totaling \$2,674. Of that amount, \$1,375 represents vehicle and equipment replacement in the municipal garage, \$352 for sidewalk improvements, and \$180 in local share of resurfacing projects. Once again, Maine did not have the luxury of a mild winter this year which attributed \$27 in additional winter operation costs. As experienced in other departments, personal costs rose by \$36. Other noteworthy items include: savings in utilities (\$37), gasoline (\$70), and contracted waste collection (\$24) offsetting an increase repairs to buildings, vehicles and equipment of \$219.

Intergovernmental expenditures rose by \$417 resulting from an increase in the county tax (\$163), additional capital funding for the 911 center (\$85), the municipal airport (\$160), and operational increase for the transit agency (\$10) due to the cost of busing.

Insurance and pension costs grew by \$223 or 3.9%. Healthcare related costs rose by \$86 due to the City 7% rate increase. Auto coverage rose by \$11 tempered by an \$11 in inland marine coverage. As predicted, the City is entering into a span of time where the vast number of eligible employees is electing to retire from the City or take advantage of the various unions' in-service retirement program. Given the number of retirements this year, the amount of severance pay benefits rose by \$592 and retirement health savings by \$19.

The workers compensation fund is merged with the City's miscellaneous expenditures and represents \$183 of the \$652 decrease. The salary reservation decreased by \$289 reflecting the settlement of all labor contracts.

Debt transfers to the debt service fund grew by \$792 to \$14,114 reflecting the additional prorated payments resulting from the three bond sales during the fiscal year.

Capital Asset and Debt Administration

Capital Assets. The City of Lewiston's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$303,413 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer systems. The total increase in the City of Lewiston's investment in net capital assets for the current fiscal year was 8.6% (a 10.7% increase for governmental activities and a 3.6% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The increase in governmental activities' construction in progress is due to the new elementary school construction totaling \$23,284.
- Improvements to streets, signals and sidewalks totaled \$1,298, \$60, and \$245 respectively.
- The City received a donation of the historic downtown area canal system from Brookfield White Pines Hydro valued at \$531.
- Additions to buildings included \$489 attributed to the canal donation, \$144 to city hall, \$243 to Chestnut and Centreville parking garage, \$179 to the library at the high school, and \$94 at the armory.

- Equipment added for all departments during the year amounted to \$1,854, which included fire response vehicles (\$71), variety of city and school technology upgrades of \$240, police vehicles at \$150, school lunch equipment purchases totaled \$37, and a variety of municipal garage equipment including two backhoes (\$233), a loader (\$237), five service vehicles/pick-ups (\$168), a sidewalk plow (\$158) and two dump trucks at \$103.
- The water utility replaced 7,150 feet of water mains at a cost of \$1,106.
- The sanitary sewer line rehabilitation projects cost \$1,668.
- The collection system inspection and capital repairs to sewer lines totaled \$712.
- There was \$926 of CSO infrastructure improvements to the Simard Ave., Vale St., and Mountain Ave. neighborhoods.
- Storm water spent \$247 on the Webster St. sub-surface storage system.

	City of Lewiston's Capital Assets					
	(Net of Accumulated Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$15,989	\$15,200	\$1,295	\$1,295	\$17,284	\$16,495
Buildings	61,847	63,574	6,298	6,507	68,145	70,081
Improvements Other Than Buildings	17,445	18,192			17,445	18,192
Machinery & Equipment	23,094	23,116	887	881	23,981	23,997
Infrastructure	71,020	72,115	73,447	70,322	144,467	142,437
Construction in Progress	29,206	5,243	2,885	2,821	32,091	8,064
Total Capital Assets	\$218,601	\$197,440	\$84,812	\$81,826	\$303,413	\$279,266

Additional information on the City of Lewiston's capital assets can be found in note IV.C on pages 65-67 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Lewiston had total bonded debt outstanding of \$182,972, which was an increase from 2017 of \$58,156 or 46.6%. The entire amount is backed by the full faith and credit of the City. The following schedule represents a breakdown of the debt by governmental and business-type activities and comparisons with the previous fiscal year:

	City of Lewiston's Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds Payable	\$133,510	\$84,805	\$49,462	\$40,011	\$182,972	\$124,816

The City of Lewiston's rating was affirmed at an AA- with a stable outlook from Standard & Poor's for its general obligation debt. Please refer to Standard & Poor's report for a comprehensive explanation of their rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The current debt limitation of the City of Lewiston is \$335,588 which is significantly in excess of the City of Lewiston's outstanding general obligation debt.

Additional information on the City of Lewiston’s long-term debt can be found in note IV. F, on pages 69-74 of this report.

Economic Factors and Next Year’s Budgets and Rates

During the past year, the City of Lewiston experienced an uptick in both real estate and personal property values of \$12,818 and 2,015 respectively. Valuation growth continues in the utility category by \$29,651. The commercial sector grew in the current year by \$28,438, tempering reductions in residential (\$11,914), and industrial (\$31,341) segments. Fluctuations in value during FY2018 produced an 85.3% assessed value to state equalized value ratio, which was a slight reduction from last year’s 86% and is above the minimum rate of 75% of market value. For the fourth year in a row since the decline in 2009, the state equalized value or market value grew by \$34.3 million to \$2,237 billion, but still falls well short of the peak of \$2.58 billion in FY2009.

FY19’s budget had a slight expansion in nontax municipal revenues of \$431. Overall nontax revenue budget estimates rose slightly by \$8 or 13%. The estimated State Subsidy for Education rose by \$7.5 million. The municipal operating expenses and county tax rose by \$822 or 1.93% and \$127 or 4.91% respectively. Municipal budget category fluctuations are noted in the table below. The impact on the tax rate was a 9 cent increase for the municipality and a 6 cent increase to cover the growth in the county budget.

Category	FY18 Approved Budget	FY19 Approved Budget	Increase/ (Decrease)	% Change
Personnel Services (including fringe)	\$23,850,683	\$24,125,926	\$275,243	1.2%
Contractual Services	5,054,214	5,073,326	19,112	.4%
Supplies & Materials	2,029,400	2,222,228	192,828	9.5%
Fixed Costs	14,224,183	14,686,522	492,339	3.3%
Total Municipal Budget	\$45,158,480	\$46,108,002	\$949,522	2.1%

Past student enrollment increases continue to impact many areas of the school budget from additional staffing to increases in contractual services particularly in the area of special education and English Language Learner resources. Additionally, the school budget was also plagued by an increase in the required local share due to changes to the State’s formula by switching from a 97% to 100% funding rate. The additional 3% fell directly on the local share requirement; forcing a \$5.14 in operating costs – a figure that just satisfies the minimum required amount in order to receive 100% of the state’s educational subsidy. School related debt service rose by \$3,531 due to the new elementary school bonds. Given the two-year delay by the state, the department is now receiving \$7,496 in additional funding from the Maine Department of Education for prior years’ enrollment growth and additional earmarked funds. The net result produced a 50 cent increase to \$10.68 in their portion of tax rate.

Additional highlights of the FY2019 budget include the following:

- The overall tax rate rose by 65 cents to \$28.67.
- The City Council cut an additional \$710 of expenditures from the City Administrator’s recommended budget.
- The rise in debt service of \$841 and intergovernmental agencies of \$144 made up the increase in fixed costs.

- General government, public safety, public works, and social service budgets all rose by \$60, \$447, \$337 and \$70 respectively.
- The City added two new positions: 1 in police and 1 in public works.
- The School Department increased employment by 62 positions.
- The state's homestead exemption dropped slightly from \$17.8 to \$17.6 which produced a minor tax increase for those home owners who have real estate values under \$250. The State of Maine's homestead exemption remained at \$20,000. Lewiston adjusts that amount as required by our certified assessment ratio of 88%.

Public Law 1 adopted in 2005, imposes a property tax levy limit which is based on a combination of the State's average personal income growth factor and the property growth factor of each individual municipality. The limit is on the municipal tax levy only, excluding schools and the County which has its own limitations. The total growth factor for the City on the 2019 fiscal year budget is 2.5%. The growth limitation factor is cumulative each year and allows municipalities to utilize unused growth in previous years. The budget adopted by the City Council was well within the limits established by the law and has been since the City has been under this limitation.

The water, sewer and storm water department budgets are separately funded with user fees. The approved 2019 fiscal year water department budget of \$5,718 was 7.5% more than the previous year. The sewer department budget of \$6,747 was an increase of 3.8%. The storm water budget of \$2,909 rose by \$26 over the previous year. Projected cash flows were sufficient to cover the additional costs therefore no rate increase was required by the three utilities.

The unemployment rate for the City of Lewiston is currently 3.1%, a .4% decrease compared to a year ago. This rate is below both the state's rate of 3.9% and the national average unemployment rate of 4.4%.

Requests for Information

This financial report is designed to provide a general overview of the City of Lewiston's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Lewiston, Maine, 27 Pine Street, Lewiston, Maine 04240.

BASIC FINANCIAL STATEMENTS

Comparative Statement of Net Position
June 30, 2018

	Primary Government			
	Governmental Activities	Business-Type Activities	Total 2018	Total 2017 Restated
ASSETS				
Cash and Cash Equivalents	\$ 20,962,026	\$ 4,843,936	\$ 25,805,962	\$ 4,429,379
Investments	46,967,295	5,105,915	52,073,210	28,302,314
Receivables:				
Taxes	1,832,923		1,832,923	1,903,091
Accounts (Net of Allowance for Uncollectibles)	1,087,592	2,912,463	4,000,055	3,407,752
Interfund	0	0	0	0
Intergovernmental	3,723,451		3,723,451	3,256,779
Loans (Net of Allowance for Uncollectibles)	4,070,081		4,070,081	3,755,668
Prepaid Items	145,703		145,703	258,802
Inventory	343,344		343,344	330,731
Restricted Cash & Investments		398,229	398,229	396,328
Intangible Assets (Net of Amortization)		1,246,641	1,246,641	1,220,527
Investment in Joint Ventures		6,136,118	6,136,118	5,755,186
Capital Assets:				
Land	15,989,183	1,294,710	17,283,893	16,494,306
Buildings	108,939,915	11,122,928	120,062,843	118,718,588
Improvements Other Than Buildings	36,406,859		36,406,859	37,239,234
Machinery and Equipment	47,581,728	3,221,985	50,803,713	49,203,463
Infrastructure	132,179,100	95,966,243	228,145,343	221,713,657
Less: Accumulated Depreciation	(151,701,533)	(29,679,105)	(181,380,638)	(172,168,008)
Construction In Progress	29,205,598	2,885,492	32,091,090	8,064,833
Total Net Capital Assets	<u>218,600,850</u>	<u>84,812,253</u>	<u>303,413,103</u>	<u>279,266,073</u>
Total Assets	<u>297,733,263</u>	<u>105,455,555</u>	<u>403,188,818</u>	<u>332,282,631</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pensions	10,301,045		10,301,045	14,183,110
Total Deferred Outflows of Resources	<u>10,301,045</u>		<u>10,301,045</u>	<u>14,183,110</u>
LIABILITIES				
Accounts Payable	10,259,351	575,465	10,834,816	5,926,189
Accrued Wages and Taxes Payable	6,074,485	56,147	6,130,632	7,812,843
Customers' Deposits	39,500		39,500	4,553
Accrued Interest Payable	855,126	314,252	1,169,378	772,853
Unearned Revenue	770,610		770,610	721,765
Liabilities Payable From Restricted Assets		338,736	338,736	396,328
Noncurrent Liabilities:				
Due Within One Year	15,192,763	3,984,968	19,177,731	16,137,386
Due in More Than One Year	158,545,709	47,148,162	205,693,871	152,264,120
Total Liabilities	<u>191,737,543</u>	<u>52,417,730</u>	<u>244,155,275</u>	<u>184,036,040</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pensions	8,945,348		8,945,348	6,786,428
Total Deferred Inflows of Resources	<u>8,945,348</u>		<u>8,945,348</u>	<u>6,786,428</u>
NET POSITION				
Net Investment in Capital Assets	84,930,142	33,865,832	118,795,974	155,043,750
Restricted For:				
Recreation and Human Services	6,080,544		6,080,544	6,738,433
Nonexpendable Portion of Permanent Funds	1,249,016		1,249,016	1,218,385
Expendable Portion of Permanent Funds	658,134		658,134	607,392
Capital Projects	24,284,799		24,284,799	
Education	2,894,749		2,894,749	2,437,538
Unrestricted	(12,745,966)	19,171,993	6,426,027	(10,402,223)
Total Net Position	<u>\$ 107,351,418</u>	<u>\$ 53,037,825</u>	<u>\$ 160,389,244</u>	<u>\$ 155,643,275</u>

The notes to the financial statements are an integral part of this statement.

**Comparative Statement of Activities
For the Year Ended June 30, 2018**

Functions and Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government Total	
							2018	Restated 2017
Primary Government:								
Governmental Activities:								
General Government	\$ 14,553,997	\$ 2,395,886	\$ 1,497,742		\$ (10,660,370)		\$ (10,660,370)	\$ (9,419,386)
Public Safety	16,443,361	569,441			(15,873,920)		(15,873,920)	(17,647,686)
Public Works	19,729,334	1,045,791		\$ 2,761,331	(15,922,212)		(15,922,212)	(13,018,013)
Human Services	1,262,915		405,417		(857,499)		(857,499)	(821,176)
Culture & Recreation	2,536,366	190,863			(2,345,503)		(2,345,503)	(2,090,648)
Education & Nutrition	86,044,994	811,076	69,393,136		(15,840,782)		(15,840,782)	(20,310,957)
Interest on Long-Term Debt	3,813,018				(3,813,018)		(3,813,018)	(3,224,201)
Total Governmental Activities	144,383,986	5,013,058	71,296,294	2,761,331	(65,313,303)		(65,313,303)	(66,532,067)
Business-Type Activities:								
Water	4,621,554	5,418,991	19,195	42,598		\$ 859,230	859,230	1,083,237
Sewer	5,552,584	6,825,174	361,736			1,634,326	1,634,326	782,513
Storm Water	1,721,584	3,021,170		92,000		1,391,586	1,391,586	835,646
Total Business-Type Activities	11,895,722	15,265,335	380,931	134,598		3,885,142	3,885,142	2,701,396
Total Primary Government	\$ 156,279,708	\$ 20,278,393	\$ 71,677,225	\$ 2,895,929	(65,313,303)	\$ 3,885,142	\$ (61,428,161)	\$ (63,830,671)
General Revenues:								
Property Taxes					53,589,979		53,589,979	52,167,890
Payment in Lieu of Taxes					399,335		399,335	387,019
Motor Vehicle Excise Taxes					4,993,077		4,993,077	4,912,759
Franchise Taxes					135,439		135,439	134,325
Grants and Contributions Not Restricted to Specific Programs:								
Homestead Exemption & BETE Reimbursement					3,225,852		3,225,852	2,820,609
State Revenue Sharing					2,814,916		2,814,916	2,694,889
Unrestricted Investment Earnings					933,539	81,992	1,015,531	1,326,065
Transfers					411,552	(411,552)	-	-
Total General Revenues and Transfers					66,503,689	(329,560)	66,174,128	64,443,555
Change in Net Position					1,190,386	3,555,583	4,745,969	612,884
Net Position, July 1					106,161,032	49,482,243	155,643,275	155,030,391
Net Position, June 30					\$ 107,351,418	\$ 53,037,825	\$ 160,389,244	\$ 155,643,275

**Comparative Balance Sheet
Governmental Funds
June 30, 2018**

	School Categorical			Other	Total Governmental Funds	
	General	Grants Special Revenue Fund	Capital Projects	Governmental Funds	2018	2017
ASSETS						
Cash and Cash Equivalents	\$ 6,298,043	\$ 710	\$ 12,964,222	\$ 1,699,051	\$ 20,962,026	\$ 4,012,701
Investments	28,389,556		14,731,189	3,846,551	46,967,295	27,868,325
Receivables:						
Taxes	1,832,923				1,832,923	1,903,091
Accounts (Net of Allowance for Uncollectibles)	950,576	12,964		124,052	1,087,592	884,097
Intergovernmental	717,453	1,762,813	927,977	315,208	3,723,451	3,256,779
Loans (Net of Allowance for Uncollectibles)	1,583,939			2,486,142	4,070,081	3,755,668
Interfund Receivable	899,076				899,076	7,796,450
Prepaid Items	102,984	42,719			145,703	258,802
Inventory	267,584	75,760			343,344	330,731
Total Assets	\$ 41,042,132	\$ 1,894,966	\$ 28,623,387	\$ 8,471,003	\$ 80,031,488	\$ 50,066,645
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 5,555,460	\$ 218,076	\$ 4,338,589	\$ 147,225	\$ 10,259,351	\$ 4,716,008
Accrued Wages and Taxes Payable	5,632,433	416,291		25,761	6,074,485	7,757,137
Interfund Payable		588,750		310,325	899,075	7,796,450
Unearned Revenue	753,774	16,836			770,610	721,765
Customer's Deposits	39,500				39,500	4,553
Total Liabilities	11,981,167	1,239,953	4,338,589	483,312	18,043,021	20,995,913
Deferred Inflows of Resources:						
Deferred Tax Revenue	1,668,607				1,668,607	1,708,734
Total Deferred Inflows of Resources	1,668,607				1,668,607	1,708,734

**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018**

	School Categorical		Debt	Capital	Other	Total Governmental Funds	
	General	Grants Special Revenue Fund	Service Fund		Governmental Funds	2018	2017
REVENUES							
Taxes	\$ 59,709,542				\$ 2,139,492	\$ 61,849,035	\$ 59,885,818
Licenses and Permits	492,010					492,010	407,101
Intergovernmental	62,894,336	\$ 10,546,079		\$ 1,219,640	2,581,389	77,241,444	69,765,952
Charges For Services	1,336,459	349,355			132,020	1,817,834	1,798,466
Fines	210,518					210,518	192,950
Interest, Rents and Royalties	1,699,982			125,051	623,912	2,448,945	2,852,900
Donations					105,272	105,272	285,201
Miscellaneous	265,436	345,174			427,279	1,037,889	560,822
Total Revenues	<u>126,608,283</u>	<u>11,240,608</u>		<u>1,344,690</u>	<u>6,009,365</u>	<u>145,202,946</u>	<u>135,749,211</u>
EXPENDITURES							
Current:							
General Government	3,313,696				4,180,829	7,494,525	8,759,519
Public Safety	14,076,322					14,076,322	13,876,063
Public Works	7,173,522					7,173,522	6,689,837
Human Services	875,746				205,684	1,081,430	1,220,768
Culture and Recreation	1,496,142				460,854	1,956,995	1,666,523
Intergovernmental	4,068,832					4,068,832	3,886,281
Education	72,306,931	7,405,696				79,712,627	75,012,758
Nutrition		3,768,815				3,768,815	3,719,712
Miscellaneous	6,832,095			129,217		6,961,312	8,172,378
Debt Service:							
Redemption of Serial Bonds			\$ 10,637,217			10,637,217	10,440,240
Interest on Serial Bonds			3,625,471			3,625,471	2,947,200
Capital Lease Debt			179,662			179,662	181,072
Capital Outlay				31,016,252	1,155,585	32,171,837	11,520,968
Total Expenditures	<u>110,143,286</u>	<u>11,174,511</u>	<u>14,442,349</u>	<u>31,145,469</u>	<u>6,002,952</u>	<u>172,908,567</u>	<u>148,093,317</u>
Excess (Deficiency) of Revenues Over							
(Under) Expenditures	16,464,997	66,097	(14,442,349)	(29,800,778)	6,413	(27,705,621)	(12,344,106)
OTHER FINANCING SOURCES (USES)							
Transfers In	723,718		14,442,349	1,541,427		16,707,494	15,003,186
Transfers Out	(14,113,678)	(57,911)	(902,427)	(639,000)	(582,928)	(16,295,943)	(14,567,768)
Proceeds from Capital Lease	7,114					7,114	
Issuance of Refunded Bonds							3,155,000
Premium from Bond Issuance			902,427			902,427	1,316,133
Payment to Refunded Bond Escrow Agent							(3,541,748)
Issuance of General Obligation Bonds				59,342,394		59,342,394	6,433,553
Total Other Financing Source (Uses)	<u>(13,382,845)</u>	<u>(57,911)</u>	<u>14,442,349</u>	<u>60,244,821</u>	<u>(582,928)</u>	<u>60,663,486</u>	<u>7,798,356</u>
Net Change in Fund Balances	3,082,152	8,186	0	30,444,043	(576,515)	32,957,865	(4,545,750)
Fund Balance, July 1	<u>24,310,206</u>	<u>646,827</u>		<u>(6,159,244)</u>	<u>8,564,205</u>	<u>27,362,002</u>	<u>31,907,752</u>
Fund Balance, June 30	<u>\$ 27,392,358</u>	<u>\$ 655,013</u>	<u>\$ 0</u>	<u>\$ 24,284,799</u>	<u>\$ 7,987,687</u>	<u>\$ 60,319,866</u>	<u>\$ 27,362,002</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018**

Net Change in Fund Balances - Total Governmental Funds Reported on Statement 4	\$	32,957,865
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$30,725,438 was reduced by depreciation expense of \$9,239,772.		21,485,666
The net effect of the disposition of capital assets which resulted in a loss that decreased net position. Disposed assets were historically valued at \$2,427,468, with accumulated depreciation of \$2,102,732.		(324,736)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(40,127)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. This amount is the net effect of these differences in the treatment of long-term debt.		(48,543,615)
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.		<u>(4,344,667)</u>
Change in net position of governmental activities (see Statement 2)	\$	<u>1,190,386</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual & Year End Encumbrances	Variance With Final Budget - Positive (Negative)
	Original & 2017 Encumbrances	Final & 2017 Encumbrances		
REVENUES				
Taxes:				
Real Estate	\$ 54,676,799	\$ 54,676,799	\$ 54,716,466	\$ 39,667
Excise	4,245,600	4,245,600	4,993,077	747,477
Licenses and Permits	362,649	362,649	492,010	129,361
Intergovernmental	58,226,289	58,226,289	58,164,208	(62,081)
Charges For Services	1,104,925	1,104,925	1,336,459	231,534
Fines	172,400	172,400	210,518	38,118
Interest, Rents and Royalties	1,495,082	1,495,082	1,699,982	204,900
Miscellaneous	101,850	101,850	265,436	163,586
Total Revenues	<u>120,385,594</u>	<u>120,385,594</u>	<u>121,878,156</u>	<u>1,492,562</u>
EXPENDITURES				
Current:				
General Government:				
Mayor and City Council	31,960	34,614	34,652	(38)
City Administrator	381,227	440,865	443,153	(2,288)
City Attorney	99,000	99,000	131,920	(32,920)
City Clerk	311,614	354,620	350,904	3,716
Human Resources	118,259	127,364	125,505	1,859
Finance and Administration	1,566,261	1,958,568	1,927,501	31,067
Buildings and Parking Facilities	673,670	1,119,621	1,023,308	96,313
Total General Government	<u>3,181,991</u>	<u>4,134,652</u>	<u>4,036,943</u>	<u>97,709</u>
Public Safety:				
Police	6,261,467	7,128,588	6,857,467	271,121
Fire	6,233,566	7,106,349	7,065,463	40,886
Inspection	463,459	519,619	513,779	5,840
Total Public Safety	<u>12,958,493</u>	<u>14,754,556</u>	<u>14,436,710</u>	<u>317,846</u>
Public Works:				
Administration	149,171	171,502	170,506	996
Engineering	135,554	162,037	154,882	7,155
Maintenance and Sanitation	6,668,623	9,795,916	9,671,651	124,265
Total Public Works	<u>6,953,348</u>	<u>10,129,455</u>	<u>9,997,039</u>	<u>132,416</u>
Human Services	1,153,181	1,186,714	875,746	310,968
Recreation	526,339	623,450	593,024	30,426
Library	1,078,304	1,324,542	1,295,732	28,810
Intergovernmental	4,211,109	4,506,109	4,506,272	(163)
Education	68,252,045	68,252,045	67,690,073	561,972

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual & Year End Encumbrances	Variance With Final Budget - Positive (Negative)
	Original & 2017 Encumbrances	Final & 2017 Encumbrances		
Miscellaneous:				
Insurances	4,791,627	4,791,627	4,577,531	214,096
Pensions and Retirement	3,373,566	1,384,551	1,360,851	23,700
Other Miscellaneous	935,182	1,044,685	955,712	88,973
Total Miscellaneous	<u>9,100,375</u>	<u>7,220,863</u>	<u>6,894,095</u>	<u>326,768</u>
Total Expenditures	<u>107,415,185</u>	<u>112,132,386</u>	<u>110,325,634</u>	<u>1,806,752</u>
Excess of Revenues Over Expenditures	12,970,409	8,253,208	11,552,521	3,299,313
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	25,000	723,718	698,718
Transfers Out	<u>(14,113,678)</u>	<u>(14,113,678)</u>	<u>(14,113,678)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(14,088,678)</u>	<u>(14,088,678)</u>	<u>(13,389,959)</u>	<u>698,718</u>
Net Change in Fund Balance - Budgetary Basis	(1,118,268)	(5,835,469)	(1,837,438)	3,998,032
Add Back Encumbrances	<u>2,170,314</u>	<u>2,170,314</u>	<u>4,919,590</u>	<u>2,749,276</u>
Net Change in Fund Balance - GAAP Basis	1,052,046	(3,665,155)	3,082,152	6,747,307
Fund Balance, July 1,	24,310,206	24,310,206	24,310,206	
Fund Balance, June 30	<u>\$ 25,362,252</u>	<u>\$ 20,645,051</u>	<u>\$ 27,392,358</u>	<u>\$ 6,747,307</u>

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Net Position
Proprietary Funds
June 30, 2018
Business-Type Activities - Enterprise Funds

	Water	Sewer	Storm Water	Total	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	2018	2017
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,679,513	\$ 1,655,375	\$ 1,509,048	\$ 4,843,936	\$ 416,678
Investments	1,893,236	1,509,190	1,703,489	5,105,915	433,989
Restricted Cash - Customer Deposits	15,187	371,806	11,236	398,229	396,328
Interfund Receivable					163,513
Accounts Receivable (Net of Allowance for Uncollectibles)	1,127,579	1,374,003	410,881	2,912,463	2,523,655
Total Current Assets	4,715,515	4,910,374	3,634,654	13,260,543	3,934,163
Noncurrent Assets:					
Other Assets:					
Intangible Assets (Net of Amortization)	20,699	760,907	465,035	1,246,641	1,220,527
Investment in Joint Ventures	2,748,986	3,387,132		6,136,118	5,755,186
Total Other Assets	2,769,685	4,148,039	465,035	7,382,759	6,975,713
Capital Assets:					
Land	71,850	711,837	511,023	1,294,710	1,294,710
Buildings	6,567,263	4,555,665		11,122,928	11,101,959
Infrastructure	53,639,875	29,154,572	13,171,796	95,966,243	91,137,914
Machinery and Equipment	1,516,524	1,439,419	266,042	3,221,985	3,073,651
Less: Accumulated Depreciation	(17,426,554)	(10,746,454)	(1,506,097)	(29,679,105)	(27,603,515)
Construction in Progress	910,543	1,229,415	745,534	2,885,492	2,821,434
Total Net Capital Assets	45,279,501	26,344,454	13,188,298	84,812,253	81,826,153
Total Noncurrent Assets	48,049,186	30,492,493	13,653,333	92,195,012	88,801,866
Total Assets	\$ 52,764,701	\$ 35,402,867	\$ 17,287,987	\$ 105,455,555	\$ 92,736,029

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Net Position
Proprietary Funds
June 30, 2018
Business-Type Activities - Enterprise Funds

	Water	Sewer	Storm Water	Total	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	2018	2017
LIABILITIES					
Current Liabilities:					
Net Revenue Bonds Payable - Current	\$ 1,825,511	\$ 1,306,639	\$ 833,910	\$ 3,966,060	\$ 3,623,606
Accounts Payable	226,953	264,930	83,582	575,465	1,210,181
Accrued Wages and Taxes Payable	28,984	15,048	12,115	56,147	55,706
Compensated Absences Payable - Current	11,217	7,691		18,908	16,697
Accrued Interest Payable	129,260	109,572	75,420	314,252	319,342
Interfund Payable					163,513
Customer Deposits Payable	15,187	312,313	11,236	338,736	396,328
Total Current Liabilities	<u>2,237,112</u>	<u>2,016,193</u>	<u>1,016,263</u>	<u>5,269,568</u>	<u>5,785,373</u>
Noncurrent Liabilities:					
Compensated Absences Payable	116,272	51,527		167,799	151,531
Net Revenue Bonds Payable	<u>20,270,849</u>	<u>16,503,153</u>	<u>10,206,361</u>	<u>46,980,363</u>	<u>37,316,882</u>
Total Noncurrent Liabilities	<u>20,387,121</u>	<u>16,554,680</u>	<u>10,206,361</u>	<u>47,148,162</u>	<u>37,468,413</u>
Total Liabilities	<u>22,624,233</u>	<u>18,570,873</u>	<u>11,222,624</u>	<u>52,417,730</u>	<u>43,253,786</u>
NET POSITION					
Net Investment in Capital Assets	23,183,142	8,534,662	2,148,028	33,865,832	40,885,665
Unrestricted	6,957,326	8,297,332	3,917,335	19,171,993	8,596,578
Total Net Position	<u>\$ 30,140,468</u>	<u>\$ 16,831,994</u>	<u>\$ 6,065,363</u>	<u>\$ 53,037,825</u>	<u>\$ 49,482,243</u>

Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Business-Type Activities - Enterprise Funds

	Water	Sewer	Storm Water	Total	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	2018	2017
OPERATING REVENUES					
Charges for Services	\$ 5,418,991	\$ 6,825,174	\$ 3,021,170	\$ 15,265,335	\$ 14,032,204
Total Operating Revenues	<u>5,418,991</u>	<u>6,825,174</u>	<u>3,021,170</u>	<u>15,265,335</u>	<u>14,032,204</u>
OPERATING EXPENSES					
Cost of Sales and Services	1,972,762	3,539,017	732,766	6,244,545	6,192,081
Administration	833,127	715,482	316,198	1,864,807	1,849,021
Depreciation	1,269,925	726,942	284,215	2,281,082	2,173,842
Total Operating Expenses	<u>4,075,814</u>	<u>4,981,441</u>	<u>1,333,179</u>	<u>10,390,434</u>	<u>10,214,944</u>
Operating Income	1,343,178	1,843,733	1,687,991	4,874,902	3,817,260
NONOPERATING REVENUES					
(EXPENSES)					
Interest Revenues	34,497	23,346	24,149	81,992	17,348
Increase in Fund Equity of Joint Ventures	19,195	361,736		380,931	152,317
Interest Expense	(531,941)	(441,114)	(275,633)	(1,248,688)	(1,084,208)
Gain (Loss) on Sale of Capital Assets					5,085
Amortization of Deferred Charges	(13,799)	(130,029)	(112,772)	(256,600)	(226,934)
Total Nonoperating Revenue (Expenses)	<u>(492,048)</u>	<u>(186,061)</u>	<u>(364,256)</u>	<u>(1,042,365)</u>	<u>(1,136,392)</u>
Income Before Contributions & Transfers	851,130	1,657,672	1,323,735	3,832,537	2,680,868
Transfers Out	(26,257)	(39,640)	(345,655)	(411,552)	(435,418)
Capital Contributions	42,598		92,000	134,598	37,876
Change in Net Position	867,471	1,618,032	1,070,080	3,555,583	2,283,326
Total Net Position, July 1	<u>29,272,998</u>	<u>15,213,962</u>	<u>4,995,283</u>	<u>49,482,243</u>	<u>47,198,917</u>
Total Net Position, June 30	<u>\$ 30,140,468</u>	<u>\$ 16,831,994</u>	<u>\$ 6,065,363</u>	<u>\$ 53,037,825</u>	<u>\$ 49,482,243</u>

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Business-Type Activities - Enterprise Funds

	Water	Sewer	Storm Water	Total	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received From Customers	\$ 5,347,706	\$ 6,501,808	\$ 2,969,420	\$ 14,818,934	\$ 14,032,988
Cash Paid to Suppliers for Goods and Services	(1,761,293)	(4,223,073)	(670,412)	(6,654,778)	(5,555,935)
Cash Paid to Employees for Services	(1,119,007)	(584,281)	(367,080)	(2,070,368)	(2,157,490)
Net Cash Provided by Operating Activities	<u>2,467,406</u>	<u>1,694,454</u>	<u>1,931,928</u>	<u>6,093,788</u>	<u>6,319,563</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to Other Funds	(26,257)	(39,640)	(345,655)	(411,552)	(435,418)
Net Cash (Used For) Noncapital Financing Activities	<u>(26,257)</u>	<u>(39,640)</u>	<u>(345,655)</u>	<u>(411,552)</u>	<u>(435,418)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds From Sale of Revenue Bonds	5,056,986	5,504,887	3,190,428	13,752,301	5,713,966
Proceeds Advance from (Repayment to) General Fund					(2,064,772)
Acquisition and Construction of Capital Assets	(1,927,378)	(2,365,115)	(1,257,405)	(5,549,898)	(6,818,323)
Principal Paid on Revenue Bonds	(1,668,774)	(1,144,578)	(739,594)	(3,552,946)	(3,336,847)
Interest Paid on Revenue Bonds	(573,478)	(460,379)	(288,076)	(1,321,933)	(1,108,799)
Cost of Issuing Revenue Bonds	(49,644)	(48,410)	(27,210)	(125,264)	(36,221)
Capital Contributions	42,598		92,000	134,598	37,876
Net Cash (Used For) Capital & Related Financing Activities	<u>880,310</u>	<u>1,486,405</u>	<u>970,143</u>	<u>3,336,858</u>	<u>(7,613,120)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earned on Investments	34,497	23,346	24,148	81,991	17,348
Net Cash Provided By Investing Activities	<u>34,497</u>	<u>23,346</u>	<u>24,148</u>	<u>81,991</u>	<u>17,348</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3,355,956	3,164,565	2,580,564	9,101,085	(1,711,627)
Cash and Cash Equivalents, July 1	231,980	371,806	643,209	1,246,995	2,958,622
Cash and Cash Equivalents, June 30	<u>\$ 3,587,936</u>	<u>\$ 3,536,371</u>	<u>\$ 3,223,773</u>	<u>\$ 10,348,080</u>	<u>\$ 1,246,995</u>
Cash and Cash Equivalents	1,679,513	1,655,375	1,509,048	4,843,936	416,678
Investments	1,893,236	1,509,190	1,703,489	5,105,915	432,989
Restricted Cash	15,187	371,806	11,236	398,229	396,328
Total Cash and Cash Equivalents	<u>\$ 3,587,936</u>	<u>\$ 3,536,371</u>	<u>\$ 3,223,773</u>	<u>\$ 10,348,080</u>	<u>\$ 1,246,995</u>

Reconciliation of Operating Income to Net Cash Provided By Operating Activities					
Operating Income	\$ 1,343,178	\$ 1,843,733	\$ 1,687,991	\$ 4,874,902	\$ 3,817,260
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:					
Depreciation and Amortization	1,269,925	726,942	284,215	2,281,082	2,173,842
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(73,186)	(263,873)	(51,750)	(388,809)	43,800
Increase (Decrease) in Customer Deposits	1,900	(59,492)		(57,592)	(43,015)
Increase (Decrease) in Accounts Payable	(89,303)	(394,050)	(151,363)	(634,716)	322,432
Increase (Decrease) in Accrued Payroll	4,588	(3,469)	(678)	441	9,237
Increase (Decrease) in Interfund		(163,513)	163,513		
Increase (Decrease) in Compensated Absences Payable	10,304	8,176		18,480	(3,993)
Total Adjustments	<u>1,124,228</u>	<u>(149,279)</u>	<u>243,937</u>	<u>1,218,886</u>	<u>2,502,303</u>
Net Cash Provided By Operating Activities	<u>\$ 2,467,406</u>	<u>\$ 1,694,454</u>	<u>\$ 1,931,928</u>	<u>\$ 6,093,788</u>	<u>\$ 6,319,563</u>

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Private Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
ASSETS				
Cash and Cash Equivalents			\$ 722,299	\$ 729,162
Investments	\$ 119,049	\$ 122,463		
Accounts Receivable				
Total Assets	<u>\$ 119,049</u>	<u>\$ 122,463</u>	<u>\$ 722,299</u>	<u>\$ 729,162</u>
LIABILITIES				
Accounts Payable	\$ 1,033	\$ 118	\$ 38	\$ 104
Accrued Payroll			65	268
School Activities Payable			420,445	439,950
Lewiston Senior Citizens Payable			23,621	27,066
Franklin Pasture Payable			277,932	261,569
Holiday Parade Committee Payable			197	205
Total Liabilities	<u>1,033</u>	<u>118</u>	<u>\$ 722,299</u>	<u>\$ 729,162</u>
NET POSITION				
Held in trust for scholarships and other purposes	<u>\$ 118,015</u>	<u>\$ 122,346</u>		

The notes to the financial statements are an integral part of this statement.

**Comparative Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018**

	Private Purpose Trust Funds	
	2018	2017
ADDITIONS		
Donations	\$ 1,587	
Investment Earnings	332	\$ 221
Total Additions	1,919	221
DEDUCTIONS		
Medical Disbursements	3,248	751
Scholarship Awards	3,000	12,007
Total Deductions	6,248	12,758
Change in Net Position	(4,330)	(12,537)
Net Position - Beginning	122,346	134,883
Net Position - Ending	\$ 118,015	\$ 122,346

The notes to the financial statements are an integral part of this statement.

CITY OF LEWISTON, MAINE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

The financial statements of the City of Lewiston have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lewiston is a municipal corporation governed by an elected mayor and a seven-member council. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. As required by accounting principles generally accepted in the United States, these financial statements present the City with one blended component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with data of the City.

Blended Component Unit. The Lewiston Mill Redevelopment Corporation (LMRC) was incorporated as a nonprofit entity on November 18, 1992, to act on behalf of the City Council in the management of the tax acquired former Bates Mill Complex. In fiscal year 2005, the LMRC sold a portion of the complex to a local developer for further rehabilitation and economic development. The upcoming charge of the Board is now to engage in activities to support redevelopment or demolition of the Bates Mill Building #5 and manage the boiler plant that services the majority of the mill complex. The LMRC operates under a four-member Board of Directors comprised of the Mayor of the City of Lewiston; the City Administrator; the City Economic & Community Development Director, and the City Finance Director. The LMRC is included in the City's financial statements as a nonmajor governmental special revenue fund because, although the entity is legally separate from the City, it only acts as a managing agent on behalf of the City. As such, it is essentially an extension of the City government. Financial statements for the LMRC can be obtained from the City of Lewiston's Finance Department, 27 Pine Street, Lewiston, Maine 04240.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, which encompass the Statement of Net Position and the Statement of Activities, report financial information on the City of Lewiston's nonfiduciary activities. The effect of significant interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on user fees and charges for service for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2.) Grants and contributions that are restricted to meeting the operational or capital

requirements of the respective function or segment. Taxes and other items not directly applicable to one function or segment are reported as general revenues.

The City of Lewiston has provided separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are not included in the government-wide financial statements. Individual governmental and enterprise funds that qualify as a major fund are reported as separate columns. Individual funds deemed to be nonmajor are condensed to one column on the fund financial statements.

C. Measurement Focus, Basis of Accounting and Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Under this basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the flow of cash. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues at the completion of all imposed eligibility requirements.

The modified accrual basis of accounting and the current financial resources measurement focus is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized only when they become available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A six month or less availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as expenditures deriving from long-term compensated absences, claims, and judgments are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the following year.

Property taxes, licenses, and governmental reimbursements are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City of Lewiston reports the following major governmental funds:

General Fund – is used to account for resources traditionally associated with the general operation of the government, which are not legally required or by sound financial management to be accounted for in another fund.

School Categorical Grants Special Revenue Fund – reports the activity of various federal and state educational grants for special programs administered by the Lewiston school department.

Debt Service Fund – records the accumulation of governmental resources to fund capital leases and general obligation bond principal and interest payments.

Capital Projects – a consolidated fund to account for the acquisition of municipal capital assets, or the construction of capital projects and infrastructure funded through general obligation bonds financed by governmental funds.

The City of Lewiston discloses the following major proprietary funds:

Water Enterprise Fund – reports the operating and construction activity of the water system for the City of Lewiston. This fund also provides half of the operating and land acquisition costs associated with the Lake Auburn Watershed Protection Commission.

Sewer Enterprise Fund – accounts for the operation of the sanitary sewer system in Lewiston and payment of Lewiston's share of the costs of waste water treatment provided by the Lewiston-Auburn Water Pollution Control Authority.

Storm Water Enterprise Fund – this fund was created to provide funding for federal storm water mandates and operations. User fees are derived from the amount of impervious surface owned by the customer that creates storm water run-off.

Additionally, the City of Lewiston reports the following Fiduciary Fund Types:

Private Purpose Trust Funds – funds used to report the activity for bequests left for charitable payments and scholarship awards. These assets are held by the City in a trustee capacity, whereby the original bequest is preserved as nonexpendable and the accumulated interest earnings are available to provide for educational awards and basic necessities for indigent individuals.

Agency Funds – account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds. The City of Lewiston serves as an agent for: various school activity accounts, private funding for the downtown holiday parade and celebration, the Franklin Pasture Sports Complex, and the local senior citizens group.

Fiduciary Funds use an economic resources measurement focus, with the exception of Agency Funds which have no measurement focus.

As a general rule, the City has eliminated the effect of interfund activity from the entity-wide financial statements, with the exception of the water and sewer charges, and other governmental functions between the proprietary and governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish operating revenues and expenses from nonoperating activity. Operating revenues arise from providing goods or services to outside parties for a fee. The intent of the governing body is that the operating costs, including administration and depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues and expenses that are not derived directly from operations are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit with original maturities of less than three months. The City primarily invests in money market accounts. The City does not participate in any external investment pools. The investments are reported at their fair value on the balance sheet. For Statement of Cash Flow purposes, the City considers cash and cash equivalents to be demand deposits, certificates of deposit with maturities of less than three months and money market mutual funds.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Interfund Receivable" or "Interfund Payable" on the balance sheet for current activities and "advances to/from other funds" for noncurrent activities. Outstanding interfund balances, if any, between governmental activities and business-type activities are reported in the statement of net position as "internal balances".

All trade, property tax and loan receivables, where applicable, are shown net of an allowance for uncollectible accounts.

3. Inventories

Inventories are valued at cost in the School Categorical Grants Special Revenue Fund and at a weighted average cost method in the General Fund. The costs of inventory items are recognized as expenditures when purchased in the governmental funds, except for the School Categorical Special Revenue Fund and the Highway Department of the General Fund, where inventory items are recorded as expenditures when used. The business-type activities-Enterprise Funds utilize a just-in-time inventory system whereby inventory is delivered when needed and items are recognized as expenses when used. Therefore, no inventory is typically held for these funds.

4. Restricted Assets

Deposits placed on customer accounts for the enterprise funds are classified as restricted assets on the balance sheet due to their limited use. It is the City's policy to require an account deposit for all new service users. This deposit, with applicable interest, is restricted from general operating use in order to preserve monies to refund the customer after remaining in good standing for one year. If favorable credit standing is jeopardized within a year, the deposit proceeds are applied to delinquent balances.

5. Capital Assets

Capital assets, which include land, buildings, capital improvements, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the statement of net position financial statement. Assets are capitalized if their total cost exceeds \$5,000 and their useful life extends beyond one year. Capital assets are recorded at historical costs or estimated historical costs if constructed. Donated capital assets, donated works of art, and similar items are recorded at acquisition value at the time received.

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

Capital assets of the City of Lewiston are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Improvements Other Than Buildings	20 - 50 years
Infrastructure	10 - 100 years
Equipment	3 - 15 years
Vehicles	5 - 10 years
Intangible Assets	10 years

6. Compensated Absences

Under terms of union contracts and employment agreements, City employees are granted vacation and sick leave in varying amounts. City employees, including teachers, may accumulate up to 180 days of unused sick leave. Teachers are reimbursed for up to 50 days of accumulated sick leave upon retirement; all other City employees are reimbursed for up to 90 days of accumulated sick leave upon retirement. Employees, with the exception of teachers, may accumulate up to 40 vacation days and are entitled to full payment upon termination.

Matured accumulated vacation and sick leave are reported as a liability in the governmental funds. All other vacation accumulations are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is created for amounts of accumulated sick leave that are not matured, yet qualified employees are entitled to these benefits upon separation or retirement. Noncurrent, vested sick balances are reported as a liability in the statement of net position for governmental and business-type activities, but typically liquidated by the General Fund.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognized long-term obligations as a liability when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The individual fund that incurred the original long-term debt obligation will provide the financial resources to liquidate the liability. The General Fund has the primary funding role in the liquidation of the net pension and other postemployment benefit obligations, and the liability for compensated absences.

The City implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities"; as a result, bond issuance costs are recognized and expensed in the current period for both governmental and proprietary funds.

8. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position and the Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources represent the future reporting of the consumption of the government's net position. Conversely, deferred inflows of resources will increase net position in a future period. The City of Lewiston has a deferred inflow on its Governmental Fund Balance Sheet, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Deferred tax revenue of \$1,668,607 is deferred and recognized as an inflow of resources in the period that the amounts become available.

The City recorded a deferred outflow related to the net OPEB and pension liabilities, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net liability in the subsequent year. The differences between expected and actual experience, and changes in the proportion and differences between City contributions and the proportionate share of contributions, which are deferred and amortized over the average, expected remaining service lives of active and inactive members in the plan.

The separate financial statement element, deferred inflows of resources, represents an acquisition of net pension and OPEB that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow relates to the OPEB and net pension liability, which includes the net difference between the projected and the actual investment earnings on the pension plan investments, which is deferred and amortized over a five year period.

9. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Some of the City's Nonmajor Special Revenue Funds include Federal and State grants which require fund balance to be restricted for those purposes.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, for Lewiston, it's through City Council order, and that remains binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council

has delegated the authority to assign amounts for specific purposes. The City Council has delegated through its Fund Balance Policy, this authority to the City Administrator and the Finance Director. The City Council has assigned the Lewiston Mill Redevelopment Corp. and the Recreation Activity Nonmajor Special Revenue Funds' fund balance to be retained for those purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance.

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

10. Other Post-Employment Benefits (OPEB)

In 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 City'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.

For purposes of measuring the City's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

11. 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 Maine Public Employees Retirement System Participating Local District (PLD) Consolidated Plan and State Employee and Teacher (SET) Plan, and additions to/deductions from the PLD Consolidated and SET Plans' fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated and SET Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value where applicable.

12. Comparative Data and Reclassifications

Selected comparative total data for the prior year have been presented throughout this financial report in order to provide an understanding of the changes in the financial position and operations of these funds. Additionally, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

13. Implementation of New Accounting Standards

GASB has several new accounting standards that take effect this fiscal year. These new standards include: Statement No. 81, "*Irrevocable Split-Interest Agreements*"; and Statement No. 83, "*Certain Asset Retirement Obligations*". Management has determined that these statements are either not applicable to the City of Lewiston or the impact of the statements are not material to the financial statements.

The City has incorporated the additional disclosures required with the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between total governmental fund balance and governmental activities net position as reported in the Government-wide Statement of Net Position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds. The components of this \$174,593,598 difference are as follows:

Bonds Payable	\$ 133,510,322
Bond Premium	3,935,386
Accrued Interest Payable	855,126
Obligation for Workers Compensation Claims	4,773,165
Compensated Absences Payable – Sick	1,330,876
OPEB UAAL	4,690,858
MEPERS Net Pension Liability	20,130,462
Compensated Absences Payable – Vacation	2,141,189
Capital Lease Payable	95,676
Landfill Closure and Post-Closure Care Costs	<u>3,130,538</u>
Net adjustment to reduce total governmental fund balances to arrive at governmental activities net position	\$ <u>174,593,598</u>

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

Statement 5 provides a reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities. One element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental funds." Neither transaction, however, has any effect on the net position. The details of this \$48,543,615 difference are as follows:

Debt Issued:	
Issuance of General Obligation Bonds	\$ (59,342,394)
Capital Lease Obligation	(7,114)
Principal Repayments:	
General Obligation Debt	10,637,217
Capital Lease Payments	<u>168,676</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	\$ <u>(48,543,615)</u>

Another component of the reconciliation states that "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." The elements that comprise the \$4,344,667 reconciling item are noted below:

Accrued Interest Adjustment	\$ (401,615)
Workers Compensation Claims	(117,450)
Bond Premium	(508,696)
OPEB UAAL	(171,736)
Compensated Absences – Sick	831,737
Compensated Absences – Vacation	(53,643)
Landfill Closure & Postclosure Care	(55,392)
MEPERS Pension Liability	<u>3,867,872</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	\$ <u>(4,344,667)</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States with the exception that encumbrances are treated as expenditures for budgetary purposes. Budgets for the General Fund, Enterprise Funds and Community Development Block Grant (CDBG) Special Revenue Fund are formally adopted each year through the passage of an appropriation resolve. Other Special Revenue Funds and all Capital Projects Funds have adopted project-length budgets. Unencumbered appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances outstanding at year end are reported as assigned fund balance and do not constitute expenditures or liabilities because goods and services have not been received in the current year. However, for budgetary purposes, encumbrances are treated as expenditures.

Each year, on or before April 1, the City Administrator submits to the City Council a budget for the ensuing fiscal year along with an accompanying message. The Administrator's message explains the budget both in fiscal terms and in terms of work programs. It outlines the proposed financial policies of the City for the coming fiscal year; describes the important features of the budget; indicates any major changes from the current year's financial policies, expenditures, and revenues, together with the reasons for such changes; summarizes the City's debt position; and includes such other materials as the Administrator deems desirable. It also describes the tax impact of the proposed budget.

The budget is prepared using accounting principles generally accepted in the United States with the exception that encumbrances are treated as expenditures for budgetary purposes and the on-behalf payments by the State of Maine for the teacher's retirement plan and the State's portion of the Connor Elementary School debt are not budgeted. It provides a complete financial plan of the City's General and Enterprise Funds for the ensuing fiscal year. It begins with a general summary of its contents and shows in detail, all estimated income, indicating the proposed property tax levy affecting the general fund, and all proposed expenditures, including debt service, for the ensuing fiscal year, arranged to show comparative figures for actual and estimated income and expenditures to the preceding fiscal year. It indicates in separate sections:

- (a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by department in terms of their respective work programs, and methods of financing such expenditures;
- (b) Proposed capital expenditures during the ensuing fiscal year, detailed by department, and proposed method of financing such capital expenditures;

(c) Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition; and

(d) Comparative statements reflecting actual expenditures for the current year and estimated expenditures for the next succeeding fiscal year.

The Administrator makes allotments to various City departments in accordance with needs. No expenditures may be made or obligation incurred without his certification. The level of budgetary control is at the department level for the General Fund and Water, Sewer and Storm Water Enterprise Funds and at the federal program level for the CDBG Special Revenue Fund. The federal program level is established by HUD for program categories serviced by CDBG funds. Within each of these categories, the City of Lewiston outlines projects to be completed to satisfy HUD's national objectives. At any time during the fiscal year, the Administrator may transfer part or all of any unencumbered appropriation balance among programs within a department. Also, upon written request by the Administrator, the City Council may, by resolution, transfer part or all of any unencumbered balance to another department. If, during the fiscal year, the Administrator certifies that there are revenues in excess of the total estimated budget, the Council may make, after a public hearing, supplemental resolutions up to the amount of the excess revenues. Also, to meet a public emergency, the Council may make emergency appropriations by resolution. During the fiscal year ended June 30, 2018, there was one general fund supplemental appropriation totaling \$4,717,203. The City Council authorized the supplemental appropriation to purchase various one time capital items and/or repairs.

Every budgetary account lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Encumbered appropriations are carried forward into the following year's budget. Copies of the budget, as adopted, are public records and are made available for inspection by the public at designated places and on the City's website.

B. Budgetary Basis vs. GAAP Basis

The City's budget is reported on a modified accrual basis, except that current year encumbrances are treated as expenditures for budgetary purposes. For financial reporting on the budgetary basis, funds encumbered in the previous year are added to the current year's budgeted figures. Expenditures against the prior year's encumbrances are included with current year expenditures.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Special Revenue Fund - Budgetary Basis (Statement 6 and Exhibit B-3) presents comparisons of legally adopted budgets, modified by the inclusion of the previous year's encumbrances and with actual expenditures modified by the inclusion of current year encumbrances. Since accounting principles applied for the purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States, a reconciliation of the entity's timing differences in Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses) of financial resources is provided on each financial statement.

As required by accounting principles generally accepted in the United States, the City has recorded a revenue and expenditure for Maine Public Employees Retirement contributions and the Connor Elementary School debt service payment made by the State of Maine on behalf of the City of Lewiston School Department. These amounts have not been budgeted in the General Fund and results in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States. An intergovernmental revenue of \$4,730,128 and additional expenditure of \$4,730,128 in education have been included on Statement 2, Statement of Activities, and in the General Fund, and on Statement 4, Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (GAAP basis) and have not been reported on Statement 6 (Budgetary Basis). Of the \$4,730,128 on behalf payment, \$4,147,489 is attributed to the State's portion of retirement contributions and \$582,639 represents the elementary school debt service. Outstanding encumbrances are treated as expenditures under the Budgetary Basis. Total encumbrances amount to \$4,919,590 for General Fund on Statement 6, but have been properly excluded on Statement 4, under the GAAP basis of accounting. For the current year, the Community Development Block Grant Special Revenue Fund had \$385 of encumbered program balances.

A significant budget deficits resulting from operations was experienced in the city attorney line item (\$32,920) due to a number of complex real estate transactions.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City of Lewiston has formally adopted an investment policy, whereby all available funds are invested at the highest possible rates, in conformance with legal requirements, while avoiding unreasonable risk. The current investment policy does not specifically address concentration of investment risk.

Deposits. At June 30, 2018, the carrying amount of the City's deposits was \$26,528,261 and the related bank balance was \$27,769,019.

Custodial Credit Risk for Deposits – The City of Lewiston does not have a formal policy that addresses custodial risk for deposits, which is the risk that the funds may not be returned in the case of bank failure. A portion of this risk is mitigated by the fact the financial institutions holding these deposits are F.D.I.C insured. Of the \$27,769,019 bank balance noted above, 100% of the balance was insured by federal depository insurance or collateralized. There were no remaining deposits held in the City's name that were exposed to custodial credit risk by being uninsured and uncollateralized.

Investments. Maine statutes authorize the City to invest in obligations of the U. S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, corporate securities, stocks of financial institutions, and other stock investments.

At year end, the City's investments consisted of the following:

	June 30, 2018 Total	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)
Investments by Fair Value Level			
Debt Securities:			
U.S. Agency Securities	\$1,523,224		\$1,523,224
Corporate Bonds	455,249		455,249
Brokered Certificates of Deposit	6,359,985		6,359,985
Total Debt Securities	<u>8,338,458</u>		<u>8,338,458</u>
Equity Securities:			
Common Stock	1,070,285	\$1,070,285	
Mutual Funds and Exchange-Traded Funds	181,540	181,540	
Real Estate Investment Trusts	14,417	14,417	
Total Equity Securities	<u>1,266,242</u>	<u>1,266,242</u>	
Total Investments by Fair Value Level	<u>9,604,700</u>	<u>\$1,266,242</u>	<u>\$8,338,458</u>
Investments Measured at the Net Asset Value (NAV):			
Money Market Mutual Funds	<u>41,988,559</u>		
Total Investments Measured at the NAV	<u>41,988,559</u>		
Total Investments Measured at Fair Value	<u>\$51,593,259</u>		

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities

based on the securities' relationship to benchmark quoted prices. The City has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of Deposit held with local financial institutions for \$599,000 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value. It is the intent of the City to hold the brokered certificates of deposit listed above to maturity as well.

	<u>Fair Value</u>	<u>Wt. Average Maturity in Years</u>
Certificates of Deposits	\$6,958,985	.88
Treasury Bonds	1,523,224	2.40
Corporate Stocks	1,266,242	N/A
Corporate Bonds	455,249	2.61
Money Market	<u>41,988,559</u>	Less than 1 year
Total Fair Value	<u>\$52,192,259</u>	

Interest Rate Risk – The City has a policy which dictates that less than 20% of its portfolio may be invested in maturities between one and ten years. As a result, the City elects to invest the majority of its funds in short term deposits to satisfy cashflow needs and limit their exposure to declines in fair value. Excess monies in the governmental funds are swept daily by the financial institution into overnight repurchase agreements.

Credit Risk – Maine statutes authorizes the City to invest in U.S. Treasury and agencies, repurchase agreements and certain corporate stocks and bonds. The Library Endowment Permanent Fund is the only fund that utilizes equity investments. The Library Board of Directors contracted with R.M. Davis to manage and invest the endowment funds through Charles Schwab in safe and secure equities. In accordance with City policy, investments in certificates of deposits must be F.D.I.C insured and the principal shall not exceed the amount covered by the insurance at a single financial institution. The City held \$25,474 of corporate bonds with a bond rating of AA+, \$25,790 rated at a AA-, \$65,328 rated at an A+, \$214,296 rated at an A, \$103,724 rated at an A-, and \$20,637 rated at a BBB+. The City did not invest in perfected repurchase agreements as a cash management tool during the current year.

Custodial Credit Risk for Investments – This is the investment risk taken by the City of Lewiston in the event that we will not be able to recover the value of our investments or collateral securities that are in the possession of an outside entity. The City limits its custodial risk by occasionally purchasing perfected repurchase agreements through the trust departments of TD Bank and Bangor Savings Bank, in the City's name and is held at the Federal Reserve Bank in Boston. Of the \$3,244,715 investment in corporate equities, bonds, and U.S. Treasuries, \$1,727,054 has custodial credit risk because those securities are uninsured, unregistered and are held by the City's brokerage firm.

B. Receivables

Receivables at June 30, 2018, for the City of Lewiston's individual major funds, nonmajor, and Business-type - Enterprise funds consist of the following:

	General	School Categorical	Capital Projects	Other Gov. Funds	Enterprise Funds			Total
					Water	Sewer	Storm Water	
Taxes	\$1,832,923							\$1,832,923
Accounts	967,235	\$12,964		\$124,052	\$1,144,415	\$1,402,789	\$447,470	4,098,925
Notes\Loans	1,583,939			3,126,583				4,710,522
Intergovernmental	717,453	1,762,813	\$927,977	315,208				3,723,451
Gross Receivables	5,101,550	1,775,777	927,977	3,565,843	1,144,415	1,402,789	399,841	14,365,821
Less: Allowance for Uncollectibles	(16,660)			(640,441)	(16,836)	(28,786)	(36,589)	(739,312)
Net Receivables	\$5,084,890	\$1,775,777	\$927,977	\$2,925,402	\$1,127,579	\$1,374,003	\$410,881	\$13,626,509

Property taxes for the current year were committed July 24, 2017, on the assessed value listed as of April 1, 2017, for all real and personal property located in the City. Taxes were due in two installments: September 15, 2017, and March 15, 2018. Interest was charged at 7% on all taxes unpaid as of the due date. Under state statute, the Tax Collector, after the expiration of eight (8) months, and within one year after the date of the original tax commitment, records a tax lien certificate against any unpaid real estate property tax.

The last complete revaluation occurred in 1988 and was effective for the 1988 assessment. A revaluation of land values occurred in 2003 for fiscal year 2004. The assessed value for the list of April 1, 2017, upon which the 2018 levy was based, was at approximately 85.3% of the estimated market value.

Property taxes levied during fiscal year 2018 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2017 and during the 1st 60 days of fiscal year 2019 are recognized as revenues in the Governmental Funds, in fiscal year 2018. Receivables of \$1,668,607, estimated to be collectible subsequent to the 60 day period are considered to be deferred inflows of resources. Prior year tax levies were recorded using this same principle.

The non-current portion of the notes/loans receivable in the General Fund and Special Revenue Funds are categorized in the nonspendable portion of fund balance in that fund because these assets are not in spendable form.

Intergovernmental receivables consist primarily of funds due from the State of Maine and from the Office of Housing and Urban Development.

On the Statement of Net Position, the Governmental Funds reported \$770,610 as unearned revenue. This amount represents the prepayment of fiscal year 2019 taxes, solid waste removal for multi-unit apartment buildings, 2019 school lunches, and monthly parking billing. The unearned revenue reflects the recognition of resources that have been received but yet to be earned.

C. Capital Assets

The following is a summary of changes in the Primary Government's Governmental Activities' Capital Assets during the fiscal year:

	Balance			Balance
	July 1, 2017	Additions	Retirement	June 30, 2018
Capital Assets Not Depreciated:				
Land	\$ 15,199,596	\$ 1,007,931	\$ 218,344	\$ 15,989,183
Construction in Progress	5,243,399	25,074,567	1,112,368	29,205,598
Total Capital Assets Not Depreciated	20,442,995	26,082,498	1,330,712	45,194,781
Capital Assets Being Depreciated:				
Buildings	107,616,629	1,379,994	56,708	108,939,915
Improvements Other Than Buildings	37,239,234	465,871	1,298,246	36,406,859
Machinery and Equipment	46,129,812	2,306,086	854,170	47,581,730
Infrastructure	130,575,743	1,603,357		132,179,100
Total Capital Assets Being Depreciated	321,561,420	5,755,308	2,209,124	325,107,604
Less Accumulated Depreciation for:				
Buildings	(44,041,809)	(3,103,213)	(52,290)	(47,092,732)
Improvements Other Than Buildings	(19,048,280)	(1,197,871)	(1,284,195)	(18,961,956)
Machinery and Equipment	(23,013,329)	(2,240,727)	(766,247)	(24,487,810)
Infrastructure	(58,461,076)	(2,697,960)		(61,159,036)
Total Accumulated Depreciation	(144,564,493)	(9,239,771)	(2,102,732)	(151,701,533)
Total Net Capital Assets Being Depreciated	176,996,927	(3,484,463)	106,392	173,406,070
Governmental Activities Capital Assets, Net	\$ 197,439,920	\$ 22,598,035	\$ 1,437,104	\$ 218,600,850

Depreciation expense was charged to the various governmental functions as follows: general government, \$1,447,525; public safety, \$474,592; public works, \$4,091,714; culture and recreation, \$261,371; and education and nutrition, \$2,964,569.

At June 30, 2018, the City had entered into contracts for, or had otherwise committed to, the construction or renovation of various facilities as follows:

	Project	Expended	Commitment	Required
	Authorization	To Date	Commitment	Further
				Financing
General Street Rehab.	\$ 7,356,725	\$ 3,576,896	\$ 1,210,322	None
New Elementary School Construct.	45,841,394	23,213,178	1,180,668	None
Riverfront Master Plan	261,291	50,609	109,956	None
School Library Air Conditioning	664,900	406,248	196,072	None
Fire Substation Replacement	120,000	111,224	7,690	None
Parking Study	130,000	41,839	3,343	None
Sidewalk Improvements	476,000	14,398	189,602	None
Park Improvements	300,000	16,824	1,238	None
Municipal Garage Vehicles	1,232,500	971,491	157,210	None

The following is a summary of the Primary Government's Business-type capital assets for the City's Enterprise Funds at June 30, 2018:

	Balance			Balance
	July 1, 2017	Additions	Deletions	June 30, 2018
Capital Assets Not Depreciated:				
Land	\$ 1,294,710			\$ 1,294,710
Construction in Progress	2,821,434	\$ 4,899,397	\$ 4,835,339	2,885,492
Total Capital Assets Not Depreciated	4,116,114	4,899,397	4,835,339	4,180,202
Capital Assets Being Depreciated:				
Buildings	11,101,959	20,969		11,122,928
Equipment	3,073,651	186,181	37,847	3,221,985
Sewer and Water Lines	91,137,914	4,995,974	167,645	95,966,243
Total Capital Assets Being Depreciated	105,313,524	5,203,124	205,492	110,311,156
Less Accumulated Depreciation for:				
Buildings	(4,594,655)	(230,183)		(4,824,838)
Equipment	(2,193,088)	(179,419)	(37,847)	(2,334,660)
Sewer and Water Lines	(20,815,772)	(1,871,480)	(167,645)	(22,519,607)
Total Accumulated Depreciation	(27,603,515)	(2,281,082)	(205,492)	(29,679,105)
Total Net Capital Assets Being Depreciated	77,710,009	2,922,042		80,632,051
Business-type Capital Assets, Net	\$ 81,826,153	\$ 7,821,439	\$ 4,835,339	\$ 84,812,253

	Balance			Balance
	July 1, 2017	Additions	Deletions	June 30, 2018
Intangible Assets Being Amortized:				
Intangible Asset Costs	\$ 1,998,406	\$ 282,714	\$ 75,741	\$ 2,205,376
Less Accumulated Amortization	(777,876)	(256,600)	(75,741)	(958,735)
Business-type Intangible Assets, Net	\$ 1,220,527	\$ 26,114	\$ 0	\$ 1,246,641

Depreciation expense was charged to the various business-type activities as follows: water enterprise fund, \$1,269,925; sewer enterprise fund, \$726,942, and the storm water enterprise fund, \$284,215. The water, sewer and storm water enterprise funds incurred amortized deferred charges of \$13,799, \$130,029, and \$112,772 respectively.

D. Interfund Transactions

As of June 30, 2018, the balances of interfund activity were as follows:

	Interfund	Interfund
	Receivable	Payable
General Fund	\$ 899,076	
School Categorical Grants Fund		\$ 588,750
Capital Projects Fund		
Nonmajor Governmental Funds		310,325
Total	\$ 899,076	\$ 899,076

Interfund receivables and payables as of year end primarily represent unreimbursed accounts payable and payroll disbursements from the General Fund's consolidated checking account.

Transfers In/Out:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 723,718	\$ 14,113,678
School Categorical Grants		57,911
Debt Service Fund	14,442,349	902,427
Capital Projects Fund	1,541,427	639,000
Nonmajor Governmental Funds		582,928
Water Enterprise Fund		26,257
Sewer Enterprise Fund		39,640
Storm Water Enterprise Fund		345,655
Total	\$ 16,707,494	\$ 16,707,494

The majority of the transfers between funds are comprised of debt service payments of current year principal and interest payments to the Debt Service Fund. Other transfers are made for fringe benefit payments and overhead costs.

E. Leases

Operating Leases. The City of Lewiston renovated the old District Court Building in order to prepare for the State of Maine's Violation Bureau's operations. The City has a 15 year lease with the State Judicial Department. In May, the State provided notice within the terms of the lease to not renew in FY19. Rental income from this operating lease in 2018 was \$139,904. The cost of the building and associated improvements was \$735,889 and accumulated depreciation at the end of this fiscal year was \$635,208 resulting in the net carrying value of \$100,681.

Lewiston CellTelCo. Partnership has contracted with the City of Lewiston, the lessor, to rent a portion of roof and ground space at the Lewiston Armory to construct a mobile telephone base station. The agreement is for five years, with 3 five-year renewal options, in the amount of \$23,526 per year.

St. Mary's Regional Medical Center entered into a parking and circulation easement agreement with the City, the lessor, to rent a portion of land near the Lewiston Armory. This ten year lease provides an annual payment of \$12,500 to be utilized by the school department's Aspirations Program and \$9,500 to the municipal government.

The City of Lewiston leased 10,000 square feet of land to Mariner Tower II, LLC, the lessee, to construct a communications tower and related infrastructure. This is a five year lease with 5 five-year renewal provisions. Rental income of \$26,712 was received in fiscal year 2018.

The City entered into an agreement with Casella Recycling LLC to lease surplus building space at the City's solid waste facility to process their zero-sort recycling materials. The lease's term is 20 years with a five year extension. The annual base rent is \$69,000 with a minimum annual price inflator of 2%. Rental income for FY2018 was \$71,328.

As part of the Southern Gateway Development, the municipality, as a lessee, entered into two operating leases for four parcels of land. The security of this land afforded the City the opportunity to construct a new municipal parking garage and a parking area in our targeted development area. Rental expenditures for this lease were \$38,433, and \$3,960 respectfully for each lease.

The City is leasing eight voting machines from the State of Maine for a five year period with lease payments amounting to \$4,868 annually.

Given the need for auxiliary teacher parking, the School Department entered into a three year land lease with Aubuchon Realty and a six land lease with Firland Management. The lease payments in FY18 totaled \$1,980 and \$10,000 respectively.

Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the City's capital assets. The lessees are responsible for paying all executory costs such as maintenance and insurance.

The following is a schedule by year, of minimum future rental income and expenditures on the City's non-cancelable operating leases as of June 30, 2018:

Fiscal Year Ended June 30	General Fund Rental Income	General Fund Rental Expenditures
2019	\$ 201,208	\$ 64,361
2020	109,256	62,261
2021	100,896	57,393
2022	69,009	54,423
2023	69,009	53,433
Thereafter	781,651	1,194,618
TOTAL	\$ 1,331,029	\$ 1,486,489

Minimum future rentals do not include contingent rentals which may be received as stipulated in the lease contracts. There were no contingent rental payments received in fiscal year 2018.

Capital Leases. The City has entered into three capital lease agreements as a lessee for financing municipal equipment. These leases have given rise to property rights and qualify as a capital lease for accounting purposes. These assets acquired through capital leases included machinery and equipment of \$2,331,145 less \$528,596 of accumulated depreciation, were recorded in the Governmental Activities Fund.

Payment obligations for these capital leases have been satisfied as of year end. The future minimum lease obligations of the remaining leases, and the net present value (PV) of these minimum lease payments as of June 30, 2018, were as follows:

Fiscal Year Ended June 30	Lease Payment Amount
2019	\$94,833
2020	1,513
2021	1,513
2022	1,513
	<u>99,372</u>
Less: Amount of Interest	<u>(3,696)</u>
PV of Lease Payments	<u>\$95,676</u>

F. Long-Term Debt

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as a 12 year average serial bonds with equal amounts of principal maturing annually.

The general obligation bonds currently outstanding, of the original \$232,652,490 issued, are as follows:

Municipal Improvements	Interest Rate	Balance At 6/30/18
Capital Improvement – 1999	4.5%	\$ 104,338
Capital Improvement – 2000	5.2%	192,000
Capital Improvement – 2001	4.3 & 6.9%	1,274,170
Capital Improvement – 2002	4.3%	510,279
Municipal Pension Bonds	3.17%	3,775,000
Capital Improvement – 2003	3.2%	1,075,038
Capital Improvement – 2004	4.25%	5,980,368
Capital Improvement – 2005	4.01%	2,264,727
Capital Improvement – 2006	4.17%	2,679,097
Capital Improvement – 2007	4.46%	3,088,444
Education Bonds – 2008	3.5 & 4.2%	5,500,000
Capital Improvement – 2008	5.1%	12,734,227
Capital Improvement – 2009	3.6%	2,677,500
McMahon Expansion Project – 2009	0%	1,687,332
Capital Improvement – 2010	2.8%	3,451,500
School Renovation Loan Fund - 2010	0%	95,835
School Qualified Construction Bonds	2%	805,774
Capital Improvement – 2011	2.94%	1,965,100
Capital Improvement – 2012	1.89%	1,481,398
Capital Improvement – 2013	2.1%	12,024,585
Capital Improvement – 2014	2.4%	1,796,855
Capital Improvement – 2015	2.23%	3,000,732
Capital Improvement – 2016	2.14%	6,003,628
Capital Improvement – 2017	2.95%	6,756,000
Connor Elementary School	3.25%	44,721,394
Capital Improvement – 2018	3.15%	7,865,000
		\$ 133,510,321

Annual debt service requirements to maturity for general obligation bonds, including interest of \$31,597,504 are as follows:

Fiscal Year Ended June 30	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2019	\$ 13,036,035	\$ 4,140,932	\$ 17,176,967
2020	13,436,582	3,843,961	17,280,543
2021	13,355,534	3,419,454	16,774,988
2022	11,250,968	3,012,440	14,263,407
2023	10,813,591	2,683,269	13,496,859
2024-2028	37,800,789	8,983,286	46,784,075

2029-2033	20,250,173	4,191,439	24,441,612
2034-2038	13,436,615	1,318,335	14,754,951
2039-2043	130,035	4,388	134,424
Total	\$ 133,510,321	\$ 31,597,504	\$ 165,107,825

Revenue Bonds. The City also issues bonds through its Enterprise Fund, where the City pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2018, of the total \$79,652,490 originally issued, are as follows:

<u>Municipal Improvements</u>	<u>Interest Rate</u>	<u>Balance at 6/30/18</u>
<u>Water Division:</u>		
Water Improvement – 1999	4.5%	\$ 23,750
Water Improvement – 2000	5.4%	8,889
Water Improvement – 2001	4.3%	34,415
Water Improvement – 2002	4.3%	127,570
Water Improvement – 2003	3.2%	1,116,923
Water Improvement – 2004	4.25%	152,201
Water Improvement – 2005	4.02%	1,722,936
Water Improvement – 2006	4.17%	146,281
Water Improvement – 2007	4.46%	604,282
Water Improvement – 2008	5.1%	537,767
U.V. Treatment Facility	0%	1,558,037
Water Improvement – 2009	3.6%	689,260
Water Improvement – 2010	2.8%	711,500
Chlorination Facility	0%	827,288
Water Improvement – 2011	2.7%	1,337,400
Water Improvement – 2012	2.1%	846,098
Water Improvement – 2013	2.5%	1,725,000
Water Improvement – 2014	2.6%	1,610,517
Water Improvement – 2015	2.43%	486,202
Water Improvement – 2016	2.33%	2,366,372
Water Improvement – 2017	2.63%	2,771,500
Water Improvement – 2018	3.19%	1,995,000
		\$ 21,399,187
<u>Sewer Division:</u>		
Sewer Improvement – 1999	4.5%	\$ 4,750
Sewer Improvement – 2000	5.4%	39,111
Sewer Improvement – 2001	4.3%	186,415
Sewer Improvement – 2002	4.3%	157,151
Sewer Improvement – 2003	3.2%	228,038
Sewer Improvement – 2004	4.25%	217,430

Sewer Improvement – 2005	4.02%	107,337
Sewer Improvement – 2006	4.17%	284,623
Sewer Improvement – 2007	4.46%	1,410,594
Sewer Improvement – 2008	5.1%	225,112
Clean Water Act	0%	180,395
Sewer Improvement – 2009	3.6%	175,436
Sewer Improvement – 2010	2.8%	463,125
Sewer Improvement – 2011	3.1%	1,152,500
Sewer Improvement – 2012	2.1%	1,405,006
Sewer Improvement – 2013	2.5%	1,556,250
Sewer Improvement – 2014	2.6%	1,846,064
Sewer Improvement – 2015	2.25%	453,066
Sewer Improvement – 2016	2.52%	1,990,000
Sewer Improvement – 2017	2.72%	2,456,500
Sewer Improvement – 2018	3.08%	<u>2,755,000</u>
		\$ 17,293,903

Storm Water Division:

Storm Water Improvement – 2007	4.46%	\$ 1,362,679
Storm Water Improvement – 2008	5.1%	115,057
Clean Water Act	0%	180,395
Storm Water Improvement – 2009	3.6%	227,804
Storm Water Improvement – 2010	2.8%	698,875
Storm Water Improvement – 2011	3.1%	680,000
Storm Water Improvement – 2012	2.1%	1,197,498
Storm Water Improvement – 2013	2.3%	1,229,165
Storm Water Improvement – 2014	2.6%	1,216,664
Storm Water Improvement – 2015	1.93%	180,000
Storm Water Improvement – 2016	2.37%	655,000
Storm Water Improvement – 2017	2.82%	1,286,000
Storm Water Improvement – 2018	3.04%	<u>1,740,000</u>
		\$ 10,769,137

Total Revenue Bond Debt	49,642,228
Less: Current Installments	<u>3,856,367</u>
Long-Term Revenue Bond Debt	<u>\$ 45,785,861</u>

Revenue bond debt service requirements to maturity, including \$10,997,579 of interest, are as follows:

Fiscal Year	Annual Debt		
Ended	Principal	Interest	Service
June 30	Requirements	Requirements	Requirements
2019	\$ 3,856,367	\$ 1,423,223	\$ 5,279,590
2020	4,176,398	1,389,121	5,565,519
2021	4,132,785	1,247,887	5,380,672
2022	3,990,746	1,105,843	5,096,589
2023	3,899,462	982,673	4,882,135
2024-2028	16,101,402	3,281,519	19,382,921
2029-2033	9,931,369	1,284,123	11,215,492
2034-2038	3,228,733	278,298	3,507,031
2039-2043	144,965	4,893	149,858
TOTAL	\$ 49,462,228	\$ 10,997,579	\$ 60,459,807

At June 30, 2018, the City had \$6,580,000 bonds authorized by the City Council but have not been issued. There are no restrictive bond covenants with which the City must comply.

Changes in Long-Term Liabilities. During the year ended June 30, 2018, the following changes occurred in long-term liabilities for the City of Lewiston:

	Balance			Balance	Due Within
	July 1	Additions	Reductions	June 30	One Year
<u>Governmental Activities:</u>					
General Obligation Debt	\$84,805,145	\$59,342,394	\$10,637,217	\$133,510,321	\$13,036,035
Bond Premium	3,426,690	902,427	393,731	3,935,386	434,318
Workers Comp Claims	4,655,715	992,845	875,395	4,773,165	1,000,000
Compensated Absences - Sick	2,162,612	23,261	854,998	1,330,876	450,000
Capital Leases	257,238	7,114	168,676	95,676	91,411
Comp. Absences - Vacation	2,087,546	190,386	136,743	2,141,189	150,000
OPEB UAAL	3,974,778	1,033,916	317,836	4,690,858	
Net Pension Liability	22,847,919	1,150,415	3,867,872	20,130,462	
Landfill Closure and Post-closure Care	3,075,146	86,392	31,000	3,130,538	31,000
Total Governmental Activities	127,292,789	63,729,150	17,283,468	173,738,471	15,192,764
<u>Business-Type Activities:</u>					
Revenue Bond Debt	40,011,174	13,004,000	3,552,946	49,462,228	3,856,367
Bond Premium	988,002	623,036	78,335	1,532,703	119,871
Bond Discount	(58,688)		(10,179)	(48,509)	(10,179)
Comp. Absences	168,227	32,937	14,457	186,707	18,908
Total Business-Type Activities	41,108,716	13,659,973	3,635,559	51,133,129	3,984,967
Total Liabilities	\$168,401,505	\$77,389,123	\$20,919,027	\$224,871,600	\$19,177,731

The City is subject to the laws of the State of Maine which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2018, the statutory limit for the City was \$335,587,500.

The City's General Fund is used to liquidate the net pension obligation and other post-employment benefit obligation.

In accordance with the Tax Reform Act of 1986, governments issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit the rebate to the federal government, subject to certain exceptions. Since the effective date of these rules, the City has been subject to one arbitrage refund due to a spend-down exception on its 2006 bond issue. The rebate amount remitted was \$13,604 and has satisfied the requirement for that issuance. The City has issued bonds which may be subject to an arbitrage calculation. The amount will not be determined until the related projects are completed or the five year anniversary has lapsed.

Advance Refundings. In prior years the City defeased certain general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2018, \$33,484,900 of bonds outstanding are considered defeased.

Overlapping Debt. The actual direct and overlapping debt at June 30, 2018, of \$193,870,928 was \$141,716,572 less than the statutory limit. The City's proportionate share of all local governmental units which provide services within the City and which must be borne by properties in the City, is summarized below:

	Debt Outstanding	Percentage Applicable to the City	City's Share of Debt
Municipal & School Debt	\$133,510,322	100.0%	\$133,510,321
Water, Sewer & Storm Water Debt	49,462,228	100.0%	49,462,228
L.A. Water Pollution Control Authority	17,409,988	62.57%	10,893,429
L.A. 911 Committee	9,900	50.0%	4,950
			<u>\$193,870,928</u>

This results in a ratio of City debt to April 1, 2017 assessed valuation of 9.59% and a ratio of overlapping debt to April 1, 2017 valuation of 10.16%.

Conduit Debt. The City has from time to time, assisted third parties in financing capital activities by participating in conduit debt transactions. The City is not obligated in any manner for this debt, and as a result has not reported these liabilities or any related assets in the basic financial statements. The outstanding principal balance of conduit debt, as of June 30, 2018, was \$2,563,138.

V. OTHER INFORMATION

A. Tax Increment Financing Districts

In accordance with M.R.S.A. Title 30-A, §5221-§5235, the City of Lewiston has established several tax increment financing districts (TIFs) to stimulate new investment in the community by assisting businesses with public infrastructure or unusually high development costs. The TIF districts were formed locally, as the City defined the districts and chose how much of the new taxes would go to what public and private projects over what period of time, subject to the approval of the City Council, local tax payers and ultimately by the Commissioner of the Maine Department of Economic and Community Development.

Taxes generated from TIF districts can be "captured" and utilized to pay for the City's bonded indebtedness associated with the new public infrastructure investment or returned to the developer in the form of a credit enhancement agreement for defined periods of up to 30 years. The City of Lewiston accounts for all the activity of the TIF districts including captured taxes and expenditures for approved purposes in the Urban Development Special Revenue Fund. The City has chosen to disclose information about its tax abatement (credit enhancement) agreements individually and negotiates property tax abatement agreements on an individual basis. The following is a brief description of and the total amount of taxes abated for each tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value	TIF Cap	New Taxes	Expended for:	
					Debt Service	Credit Enhancement
<i>Housing TIFs:</i>						
Birch Hill Housing	\$30,700	\$650,000	\$5,000 + 2.5%	\$6,092		\$11,261
Lofts at Bates Mill	\$402,450	\$2,150,440	50%	\$24,489		\$24,489
Bates St. Housing	\$187,000	\$1,600,000	65%	\$13,857		\$25,735
81 Ash Street	\$519,750	\$1,585,000	60%	\$11,939		\$17,909
<i>Economic Development TIFs:</i>						
CMP Power Reliability	\$474,500	\$51,225,130	\$423,723	\$998,310	\$423,723	None
Gendron Business Park	\$300,000	\$784,030	0%	\$13,563		None
Franklin Property Trust	\$443,800	\$7,279,300	100%	None		\$191,531
Agora	\$321,600	\$337,250	100%	None		\$439
Argo Marketing	\$268,750	\$1,700,000	40%	None		\$16,041
Riverfront Island Hotel	\$0	\$6,151,000	\$100,000	\$72,351		\$100,000
CMP Sub-station	\$16,950	\$3,225,500	Varies	\$25,794	\$64,109	None
Wal-Mart	\$1,333,700	\$47,290,600	50%	\$764,289	\$229,818	\$643,856

The City has not made any commitments as part of the agreements other than to reduce or reimburse taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

B. Risk Management

The City is self-insured in the areas of workers' compensation and unemployment compensation, and accounts for and finances its uninsured risks of loss in the General Fund. The City established a limited risk management program for Workers' Compensation in 1979. The program is self-insured for up to \$500,000 per occurrence on all employees. Excess coverage is purchased above this retained level. The City has contracted with outside parties for claims administration. All funds of the City participate in the program. Funds are appropriated in the General Fund and premiums are assessed to all other participating funds to pay claims, claim reserves and administrative costs of the program. These payments are based primarily on rates established by the State of Maine for various job classifications and are adjusted to cover the liability for future claims, as determined by annual actuarial estimates. The actuarial estimates reflect discounting at .8% to recognize the time lag between when claim obligations are recognized by the City and when claims are paid. The safety margin confidence level is set at 75%.

During the fiscal year ended June 30, 2018, a total of \$1,145,136, net of insurance proceeds, was paid in benefits and administrative costs. The outstanding future claim settlements estimation is reported on the Statement of Net Position-Governmental Activities as a noncurrent liability. Consistent with accounting principles generally accepted in the United States, a liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Workers' Compensation claims liability amount in fiscal years 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Beginning Liability Balance	\$4,655,715	\$4,154,573
Current Year Changes in Estimates	992,846	1,465,643
Claims Payments	<u>(875,395)</u>	<u>(964,501)</u>
Ending Balance	<u>\$4,773,165</u>	<u>\$4,655,715</u>

Currently, there is a shortfall of \$3,452,062 between the amount available to pay the noncurrent workers' comp claims and the noncurrent workers' comp. liability. The City reduced the shortfall by \$25,859 during this fiscal year due an increase incurred claim costs of \$12,339. The City will continue to fund this shortfall over the next few years through increased budget appropriations. An additional \$197,768 was funded by general fund above the budgeted amount. Claims for unemployment compensation do not represent a material amount and therefore have not been accrued at year end.

Other. Additionally, the City 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 City either carries commercial insurance or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool sponsored by the Maine Municipal Association (MMA) for property and casualty. Based on the coverage provided by the pool, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018, nor were there any additional settlements that exceeded the maximum limitation.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

D. Related Organizations

The Mayor has the responsibility for appointing all seven members of the Lewiston Housing Authority Board of Directors, who serve staggered five-year terms. Each appointment is subject to confirmation by the City Council. The City's accountability for the Housing Authority does not extend beyond making these appointments.

E. Joint Ventures

The City of Lewiston has entered into several joint ventures with other entities. These joint ventures are considered to be separate reporting entities and have not been included within the financial statements of the City. The joint ventures are as follows:

1. Lewiston-Auburn Water Pollution Control Authority

The Lewiston-Auburn Water Pollution Control Authority is a joint venture of the City of Lewiston and the Auburn Sewerage District. The Authority was incorporated in 1967, as a quasi-municipal corporation to provide and maintain facilities adequate for the treatment and disposal of waste water discharged by the sewage systems of the two cities.

Income and losses are allocated among the participating entities based on the service benefiting each city. The Lewiston-Auburn Water Pollution Control Authority meets the criteria for a joint venture of the Business-type Fund and is included as an investment in the City's Sewer Enterprise Fund using the equity method of accounting.

Management consists of a seven member Board of Directors comprised of (1) the Lewiston Assistant City Administrator; (2) the Lewiston Public Services Director; (3) an at-large citizen of Lewiston who is appointed by the Mayor and confirmed by the City Council; (4) the Auburn City Manager; (5) the Superintendent of the Auburn Water & Sewerage District; (6) the President or his appointee of the Auburn Water & Sewerage District; and (7) a resident of either Lewiston or Auburn elected by the Board.

The City's share of the net change in the Authority's net position is reported as a nonoperating revenue in its Sewer Enterprise Fund. At June 30, 2018, the City's equity interest in the LAWPCA was recorded at \$3,387,132, an increase of \$361,736 from 2017. In the fiscal year ended June 30, 2018, \$2,869,417 was paid to the Authority out of the City's Sewer Enterprise Fund. At December 31, 2017, the Authority was liable for unsecured bonds payable totaling \$17,409,988, a decrease of \$1,500,323 from 2016. The City's liability for the Authority's debt is limited to its share of the operations. In 2018, Lewiston's share was set at 62.57%. Complete financial statements can be obtained from the LAWPCA's main office at 535 Lincoln Street, Lewiston, Maine, 04240.

2. Auburn-Lewiston Municipal Airport

The Auburn-Lewiston Municipal Airport is owned jointly by the cities of Auburn (50%) and Lewiston (50%). The board is comprised of the Auburn City Manager; the Lewiston Finance Director; one councilor from each city, appointed by their respective City Council; one member from each city, appointed by their respective City Council; one member nominated by the Chamber of Commerce and approved by the Board, with each appointment being a resident of the alternate city of the previous seventh member; one member appointed from the Lewiston Auburn Economic Growth Council; and one member appointed from the Androscoggin Valley Council of Governments.

The City of Lewiston contributed \$165,600 for operating expenditures and \$160,000 for capital contributions. In addition to contributions from the two municipalities, the Airport derives revenue through rents, user fees, interest from investments in time deposits, and from federal and state grants. In the year ended June 30, 2018, the Airport's unrestricted net position decreased by \$33,980 to \$216,917. Complete financial statements can be obtained from the Airport's main office at Lewiston Junction Rd, Auburn, Maine, 04210.

3. Lewiston-Auburn Transit Committee

The Lewiston-Auburn Transit Committee is a joint venture of the Cities of Lewiston and Auburn. The Committee was formed for the purpose of planning and implementing short-term and long-term bus transit development. The Committee also applies for and administers federal and state capital acquisition and operating assistance grants, for mass transit benefiting the twin city area. Since 1982, the Transit Committee has leased its buses to a private operator, for transit system use. The Committee is made up of seven members, three each from the cities of Lewiston and Auburn, appointed by their respective City Councils, and an at large member from either city appointed by the Committee.

The Committee's sources of revenue include rentals, federal and state grants, and contributions from the Cities of Lewiston and Auburn. For the fiscal year ended June 30, 2018, the City of Lewiston contributed \$244,554 for operating expenses and \$50,000 towards bus replacement. In the year ended September 30, 2017, the Committee's unrestricted net position decreased by \$5,692 to \$233,680. Complete financial statements can be obtained from the Androscoggin Valley Council of Governments, 125 Manley Rd, Auburn, Maine, 04210.

4. Lewiston-Auburn 9-1-1 Committee

The Lewiston-Auburn 9-1-1 Committee is a joint venture of the Cities of Lewiston and Auburn. Incorporated on January 26, 1978, the committee provides an emergency communication system for the Lewiston-Auburn area. The Committee is made up of nine members: the police and fire chiefs of each city; one councilor from each city; a citizen-at-large from each city, appointed by the respective city councils; and a citizen-at-large elected by those eight members.

The committee's primary source of revenues consists of equal contributions from the Cities of Lewiston and Auburn. In the fiscal year ended June 30, 2018, the City of Lewiston contributed \$1,069,122. In the year ended June 30, 2018, the Committee's unassigned fund balance increased by \$38,144 to \$210,922. Complete financial statements may be obtained from the Lewiston-Auburn 9-1-1 Manager at 550 Minot Ave. Auburn, Maine, 04210.

5. Lake Auburn Watershed Protection Commission

The Lake Auburn Watershed Protection Commission is a joint venture of the City of Lewiston and the Auburn Water District. The Commission, incorporated in 1993, was created to preserve the purity of Lake Auburn, the main water source for the twin cities.

The Commission is administered by a nine member board made up of three members appointed by the Auburn Water District, of whom one must be the Trustee; three members appointed by the Lewiston City Council, of whom one must be a Councilor; two members appointed by the municipal officers of the following towns which border the watershed: Minot, Hebron, Buckfield, and Turner; and one member of the Androscoggin Valley Council of Governments who must be its Executive Director or his designee.

The Commission derives its revenues solely from equal contributions from the City of Lewiston and the Auburn Water District. The Lake Auburn Watershed Protection Commission meets the criteria for a joint venture of the Business-type Fund and is included as an investment in the City's Water Enterprise Fund. At June 30, 2018, the City's equity interest in the Commission was \$2,748,986, an increase of \$19,195. The City also contributed \$107,000 as its share of the Commission's operating expenses for the year. Complete financial statements can be obtained from the City of Lewiston's Finance Department, 27 Pine St., Lewiston, Maine, 04240.

F. Landfill Closure and Postclosure Care Cost

Under state and federal laws and regulations, the City is required to place a final cover on its landfills when waste is no longer accepted, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. In addition to operating expenditures related to current activities of the landfills, the City is recognizing a related liability based on estimated future closure and postclosure care costs that will be paid near or after the date that the landfills stop accepting waste and ash. The City reports a portion of these closure and postclosure care costs as a long-term liability on the Statement of Net Position under Governmental Activities based on landfill capacity used as of each balance sheet date.

In December 1992, the then existing River Road landfill stopped accepting waste. Work on the final cover was completed in the fiscal year ended June 30, 1995. The new landfill began accepting waste in April 1992 and is currently a recipient of ash, as part of an Ash for Trash Program. This landfill is expected to remain operational until 2025. The cumulative amount estimated to date for post-closure care costs of the closed landfill totals \$287,600. The closure and postclosure care costs, based on the usage to date of 59.37% of total estimated capacity of the new landfill, amount to \$2,842,938. The total liability of \$3,130,538 is reported as a noncurrent liability of the Statement of Net Position. The liability increased by a net of \$55,392 based on utilization of the new landfill and the amortization of the postclosure landfill costs during the year. The balance of estimated closure and postclosure care costs for the new landfill, of \$4,916,556 will be recognized as the remaining capacity of the landfill is utilized. The estimated total current cost of the landfill closure and post closure care, of \$5,213,156, is based on the amount that would be paid for all equipment, facilities, and services required to close, monitor, and maintain the landfill as of June 30, 2018.

The estimated cost of closure and postclosure care does not anticipate cost sharing with the State of Maine. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, or lower if the State of Maine reimburses the City for a portion of the cost. The City expects to pay for the actual closure cost with general obligation bonds issued at the time of closure and for postclosure care costs through its annual operating budgets thereafter.

G. Prior Period Adjustments

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" – an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$2,331,049. The resulting restatement decreased net position from \$108,492,081 to \$106,161,032.

H. Deferred Compensation and Retirement Health Savings Plans

The City of Lewiston offers its employees three deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all city employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In 1997, the City amended the plan in accordance with the provisions of IRC Section 457(g). In that year, assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the City's financial statements.

In addition to the deferred compensation plans, the City offers a retirement health savings plan to employees. Funding to the accounts is provided by the exchange of various hours of accumulated sick and vacation time as provided in the union contracts or personnel policies. Employees who qualify are allowed to convert, once yearly, time into a monetary value using the employee's then hourly rate and deposited into the employee's retirement health savings plan account. The City does not own the individual plan assets or the accumulated earnings, thus they are not included in this report.

Investments are managed by the plans' trustees under several investment options. The choice of investment options is made by the participants.

I. Other Post-Employment Benefits (OPEB)

1. OPEB - Group Life Insurance Plan

Description of the Plan. All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided. The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits during retirement to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or \$2,500.

Description of Funding Policy. Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members.

Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2018 was approximately \$68,650.

OPEB Liabilities and OPEB Expense. For the year ended June 30, 2018, the City recognized total OPEB expense of \$84,274 and revenue of \$84,274 for support provided by the State of Maine for the SET Plan.

2. OPEB - Maine Municipal Employees Health Trust Plan

Description of the Plan. The City and City retirees contribute to the City'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 City and/or the City retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the City concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the Maine Municipal Association at 60 Community Drive, Augusta, Maine 04332.

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 include 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, 2018, the following employees were covered by the benefit terms:

Active members	280
Retirees and spouses	70
Total	<u>350</u>

Description of Funding Policy. 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 nothing towards the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

The following monthly premium amounts were in effect as of January 1, 2018, the actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$862	\$1,935
PPO 500	\$766	\$1,717
PPO 1500	\$668	\$1,500
<u>Medicare</u>		
Medicare-Eligible Retirees	\$528	\$1,056

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2018, the City reported a liability of \$4,690,858 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The City'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, 2018, the City recognized OPEB expense of \$317,836. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 132,046	\$
Changes of assumptions	412,298	
Net difference between projected and actual earnings on OPEB plan investments	-	
Total	<u>\$ 544,344</u>	<u>\$</u>

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

Projected Deferred Outflows/(Inflows) to be Recognized as OPEB Expense

Plan year ended June 30:

2019	\$90,724
2020	90,724
2021	90,724
2022	90,724
2023	90,724
Thereafter	90,724

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

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

	<u>-1% Decrease</u>	<u>Current Rate</u>	<u>+1% Increase</u>
MMEHT Plan Discount Rate	2.44%	3.44%	4.44%
Total OPEB Net Pension Liability	\$5,385,056	\$4,690,858	\$4,123,370
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$5,385,056</u>	<u>\$4,690,858</u>	<u>\$4,123,370</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of healthcare. 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:

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

	<u>-1% Decrease</u>	<u>Current Rate</u>	<u>+1% Increase</u>
Total OPEB Net Pension Liability	\$4,103,904	\$4,690,858	\$5,421,251
Plan Fiduciary Net Position	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB Liability	<u>\$4,103,904</u>	<u>\$4,690,858</u>	<u>\$5,421,251</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

Actuarial Methods and Assumptions. The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

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

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

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

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

Discount Rate	3.44% per annum
Administrative and Claims Expense	3% per annum
Medical and Drug Trends	Blended to develop non-Medicare and Medicare trends based on experience weight
Trend Assumptions	Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum. Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum. Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum. Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.
Future Plan Changes	Assumes that the current Plan and cost-sharing structure remain in place for all future years

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

Retirement Rates	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.
Administrative Expenses	Included in the per capita claims cost
Retirement Contribution Increases	Assumed to increase at the same rate as incurred claims.
Age Difference of Spouses	Husbands are assumed to be 3 years older than wives.
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.
Rates of Turnover	Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.
Disability Incidence	Disabled lives will be considered active employees and will not be valued separately.
Salary Increase Rate	2.75% per year assumed using the level percentage of pay entry age method.
Dates of Hire	Needed to be assumed for some employees and will be based on the average age at hire for similar employees.
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.
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.

Participation Rates

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

68	38%	90%
69	40%	90%
70	50%	90%

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

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

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

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

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

Age	PPO 2500			
	Medical		Rx	
	Male	Female	Male	Female
40	\$261	\$474	\$95	\$118
45	\$345	\$491	\$123	\$141
50	\$452	\$565	\$157	\$166

55	\$583	\$692	\$195	\$195
60	\$737	\$815	\$239	\$226
64	\$877	\$828	\$278	\$253
65	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432

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

Annual Administrative and Claims Adjudication Expenses	Assumed to be \$430 per period for the year 2018.
Medical Plan Election	Employees will continue in their current medical plan for their entire career.
Second-to-Die Spousal Life Insurance	Not explicitly valued and was estimated to impact roughly 0.2% of the Plan's total liability
Dependent Children	No liability assumed for dependent children's benefits
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.

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

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

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

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

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$132,046.

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 was based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between projected and actual 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 by contacting the City of Lewiston 27 Pine Street, Lewiston, Maine 04240.

J. Employee Retirement Systems

1. Consolidated Plan

Description of the Plan. The City contributes to Maine Public Employees Retirement System Consolidated Participating Local Districts Plan (PLD), a cost sharing, multiple-employer, public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System (MainePERS) provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Maine State Legislature. The MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to MainePERS, 46 State House Station, Augusta, Maine 04333-0046 or by calling 207-512-3100 or by visiting their website at www.maineopers.org.

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

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%. During the year ended June 30, 2017, the retirement system consisted of 300 participating employers.

Description of Funding Policy. Plan members are required to contribute 8% of their annual covered salary and the City of Lewiston is required to contribute an actuarially determined rate. The current rate is 9.6% for municipal employees under Plan A, and 10.1% for certain public safety employees under Special Plan Option #2C, of annual covered payroll. The contribution rates of plan members and the City of Lewiston are established and may be amended by the MainePERS Board of Trustees. The City's contributions to the MainePERS Consolidated Plan for the years ended June 30, 2018, 2017, and 2016 were \$2,024,969, \$1,807,880, and \$1,662,802, respectively, equal to the required contributions for each year.

Unfunded Actuarial Liability. Upon joining the consolidated plan on July 1, 1997, the City's initial unfunded unpooled actuarial liability (IUUAL) was calculated. The IUUAL represents the remaining amount of the City's pension liability upon transitioning to the consolidated plan from a participating local district (PLD). The outstanding IUUAL at that time was amortized over a 20 year period, with the annual payment increasing by 6%, until the IUUAL is paid in full. In December 2001, the City issued general obligation pension bonds, with a total par value of \$16,395,000, to pay off its outstanding IUUAL. As of June 30, 2018, the outstanding balance of the original general obligation pension bonds was \$3,775,000.

2. Teachers Plan

Description of the Plan. All of the City's teachers, plus other qualified educators, participate in the MPERS teacher group. The State Education Teacher's group (SET) is a cost sharing plan with a special funding situation established by the Maine State legislature. MainePERS provides the retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Maine State Legislature. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the teacher's group. That report may be obtained by writing to MainePERS, 46 State House Station, Augusta, Maine 04333-0046, or by calling 207-512-3100 or by visiting their website at www.maineopers.org.

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 authority to establish and amend benefit provisions rests with the State Legislature. 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 State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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 statute for State employee and teacher members.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%. During the year ended June 30, 2017, the retirement system consisted of 283 participating employers.

Description of Funding Policy. Employees are required, by state statute, to contribute 7.65% of their compensation to the retirement system. For employees compensated through federal pass-through grants, the City contributes amounts determined by the State of Maine. The Maine State Department of Education is required, by the same statute, to contribute the employer contribution. This amount has been reported as an intergovernmental revenue and education expenditure on the GAAP basis financial statements (Statement 4). The City contributed \$1,819,850 (15.65%) for the federally funded teacher's employer contribution and 3.97% for state teacher's normal costs. In the year ended June 30, 2018, employees contributed \$2,474,472, while the State of Maine Department of Education contributed \$4,147,489 or 12.68%, for health and other benefit costs on behalf of the City's educators. In addition, the City is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 10.57% of compensation and totaled \$534,363 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to MEPEERS Pensions. At June 30, 2018, the City reported a liability of \$20,130,462 for its share of the net pension liability (NPL) of which \$14,445,395 was attributed to the City's plan and \$5,685,067 was attributed to the City's proportionate share for the SET plan. The State's proportionate share of the SET

net pension liability attributed to the City is \$39,724,380, for a total of \$45,409,447. The net pension liability was measured as of June, 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City and School's proportion of the net pension liability was based on an actuarial projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members. As of June 30, 2017, the City's PLD proportion was 3.528111%, a decrease of .051791% from June 30, 2016. For that same period, the City's proportion share of the SET was .391389%, which was an increase of .174777%.

For the year ended June 30, 2018, the City recognized total pension revenue of \$9,502,829 for the PLD plan and pension expense of \$6,355,337 and revenue of \$2,998,159 for support provided by the State of Maine for the SET plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan		SET Plan	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between Expected & Actual Experience		\$693,997	\$239,098	
Changes of Assumptions	\$1,229,212			\$88,792
Changes in Proportion & Differences between Contributions & Proportionate Share of Contributions	36,567	313,954	1,687,443	803,399
Contributions Subsequent to the Measurement Date	2,004,969		1,819,850	
Net Difference between Projected & Actual Plan Investment Earnings	4,978,296	5,375,510	1,586,085	1,669,696
Total Deferred Outflows & Inflows	\$8,249,044	\$6,383,461	\$5,332,476	\$2,561,887

\$2,004,969 for the PLD plan and \$1,819,850 for the SET plan were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Projected Deferred Outflows/(Inflows) to be Recognized as Pension Expense	
	PLD Plan	SET Plan
Fiscal Year 2018	(\$506,525)	(\$30,310)
Fiscal Year 2019	1,253,726	1,247,379
Fiscal Year 2020	96,914	38,005
Fiscal Year 2021	(983,499)	(304,334)
Fiscal Year 2022	\$0	\$0
Thereafter		

Actuarial Methods and Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

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

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

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

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

PLD NPL Plan Amortization Method	Open basis over a 15-year period
SET NPL Plan Amortization Method	Level percentage of payroll amortized over the period in effect under statutory & constitutional requirements
Salary Increases, Merit & Inflation	2.75%-9% per year for PLD and 2.75%-14.5% for SET for FY2017 and FY2016 respectively
Investment Rate of Return	6.875% per annum for FY2017 and FY2016, compounded annually
Cost of Living Benefit Increases	2.2% for FY2017 and FY2016
Mortality Rates Table	For active member and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used for FY2017 and FY2016. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.
Actuarial Experience Study Period	June 30, 2012 to June 30, 2015 for FY2017 July 1, 2005 to June 30, 2010 for FY2016

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>L.T. Expected Real Rate of Return</u>
Public Equities	30%	6.0%
U.S. Government	7.5%	2.3%
Private Equity	15%	7.6%
Real Assets:		
Real Estate	10%	5.2%
Infrastructure	10%	5.3%
Nature Resources	5%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5%	4.2%
Diversifiers	<u>10%</u>	4.9%
Total	100%	

The discount rate used to measure the collective total pension liability was 6.875% for each of the Plans in 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>-1% Decrease</u>	<u>Current Rate</u>	<u>+1% Increase</u>
PLD Plan Discount Rate	5.875%	6.875%	7.875%
Net Pension Liability – City's PLD Portion	\$28,981,900	\$14,445,395	\$3,501,658
Set Plan Discount Rate	5.875%	6.875%	7.875%
Net Pension Liability – City's SET Portion	\$9,975,610	\$5,685,067	\$2,142,615

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

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 resources. For 2017, this was 3 years for the PLD Consolidated Plan and the SET Plan.

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.

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to page 87 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.

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.

CITY OF LEWISTON, MAINE
Required Supplementary Information
June 30, 2018

I. Retiree Healthcare Plan

Schedule of Funding Progress. The City provides healthcare benefits for certain retired employees. The eligible retirees pay 100% of the health insurance premiums to receive benefit coverage. The following tables represent information as of June 30th for only the years available until a 10-year trend is developed.

Changes in Net OPEB Liability
For the Year Ended June 30, 2018

	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting 12/31/17)	\$ 3,974,778	\$ -	\$ 3,974,778
Changes for the year:			
Service cost	76,702	-	76,702
Interest	150,410	-	150,410
Changes of benefits	-	-	-
Differences between expected and actual experience	154,054	-	154,054
Changes of assumptions	481,014	-	481,014
Contributions - employer	-	146,100	(146,100)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(146,100)	(146,100)	-
Administrative expense	-	-	-
Net changes	716,080	-	716,080
Balances at 1/1/18 (Reporting 12/31/18)	\$ 4,690,858	\$ -	\$ 4,690,858

Schedule of Changes in Net OPEB Liability and Related Ratios

	2018
<u>Total OPEB Liability</u>	
Service cost (BOY)	76,702
Interest (includes interest on service cost)	150,410
Changes of benefit terms	-
Differences between expected and actual experience	154,054
Changes of assumptions	481,014
Benefit payments, including refunds of member contributions	(146,100)
Net change in total OPEB liability	\$ 716,080
Total OPEB liability - beginning	\$ 3,974,778
Total OPEB liability - ending	\$ 4,690,858
<u>Plan Fiduciary Net Position</u>	
Contributions - employer	146,100
Contributions - member	-

Net investment income	-
Benefit payments, including refunds of member contributions	(146,100)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 4,690,858</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 15,142,001
Net OPEB liability as a percentage of covered payroll	31.0%

Schedule of Proportionate Share of the Net OPEB Liability

	<u>2018</u>
<u>SET Life Insurance:</u>	
Proportion of the net OPEB liability	0.00%
City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>757,488</u>
Total	<u>\$ 757,488</u>
Covered-employee payroll	\$ -
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Schedule of Contributions

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ 146,100
Benefit payments	<u>(146,100)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	0.00%
<u>SET Life Insurance:</u>	
Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	0.00%

II. Maine Public Employees Retirement System Consolidated Plans

Schedule of Proportionate Share of the Net Pension Liability Last Ten Fiscal Years as of June 30 (for the only years available)

	2018	2017	2016	2015	2014
PLD Plan:					
Proportion of the net pension liability	3.53%	3.58%	3.56%	3.78%	3.87%
Proportionate share of the net pension liability	\$ 14,445,395	\$ 19,021,119	\$ 11,353,542	\$ 5,823,895	\$ 11,916,680
Covered-employee payroll	\$ 19,543,020	\$ 18,683,164	\$ 18,047,694	\$ 18,107,800	\$ 18,977,340
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.92%	101.81%	62.91%	32.16%	62.79%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	86.40%	81.61%	88.30%	94.10%
SET Plan:					
City's proportion of the net pension liability	0.39%	0.39%	0.39%	0.31%	
City's proportionate share of the net pension liability	\$ 5,685,067	\$ 3,826,800	\$ 5,276,829	\$ 3,394,310	
State's proportionate share of the net pension liability associated with the City	39,724,380	41,924,493	31,169,079	24,371,793	
Total	\$ 45,409,447	\$ 45,751,293	\$ 36,445,908	\$ 27,766,103	
City's covered-employee payroll	\$ 33,791,172	\$ 31,369,502	\$ 30,253,436	\$ 28,851,036	
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	16.82%	12.20%	17.44%	11.76%	
Plan fiduciary net position as a percentage of the total pension liability	80.80%	76.20%	81.20%	83.90%	

Schedule of Contributions for the Last Ten Fiscal Years (for the only years available)

	2018	2017	2016	2015	2014
PLD Plan:					
Contractually Required Contribution	\$2,004,969	\$1,807,880	\$1,662,802	\$1,454,623	\$1,312,009
Contributions Made in Relation to Required Contributions	(2,004,969)	(1,807,880)	(1,662,802)	(1,454,623)	(1,312,009)
Contributions Deficiency/(Excess)	-	-	-	-	-
Covered Employee Payroll	\$19,044,512	\$19,543,020	\$18,683,164	\$18,047,694	\$18,107,800
Percentage of Contributions to Covered Payroll	10.53%	9.25%	8.90%	8.06%	7.25%
SET Plan:					
Contractually Required Contribution	\$1,819,850	\$1,349,254	\$1,310,028	\$1,430,398	\$1,234,565
Contributions Made in Relation to Required Contributions	(1,819,850)	(1,349,254)	(1,310,028)	(1,430,398)	(1,234,565)
Contributions Deficiency/(Excess)	-	-	-	-	-
Covered Employee Payroll	\$36,164,439	\$33,791,172	\$31,369,502	\$30,253,436	\$28,851,036
Percentage of Contributions to Covered Payroll	5.03%	3.99%	4.18%	4.73%	4.28%

Notes to Required Supplementary Information

Changes of Assumptions. The funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grants

To record federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the development of viable urban communities.

Urban Development Action Grant

To account for federal awards obtained and expended under the Housing and Community Development Act of 1974, for the redevelopment of the downtown commercial core of the city.

Rehabilitation Loan Program

To account for the residential rehabilitation loans received from the Housing Opportunity Zone Program. Funds are targeted to the development of a low/mod residential section of the City.

Lewiston Mill Redevelopment Corporation

A blended component unit that reports the operating activity of a 360,000 square foot, multi-use complex acquired by the City through matured tax liens.

Urban Development Fund

A fund used to record restricted federal and state grant awards received by the City to fund targeted rehabilitation projects, tax increment financing districts, environmental remediation, and infrastructure improvements in our core urban area.

Recreational Activity Programs

Funds generated by offering various recreational activities in which the City provides facilities.

Public Safety, Culture and Other Grants

To account for grants received from various sources, primarily from drug enforcement, but also from other state grants and their related programs.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

GAR Cemetery Care Fund

The cemetery care fund was established by various donors for the perpetual care of several old cemeteries, maintenance is provided from the investment income received.

Library Endowment Fund

The Library Endowment Fund is used to purchase library books, videos and periodicals, as well as fund approved capital expenditures.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018
(With Comparative Totals for June 30, 2017)

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2018	2017
ASSETS						
Cash and Cash Equivalents	\$ 1,699,051				\$ 1,699,051	\$ 2,187,865
Investments	1,895,514	\$ 23,805	\$ 1,927,232	\$ 1,951,037	3,846,551	4,292,862
Receivables:						
Accounts	124,052				124,052	318,691
Rehabilitation Loans (Net of Allowance for Uncollectibles)	2,486,142				2,486,142	2,024,194
Intergovernmental	315,208				315,208	503,029
Total Assets	\$ 6,519,970	\$ 23,805	\$ 1,927,232	\$ 1,951,037	\$ 8,471,003	\$ 9,326,641
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 145,901		\$ 1,324	\$ 1,324	\$ 147,225	\$ 455,182
Interfund Payables	267,826		42,499	42,499	310,325	283,481
Accrued Payroll	25,697		64	64	25,761	23,767
Total Liabilities	439,424		43,887	43,887	483,312	762,430
Fund Balances:						
Nonspendable:						
Permanent Fund Principal		\$ 12,043	1,236,973	1,249,016	1,249,016	1,218,385
Restricted for:						
Community Development Block Grant	1,788,748				1,788,748	2,216,489
Urban Development Action Grant	403,824				403,824	400,465
Rehabilitation Loan Programs	94,645				94,645	102,690
Urban Development	3,178,407				3,178,407	3,209,097
Permanent Fund Unexpended Income		11,762	646,372	658,134	658,134	607,392
Public Safety and Culture Grants	300,615				300,615	464,100
Assigned to:						
Lewiston Mill Redevelopment Corp.	129,726				129,726	169,967
Recreation Activity Programs	184,580				184,580	175,625
Total Fund Balances	6,080,543	23,805	1,883,345	1,907,146	7,987,687	8,564,205
Total Liabilities & Fund Balances	\$ 6,519,970	\$ 23,805	\$ 1,927,232	\$ 1,951,037	\$ 8,471,003	\$ 9,326,641

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018
(With Comparative Totals for Year Ended June 30, 2017)

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2018	2017
REVENUES						
Taxes	\$ 2,139,492				\$ 2,139,492	\$ 2,150,064
Intergovernmental	2,581,389				2,581,389	3,163,468
Charges For Services	132,020				132,020	103,040
Interest, Rents and Gain on Investments	481,590	\$ 140	\$ 142,182	\$ 142,322	623,912	702,207
Miscellaneous	427,279				427,279	184,141
Donations	105,272			-	105,272	285,201
Total Revenues	<u>5,867,042</u>	<u>140</u>	<u>142,182</u>	<u>142,322</u>	<u>6,009,365</u>	<u>6,588,120</u>
EXPENDITURES						
Current:						
General Government	4,180,829				4,180,829	5,682,375
Human Services	205,684				205,684	142,125
Culture & Recreation	403,031		57,822	57,822	460,854	305,606
Capital Outlay	1,152,459		3,126	3,126	1,155,585	607,596
Total Expenditures	<u>5,942,003</u>		<u>60,949</u>	<u>60,949</u>	<u>6,002,952</u>	<u>6,737,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,961)	140	81,233	81,373	6,413	(149,581)
OTHER FINANCING SOURCES (USES)						
Transfers In						592,867
Transfers Out	(582,928)				(582,928)	(359,915)
Total Other Financing Sources (Uses)	<u>(582,928)</u>				<u>(582,928)</u>	<u>232,952</u>
Net Change in Fund Balances	<u>(657,888)</u>	<u>140</u>	<u>81,233</u>	<u>81,373</u>	<u>(576,515)</u>	<u>83,371</u>
Fund Balance, July 1	<u>6,738,432</u>	<u>23,665</u>	<u>1,802,112</u>	<u>1,825,773</u>	<u>8,564,205</u>	<u>8,480,836</u>
Fund Balance, June 30	<u>\$ 6,080,543</u>	<u>\$ 23,805</u>	<u>\$ 1,883,345</u>	<u>\$ 1,907,146</u>	<u>\$ 7,987,687</u>	<u>\$ 8,564,205</u>

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018
(With Comparative Totals for June 30, 2017)

	Community	Urban	Rehab	Lewiston Mill	Urban	Recreation	Public Safety,	Total All Funds	
	Development Block Grant	Development Action Grant	Loan Programs	Redevelopment Corporation	Development	Activity Fund	Culture & Other Grants	2018	2017
ASSETS									
Cash and Cash Equivalents	\$ 211,229	\$ 92,055	\$ 40,681	\$ 33,169	\$ 1,116,501	\$ 90,245	\$ 115,172	\$ 1,699,051	\$ 2,187,865
Investments	240,019	104,602	46,225	37,690	1,234,700	102,545	129,733	1,895,514	2,406,864
Receivables:									
Accounts	17,198			83,046			23,808	124,052	318,691
Rehabilitation Loans (Net of Allowance for Uncollectibles)	1,404,326	207,167	13,431		861,218			2,486,142	2,024,194
Intergovernmental	76,498		169,182		22,929		46,599	315,208	503,029
Total Assets	<u>\$ 1,949,271</u>	<u>\$ 403,824</u>	<u>\$ 269,519</u>	<u>\$ 153,905</u>	<u>\$ 3,235,348</u>	<u>\$ 192,790</u>	<u>\$ 315,311</u>	<u>\$ 6,519,970</u>	<u>\$ 7,440,644</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ 32,227		\$ 69,512	\$ 24,179	\$ 11,692	\$ 1,701	\$ 6,590	\$ 145,901	\$ 455,162
Interfund Payables	122,481		103,164		41,078		1,103	267,826	223,280
Accrued Payroll	5,815		2,198		4,172	6,509	7,004	25,697	23,767
Total Liabilities	160,523		174,874	24,179	56,942	8,210	14,697	439,424	702,209
Fund Balances:									
Restricted for:									
Community Development Block Grant	1,788,748							1,788,748	2,216,489
Urban Development Action Grant		\$ 403,824						403,824	400,465
Rehabilitation Loan Programs			94,645					94,645	102,690
Urban Development					3,178,407			3,178,407	3,209,097
Public Safety and Culture Grants							300,615	300,615	464,100
Assigned to:									
Lewiston Mill Redevelopment Corp.				129,726				129,726	169,967
Recreation Activity Programs						184,580		184,580	175,625
Total Fund Balances	1,788,748	403,824	94,645	129,726	3,178,407	184,580	300,615	6,080,543	6,738,432
Total Liabilities and Fund Balances	<u>\$ 1,949,271</u>	<u>\$ 403,824</u>	<u>\$ 269,519</u>	<u>\$ 153,905</u>	<u>\$ 3,235,348</u>	<u>\$ 192,790</u>	<u>\$ 315,311</u>	<u>\$ 6,519,970</u>	<u>\$ 7,440,644</u>

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

	Community Development Block Grant	Urban Development Action Grant	Rehab Loan Programs	Lewiston Mill Redevelopment Corporation	Urban Development	Recreation Activity Fund	Public Safety, Culture & Other Grants	Total All Funds	
								2018	2017
REVENUES									
Taxes					\$ 2,139,492			\$ 2,139,492	\$ 2,150,064
Intergovernmental	\$ 773,599		\$ 1,008,337		440,931		\$ 358,522	2,581,389	3,163,468
Charges For Services						\$ 132,020		132,020	103,040
Interest and Rents	26,105	\$ 5,435	1,188	\$ 433,489	13,368	2,005		481,590	476,593
Donations						5,555	99,717	105,272	257,831
Miscellaneous	115,393	280	85	43,385	265,462		2,674	427,279	184,141
Total Revenues	<u>915,097</u>	<u>5,715</u>	<u>1,009,610</u>	<u>476,874</u>	<u>2,859,254</u>	<u>139,580</u>	<u>460,913</u>	<u>5,867,042</u>	<u>6,335,137</u>
EXPENDITURES									
Current:									
General Government	141,027	2,356	1,017,420	517,115	2,078,223		424,688	4,180,829	5,682,375
Human Services	205,684							205,684	142,125
Culture and Recreation	272,406					130,625		403,031	237,569
Capital Outlay	722,749				230,000		199,710	1,152,459	604,873
Total Expenditures	<u>1,341,865</u>	<u>2,356</u>	<u>1,017,420</u>	<u>517,115</u>	<u>2,308,223</u>	<u>130,625</u>	<u>624,398</u>	<u>5,942,003</u>	<u>6,666,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(426,768)	3,359	(7,810)	(40,241)	551,031	8,955	(163,485)	(74,961)	(331,805)
OTHER FINANCING SOURCE (USES)									
Transfers In									592,867
Transfers Out	(972)		(234)		(581,722)			(582,928)	(359,915)
Total Other Financing Sources (Uses)	<u>(972)</u>		<u>(234)</u>		<u>(581,722)</u>			<u>(582,928)</u>	<u>232,952</u>
Net Change in Fund Balances	(427,740)	3,359	(8,044)	(40,241)	(30,690)	8,955	(163,485)	(657,888)	(98,853)
Fund Balance, July 1	2,216,489	400,465	102,690	169,967	3,209,097	175,625	464,100	6,738,432	6,837,285
Fund Balance, June 30	\$ <u>1,788,748</u>	\$ <u>403,824</u>	\$ <u>94,645</u>	\$ <u>129,726</u>	\$ <u>3,178,407</u>	\$ <u>184,580</u>	\$ <u>300,615</u>	\$ <u>6,080,543</u>	\$ <u>6,738,432</u>

Community Development Block Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual & Year End Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original & 2017 Encumbrances</u>	<u>Final & 2017 Encumbrances</u>		
REVENUES				
Intergovernmental	\$ 1,060,956	\$ 1,060,956	\$ 773,599	\$ (287,357)
Interest and Misc. Revenue			141,498	141,498
Total Revenues	<u>1,060,956</u>	<u>1,060,956</u>	<u>915,097</u>	<u>(145,859)</u>
EXPENDITURES				
Public Service Activities	228,074	228,074	205,684	22,390
Administration and Planning	147,573	147,573	141,027	6,546
Economic Development	46,449	46,449		46,449
Housing Rehabilitation	426,262	426,262	255,289	170,973
Parks and Recreation	211,626	307,641	272,406	35,235
Infrastructure		467,845	467,845	-
Total Expenditures	<u>1,059,984</u>	<u>1,623,844</u>	<u>1,342,251</u>	<u>281,593</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	972	(562,888)	(427,154)	135,734
OTHER FINANCING (USES)				
Transfers Out	(972)	(972)	(972)	
Total Other Financing (Uses)	<u>(972)</u>	<u>(972)</u>	<u>(972)</u>	
Net Change in Fund Balance - Budgetary Basis		(563,860)	(428,126)	135,734
Add Back Encumbrances			<u>385</u>	<u>385</u>
Net Change in Fund Balance - GAAP Basis		(563,860)	(427,740)	136,119
Fund Balance, July 1	<u>2,216,489</u>	<u>2,216,489</u>	<u>2,216,489</u>	
Fund Balance, June 30	<u>\$ 2,216,489</u>	<u>\$ 1,652,629</u>	<u>\$ 1,788,748</u>	<u>\$ 136,119</u>

Schedule of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Budget and Actual
For the Fiscal Year Ended June 30, 2018
Business-Type Activities - Enterprise Funds

	Water Enterprise Fund			Sewer Enterprise Fund			Storm Water Enterprise Fund		
	Original & Final Budget	Actual	Variance Positive (Negative)	Original & Final Budget	Actual	Variance Positive (Negative)	Original & Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES									
Charges for Services	\$5,286,706	\$ 5,418,991	\$132,285	\$6,533,735	\$6,825,174	\$291,439	\$2,890,000	\$3,021,170	\$131,170
Total Operating Revenue	5,286,706	5,418,991	132,285	6,533,735	6,825,174	291,439	2,890,000	3,021,170	131,170
OPERATING EXPENSES									
Cost of Sales and Services	1,920,702	1,972,762	(52,060)	3,869,306	3,539,017	330,289	836,943	732,766	104,177
Administration	898,141	833,127	65,014	753,219	715,482	37,737	345,065	316,198	28,867
Depreciation	241,000	1,269,925	(1,028,925)	242,000	726,942	(484,942)	336,800	284,215	52,585
Total Operating Expenses	3,059,843	4,075,814	(1,015,971)	4,864,525	4,981,441	(116,916)	1,518,808	1,333,179	185,629
Operating Income (Loss)	2,226,863	1,343,177	(883,686)	1,669,210	1,843,733	174,523	1,371,192	1,687,991	316,799
NONOPERATING REVENUES									
(EXPENSES)									
Interest Revenue	4,000	34,497	30,497	3,000	23,346	20,346	5,000	24,149	19,149
Increase in Fund Equity of Joint Ventures		19,195	19,195		361,736	361,736			
Interest Expense	(562,454)	(531,941)	30,513	(448,681)	(441,114)	7,567	(279,074)	(275,633)	3,441
Amortization of Deferred Charges		(13,799)	(13,799)		(130,029)	(130,029)		(112,772)	(112,772)
Total Nonoperating Revenue (Expenses)	(558,454)	(492,048)	66,406	(445,681)	(186,061)	259,620	(274,074)	(364,256)	(90,182)
Income (Loss) Before Contributions & Transfers	1,668,409	851,129	(817,280)	1,223,529	1,657,672	434,143	1,097,118	1,323,735	226,617
Transfers Out	(26,257)	(26,257)		(39,640)	(39,640)		(345,655)	(345,655)	
Capital Contributions		42,598	42,598					92,000	92,000
Change in Net Position	1,642,152	867,470	(774,682)	1,183,889	1,618,032	434,143	751,463	1,070,080	318,617
Total Net Position, July 1	29,272,998	29,272,998		15,213,962	15,213,962		4,995,283	4,995,283	
Total Net Position, June 30	\$30,915,150	\$30,140,468	(\$774,682)	\$16,397,851	\$16,831,994	\$434,143	\$5,746,746	\$6,065,363	\$318,617

**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2018**

	Private Purpose Trust Funds		
	Farrar Fund	Scholarship Fund	Total
ASSETS			
Investments	\$ 31,872	\$ 87,177	\$ 119,049
Total Assets	<u>\$ 31,872</u>	<u>\$ 87,177</u>	<u>\$ 119,049</u>
LIABILITIES			
Accounts Payable - General Fund	\$ 1,033		\$ 1,033
Total Liabilities	1,033		1,033
NET POSITION			
Held in trust for scholarships and other purposes	<u>\$ 30,838</u>	<u>\$ 87,177</u>	<u>\$ 118,015</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Fiscal year Ended June 30, 2018**

	Private Purpose Trust Funds		
	Farrar Fund	Scholarship Fund	Total
ADDITIONS			
Donations		\$ 1,587	\$ 1,587
Investment Earnings	\$ 194	137	332
Total Additions	<u>194</u>	<u>1,724</u>	<u>1,919</u>
DEDUCTIONS			
Scholarship Awards		3,000	3,000
Medical Costs	3,248		3,248
Total Deductions	<u>3,248</u>	<u>3,000</u>	<u>6,248</u>
Change in Net Position	(3,054)	(1,276)	(4,330)
Net Position - Beginning	<u>33,893</u>	<u>88,453</u>	<u>122,346</u>
Net Position - Ending	<u>\$ 30,838</u>	<u>\$ 87,177</u>	<u>\$ 118,015</u>

**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Agency Funds
June 30, 2018**

	Agency Funds				Total
	School Activities	Franklin Pasture	Lewiston Senior Citizens	Holiday Parade	
ASSETS					
Cash and Cash Equivalents	\$ 420,445	\$ 277,932	\$ 23,726	\$ 197	\$ 722,299
Total Assets	<u>\$ 420,445</u>	<u>\$ 277,932</u>	<u>\$ 23,726</u>	<u>\$ 197</u>	<u>\$ 722,299</u>
LIABILITIES					
Accounts Payable			\$ 38	\$	\$ 38
Accrued Payroll			65		65
School Activities Payable	\$ 420,445				420,445
Franklin Pasture Payable		\$ 277,932			277,932
Lewiston Senior Citizens Payable			23,621		23,621
Holiday Parade Committee Payable				\$ 197	197
Total Liabilities	<u>\$ 420,445</u>	<u>\$ 277,932</u>	<u>\$ 23,726</u>	<u>\$ 197</u>	<u>\$ 722,299</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal year Ended June 30, 2018

	Balance 07/01/2017	Additions	Deletions	Balance 06/30/2018
School Activities				
Assets				
Cash and Cash Equivalents	\$ 439,950	\$ 910,404	\$ 929,909	\$ 420,445
Liabilities				
Payable to Student Groups	439,950	910,404	929,909	420,445
Total Liabilities	\$ 439,950	\$ 910,404	\$ 929,909	\$ 420,445
Franklin Pasture Trustees				
Assets				
Cash and Cash Equivalents	\$ 261,569	\$ 16,405	\$ 43	\$ 277,932
Liabilities				
Payable to Franklin Pasture Trust	\$ 261,569	\$ 16,405	\$ 43	\$ 277,932
Lewiston Senior Citizens				
Assets				
Cash and Cash Equivalents	\$ 27,438	\$ 53,956	\$ 57,669	\$ 23,726
Liabilities				
Accounts Payable	\$ 104	\$ 38	\$ 104	\$ 38
Accrued Payroll	268	65	268	65
Payable to Lewiston Senior Citizens	27,066	53,956	57,400	23,621
Total Liabilities	\$ 27,438	\$ 54,059	\$ 57,772	\$ 23,726
Holiday Parade				
Assets				
Cash and Cash Equivalents	\$ 205	\$ 1,900	\$ 1,908	\$ 197
Liabilities				
Payable to Holiday Parade Committee	\$ 205	\$ 1,900	\$ 1,908	\$ 197
Total - Agency Funds				
Assets				
Cash and Cash Equivalents	\$ 729,162	\$ 982,665	\$ 989,529	\$ 722,299
Total Assets	\$ 729,162	\$ 982,665	\$ 989,529	\$ 722,299
Liabilities				
Accounts Payable	\$ 104	\$ 38	\$ 104	\$ 38
Accrued Payroll	268	65	268	65
Payable to Student Groups	439,950	910,404	929,909	420,445
Payable to Franklin Pasture	261,569	16,405	43	277,932
Payable to Lewiston Senior Citizens	27,066	53,956	57,400	23,621
Payable to Holiday Parade Committee	205	1,900	1,908	197
Total Liabilities	\$ 729,162	\$ 982,768	\$ 989,632	\$ 722,299

STATISTICAL SECTION

The City of Lewiston's statistical section presents detail trend information that supplements the users' understanding of the financial data in the financial statements, footnotes, and required supplementary information as it relates to the overall financial strength of the City.

Financial Trends

Tables 1-4, found on pages 107-113, contain trend information to help the user gain an understanding of how the City's financial performance and strength have changed over time.

Revenue Capacity

Information about the City's most significant revenue source, property taxes, and other sources can be located on Tables 5 and 6, or pages 114 and 115.

Debt Capacity

These tables provide information that allows the user to assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future. Debt capacity tables are located on pages 116-118 or Tables 7-9.

Demographic and Economic Information

Local demographic and economic statistics are presented on Table 10, or page 119. Information noted on this table helps facilitate the understanding of our local environment as it pertains to our financial activities.

Operating Information

Tables 11-13, located on pages 120-122, disclose service and infrastructure information to assist in the comparison of how the City of Lewiston's financial reports correlate with the services the City provides and activities performed.

NET POSITION BY CATEGORY
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	\$ 84,930,142	\$ 114,158,085	\$ 113,507,799	\$ 110,514,674	\$ 102,525,020	\$ 100,553,266	\$ 98,090,353	\$ 91,955,091	\$ 94,261,940	\$ 93,135,486
Restricted for:										
Recreation and Human Services	6,080,544	6,738,433	6,837,286	6,342,496	6,611,945	5,798,132	5,944,371	5,839,864	7,542,483	8,405,427
Debt Service								11,003,120		
Capital Projects	24,284,799				4,872,789	11,822,217	2,996,325	4,726,269	2,492,689	4,117,195
Perpetual Care	23,805	23,665	23,607	23,568	23,534	23,501	23,473	23,383	23,308	23,228
Endowment Fund	1,883,345	1,802,112	1,619,946	1,638,425	1,636,447	1,469,458	1,348,013	1,300,352	1,099,174	1,005,629
Education	2,894,749	2,437,538	5,664,246	2,505,583	665,658	2,348,228	3,823,905	2,084,777		
Unrestricted Net Position	(12,745,966)	(18,998,801)	(19,821,410)	(21,369,053)	(27,987,724)	(22,622,233)	(11,165,253)	(25,516,226)	(17,031,840)	(25,363,260)
Total Governmental Activities Net Position	107,351,418	106,161,032	107,831,474	99,655,693	88,347,669	99,392,569	101,061,188	91,416,631	88,387,754	81,323,704
Business-Type Activities										
Net Invested in Capital Assets	33,865,832	40,885,665	38,833,518	37,073,340	35,660,028	33,821,418	31,998,340	25,157,754	27,837,898	24,177,613
Unrestricted Net Position	19,171,993	8,596,578	8,365,399	8,449,286	8,125,711	7,887,234	18,206,678	21,963,882	15,862,109	16,163,513
Total Business-Type Activities Net Position	53,037,825	49,482,243	47,198,917	45,522,626	43,785,739	41,708,652	50,205,018	47,121,636	43,700,007	40,341,126
Primary Government										
Net Investment in Capital Assets	118,795,974	155,043,750	152,341,317	147,588,014	138,185,048	134,374,684	130,088,693	117,112,845	122,099,838	117,313,099
Restricted for:										
Recreation and Human Services	6,080,544	6,738,433	6,837,286	6,342,496	6,611,945	5,798,132	5,944,371	5,839,864	7,542,483	8,405,427
Debt Service								11,003,120		
Capital Projects	24,284,799				4,872,789	11,822,217	2,996,325	4,726,269	2,492,689	4,117,195
Perpetual Care	23,805	23,665	23,607	23,568	23,534	23,501	23,473	23,383	23,308	23,228
Endowment Fund	1,883,345	1,802,112	1,619,946	1,638,425	1,636,447	1,469,458	1,348,013	1,300,352	1,099,174	1,005,629
Education	2,894,749	2,437,538	5,664,246	2,505,583	665,658	2,348,228	1,478,557	2,084,777		
Unrestricted Net Position	6,426,027	(10,402,223)	(11,456,011)	(12,919,767)	(19,862,013)	(14,734,999)	5,562,868	(3,552,344)	(1,169,731)	(9,199,747)
Total Primary Government Net Position	\$ 160,389,235	\$ 155,643,275	\$ 155,030,383	\$ 145,178,311	\$ 132,133,402	\$ 141,101,216	\$ 147,442,299	\$ 138,538,266	\$ 132,087,759	\$ 121,664,825

CHANGES IN NET POSITION
Last Ten Fiscal Years

	2018	2017	2016	2015
Expenses - Governmental Activities				
General Government	\$ 14,553,997	\$ 14,728,619	\$ 12,977,354	\$ 11,731,868
Public Safety	16,443,361	18,108,513	16,699,928	16,352,762
Public Works	19,729,334	16,479,895	14,122,962	11,482,613
Human Services	1,262,915	1,562,216	1,263,360	1,314,495
Culture and Recreation	2,536,366	2,358,090	1,933,789	2,063,333
Joint Ventures and Subsidies*				
Education and Nutrition	86,044,994	81,408,977	75,439,391	70,760,789
Interest on Long-Term Debt	3,813,018	3,224,201	3,082,226	3,710,810
Total Governmental Activities Expenses	144,383,985	137,870,511	125,519,010	117,416,670
Expenses - Business-Type Activities				
Water	4,621,554	4,457,395	4,417,398	4,590,107
Sewer	5,552,584	5,282,417	4,934,988	4,819,152
Storm Water	1,721,584	1,781,189	1,765,316	1,626,116
Total Business-Type Activities Expenses	11,895,722	11,521,001	11,117,702	11,035,375
Total Primary Government Expenses	156,279,708	149,391,512	136,636,712	128,452,045
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	2,395,886	2,406,346	2,289,724	2,999,794
Public Works	1,045,791	938,092	1,177,027	1,061,255
Education & Nutrition	811,076	582,011	646,587	985,123
Other	760,304	656,976	601,264	440,920
Operating Grants and Contributions	71,296,294	64,231,230	63,966,157	61,124,783
Capital Grants and Contributions	2,761,331	2,523,790	1,650,909	1,149,393
Total Governmental Activities Revenues	79,070,682	71,338,444	70,331,669	67,761,267
Business-Type Activities:				
Charges for Services	15,265,335	14,032,204	13,057,497	13,060,944
Grants and Contributions	515,529	190,193	150,221	166,385
Total Business-Type Activities Revenues	15,780,864	14,222,397	13,207,718	13,227,329
Total Primary Government Program Revenues	94,851,546	85,560,841	83,539,387	80,988,596
Net (Expenses)/Revenue - Governmental Activities	(65,313,303)	(66,532,067)	(55,187,341)	(49,655,403)
Net (Expenses)/Revenue - Business-Type Activities	3,885,142	2,701,396	2,090,016	2,191,954
General Revenues				
Governmental Activities:				
Property Taxes	53,589,979	52,167,890	52,205,919	50,797,064
Payment in Lieu of Taxes	399,335	387,019	340,341	134,536
Motor Vehicle Excise Taxes	4,993,077	4,912,759	4,547,032	4,243,107
Franchise Taxes	135,439	134,325	127,611	125,144
Proceeds from Note				
Homestead Exemption & BETE Reimbursement	3,225,852	2,820,609	2,410,040	2,218,958
State Revenue Sharing	2,814,916	2,694,889	2,878,000	2,765,034
Unrestricted Investment Earnings	933,539	1,308,717	466,641	208,660
Transfers	411,552	435,418	456,706	470,919
Total Governmental Activities Revenues	66,503,689	64,861,626	63,432,290	60,963,423
Business-Type Activities				
Unrestricted Investment Earnings	81,992	17,348	42,981	15,852
Transfers	(411,552)	(435,418)	(456,706)	(470,919)
Total Business-Type Activities Revenues	(329,560)	(418,070)	(413,725)	(455,067)
Total Primary Government General Revenues	66,174,129	64,443,555	63,018,565	60,508,356
Change in Net Position				
Governmental Activities	1,190,386	(1,670,442)	8,244,949	11,308,021
Business-Type Activities	3,555,583	2,283,326	1,676,291	1,736,887
Total Primary Government Change in Net Position	\$ 4,745,969	\$ 612,884	\$ 9,921,240	\$ 13,044,908

* In 2013, the joint ventures and subsidies line was combined with the general government and public safety lines.

Table 2

Fiscal Year						
2014	2013	2012	2011	2010	2009	
\$ 20,221,360	\$ 12,129,951	\$ 10,058,128	\$ 9,622,871	\$ 7,601,484	\$ 7,929,648	
16,587,755	16,096,995	14,003,128	13,006,369	13,193,880	12,647,584	
15,296,131	17,408,677	16,363,859	20,807,401	13,220,749	26,240,483	
1,319,451	1,271,915	1,509,724	1,428,094	1,703,001	1,289,516	
2,220,267	2,318,516	2,264,596	1,856,395	2,040,508	2,390,527	
		3,631,678	3,491,952	3,461,371	3,608,601	
73,203,793	67,767,929	58,015,493	60,569,773	61,123,379	49,131,700	
3,789,775	4,681,379	5,196,488	5,608,076	5,429,024	5,135,117	
132,638,532	121,675,362	111,043,094	116,390,931	107,773,396	108,373,175	
4,582,503	4,189,697	3,754,861	3,757,388	3,493,405	3,599,988	
4,635,675	4,724,350	4,624,232	4,546,256	4,600,726	4,546,496	
1,474,555	1,523,224	1,382,441	1,424,138	1,381,598	1,225,926	
10,692,733	10,437,271	9,761,534	9,727,782	9,475,729	9,372,410	
143,331,265	132,112,633	120,804,628	126,118,713	117,249,125	117,745,585	
1,776,482	1,878,721	1,914,534	1,448,471	1,408,160	1,370,012	
1,886,360	947,158	1,162,560	498,377	1,256,058	1,402,349	
778,580	928,760	1,628,968	1,343,402	1,092,530	1,271,983	
470,484	455,014	657,679	869,450	699,607	615,623	
55,828,875	51,694,985	52,180,117	53,353,911	50,407,165	46,180,177	
84,163	4,452,701	4,423,315	3,545,323	2,622,108	2,927,290	
60,824,944	60,357,339	61,967,173	61,058,934	57,485,628	53,767,434	
13,081,381	12,287,012	12,043,174	12,223,704	11,293,661	10,794,444	
165,514	708,319	1,388,172	1,544,902	2,232,278	904,430	
13,246,895	12,995,331	13,431,346	13,768,606	13,525,939	11,698,874	
74,071,839	73,352,670	75,398,519	74,827,540	71,011,567	65,466,308	
(71,813,588)	(61,318,023)	(49,075,921)	(55,331,997)	(50,287,769)	(54,605,742)	
2,554,162	2,558,060	3,669,812	4,040,824	4,050,210	2,326,464	
50,296,061	48,291,793	47,437,697	47,126,402	46,012,452	46,428,088	
138,437	134,140	135,464	127,962	111,604	104,331	
3,972,502	3,852,282	3,743,862	3,703,703	3,779,991	3,860,605	
168,001	139,060	140,931	219,207	114,030	117,247	
					1,000,000	
1,980,634	1,741,922	1,660,390	1,462,070	1,635,543	802,214	
2,910,572	4,187,759	4,184,510	3,943,411	3,932,756	4,701,804	
799,322	753,696	800,957	1,104,533	1,055,001	1,241,455	
503,155	548,748	616,663	673,575	710,441	729,921	
60,768,684	59,649,400	58,720,474	58,360,863	57,351,818	58,985,664	
26,081		30,233	54,380	19,112	25,156	
(503,155)	(548,748)	(616,663)	(673,575)	(710,441)	(729,921)	
(477,074)	(548,748)	(586,430)	(619,195)	(691,329)	(704,765)	
60,291,610	59,100,652	58,134,044	57,741,668	56,660,489	58,280,899	
(11,044,904)	(1,668,623)	9,644,553	3,028,866	7,064,048	4,379,921	
2,077,088	2,009,312	3,083,382	3,421,629	3,358,881	1,621,699	
\$ (8,967,816)	\$ 340,689	\$ 12,727,935	\$ 6,450,495	\$ 10,422,934	\$ 6,001,620	

**GOVERNMENTAL FUNDS FUND BALANCES
Last Ten Fiscal Years**

	2018	2017	2016	2015
General Fund:				
Nonspendable:				
Inventory	\$267,584	\$248,261	\$273,593	\$197,207
Long-Term Note Receivable	715,000	784,500	854,000	911,000
Prepaid Expenditures	102,984	197,697	263,011	91,854
Restricted for:				
School Education	2,239,736	1,790,711	4,061,215	2,007,965
Assigned to:				
Asset Acquisition	15,821	21,597	21,644	21,690
Future General Fund Expenditures	4,864,130	2,208,019	1,805,360	771,004
Subsequent Year's Expenditures				
Future Workers Comp. Expenditures	1,248,501	1,116,221	1,093,207	1,453,497
Future Unemployment Comp. Expenditures	19,558	15,143	10,153	10,962
Compensated Absences	1,442,877	1,512,823	1,435,767	1,409,239
Unassigned	16,476,169	16,415,234	15,508,510	12,972,357
Total General Fund	27,392,358	24,310,206	25,326,460	19,846,776
All Other Governmental Funds:				
Nonspendable:				
Special Revenue Funds	118,479	143,575	1,703,785	1,877,029
Permanent Funds	1,249,016	1,218,385	1,218,385	1,218,385
Restricted for:				
Capital Projects	24,284,799			
Special Revenue Funds	6,302,772	6,896,093	6,368,857	4,305,309
Permanent Funds	658,134	607,392	425,168	443,609
Debt Service Fund				
Assigned to:				
Special Revenue Funds	314,305	345,592	367,675	657,776
Unassigned		(6,159,244)	(3,502,582)	(420,515)
Total All Other Governmental Funds	32,927,505	3,051,793	6,581,288	8,081,593
Total Governmental Funds	\$60,319,866	\$27,362,002	\$31,907,750	\$27,928,370

Beginning with the year ended June 30, 2011, the City reported governmental fund balances in accordance with categories defined in GASB No. 54. Prior years have been restated to reflect GASB 54 categories.

Table 3

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$180,924	\$324,371	\$478,557	\$580,511	\$526,107	\$419,446
940,000	940,000	1,000,000	1,000,000	1,000,000	1,000,000
120,468	79,507				
71,058	1,715,737	2,678,516	1,211,843		
21,830	13,764	8,963		55,000	55,000
1,557,392	1,839,675	274,004	821,097	474,746	603,939
			704,050	972,135	1,898,091
1,341,370	1,792,451	2,076,039	2,386,718	2,407,900	2,421,818
52,063	56,154	61,350	63,290	11,546	285
1,410,071	1,432,184	1,365,622	1,328,618	1,346,716	1,372,170
13,355,807	12,937,935	11,595,987	9,207,486	8,031,352	8,541,403
19,050,984	21,131,778	19,539,038	17,303,613	14,825,502	16,312,152
2,009,287	1,965,431	2,336,554	2,712,993	2,707,357	3,035,391
1,216,835	1,206,350	1,148,208	1,148,208	1,111,217	1,017,672
4,872,789	11,822,217	2,996,325	4,726,269	2,492,689	4,117,195
4,465,765	3,736,347	4,000,715	3,189,756	4,467,827	5,025,453
443,145	286,609	223,278	175,527	11,265	11,185
			11,003,120		
731,493	801,436	897,097	810,054	312,086	344,579
	(68,318)	(144,605)			
13,739,314	19,750,072	11,457,572	23,765,927	11,102,441	13,551,475
\$32,790,299	\$40,881,850	\$30,996,605	\$41,069,536	\$25,927,943	\$29,863,627

GOVERNMENTAL FUNDS
Last Ten Fiscal

	2018	2017	2016	2015
Revenues				
Taxes	\$ 61,849,035	\$ 59,885,818	\$ 59,158,648	\$ 57,366,216
Licenses and Permits	492,010	407,101	395,564	392,355
Intergovernmental	77,241,444	69,765,952	68,840,497	63,934,033
Charges For Services	1,817,834	1,798,466	2,075,426	2,214,465
Fines	210,518	192,950	181,372	170,495
Interest, Rents and Gains	2,448,945	2,852,900	2,290,107	2,021,920
Donations	105,272	285,201	92,703	117,949
Miscellaneous	1,037,889	560,822	268,592	726,608
Total Revenues	145,202,946	135,749,211	133,302,910	126,944,041
Expenditures				
Current:				
General Government	7,494,525	8,759,519	7,094,779	6,885,591
Public Safety	14,076,322	13,876,063	12,823,752	12,680,382
Public Works	7,173,522	6,689,837	5,971,893	6,924,704
Human Services	1,081,430	1,220,768	1,084,462	1,142,913
Culture and Recreation	1,956,995	1,666,523	1,454,104	1,404,367
Intergovernmental	4,068,832	3,886,281	3,811,611	3,700,698
Education	79,712,627	75,012,758	69,172,690	65,655,234
Nutrition	3,768,815	3,719,712	3,540,121	3,093,917
Miscellaneous	6,961,312	8,297,378	6,537,360	5,955,364
Debt Service:				
Redemption of Serial Bonds	10,637,217	10,440,240	10,746,961	14,485,076
Interest on Bond Ant. Notes				
Interest on Serial Bonds	3,625,471	2,947,200	3,058,293	3,578,000
Capital Lease Debt	179,662	181,072	181,664	205,644
Capital Outlay	32,171,837	11,520,968	7,970,583	6,565,001
Total Expenditures	172,908,567	148,218,317	133,448,273	132,276,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,705,621)	(12,469,106)	(145,363)	(5,332,849)
Other Financing Sources/(Uses)				
Transfers In	16,707,494	15,003,186	15,591,913	19,356,001
Transfers Out	(16,295,943)	(14,567,768)	(15,135,207)	(18,885,085)
Proceeds From Capital Lease	7,114			
Issuance of Bond Anticipation Notes				
Redemption of Bond Ant. Notes				
Premium from Bond Issuance	902,427	1,316,133	248,339	
Issuance of General Obligation Bonds	59,342,394	6,558,553	3,607,000	
Redemption of Refunded Bond		(3,541,748)	(4,182,302)	
Issuance of Refunded Bonds		3,155,000	3,995,000	
Total Other Financing Source (Uses)	60,663,486	7,923,356	4,124,743	470,917
Net Change in Fund Balances	\$ 32,957,865	\$ (4,545,750)	\$ 3,979,380	\$ (4,861,932)
Debt Services as a Percentage of Noncapital Expenditures	10.0%	9.8%	10.9%	15.7%

CHANGE IN FUND BALANCE
Years

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 55,977,941	\$ 53,734,557	\$ 52,812,697	\$ 52,028,215	\$ 51,194,449	\$ 50,988,225
369,015	359,835	338,645	388,153	480,254	339,859
58,740,144	60,751,975	60,928,936	60,196,459	57,246,889	53,746,030
2,130,398	2,180,207	2,947,749	2,341,240	2,593,555	2,370,396
169,775	197,249	205,063	232,301	172,460	223,871
2,034,957	2,111,341	2,116,005	2,223,301	2,029,096	2,235,383
242,977	10,865	58,958	32,833	178,893	173,430
1,368,742	724,696	633,680	475,107	245,532	1,843,300
121,033,950	120,070,724	120,041,734	117,917,609	114,141,128	111,920,492
6,262,405	5,855,344	7,498,833	7,604,022	6,471,320	6,170,962
12,927,886	12,370,953	11,823,001	11,658,967	11,666,010	11,262,646
7,129,282	7,037,063	6,623,827	6,235,791	6,986,370	7,410,330
1,159,967	1,098,251	1,292,533	1,262,706	1,500,318	1,149,439
1,552,810	1,608,515	1,648,175	1,713,642	1,879,000	1,857,948
3,652,352	3,691,051	3,539,498	3,521,588	3,573,750	3,608,601
64,935,289	61,541,053	58,039,922	58,170,565	58,745,376	54,301,915
2,578,770	2,511,394	2,570,702	2,270,777	2,294,884	2,060,035
6,139,688	6,829,419	6,217,582	5,491,947	5,459,117	5,694,280
10,884,147	9,671,065	9,694,176	9,755,017	10,116,649	8,567,710
					176,231
3,796,517	3,770,473	4,421,727	5,185,659	5,260,880	4,889,391
205,644	205,644	207,525	319,903	319,903	245,086
11,128,912	12,332,307	8,375,578	14,094,459	15,958,177	23,452,855
132,353,667	128,522,531	121,953,080	127,285,043	130,231,755	130,847,430
(11,319,717)	(8,451,807)	(1,911,346)	(9,367,434)	(16,090,627)	(18,926,938)
16,748,191	14,860,378	17,038,172	17,513,772	18,815,102	36,972,145
(16,245,035)	(14,311,630)	(16,421,509)	(16,840,197)	(18,104,660)	(36,242,224)
		108,856		800,000	668,142
					10,800,000
					(20,225,000)
226,285	2,937,872				
2,886,625	16,721,400	2,584,000	13,835,452	10,741,917	26,787,080
(9,382,906)	(31,440,976)	(13,653,840)	(5,555,000)	(2,722,417)	(675,000)
8,995,000	29,570,000	2,182,738	15,555,000	2,625,000	675,000
3,228,159	18,337,044	(8,161,583)	24,509,027	12,154,942	18,760,142
\$ (8,091,558)	\$ 9,885,238	\$ (10,072,929)	\$ 15,141,593	\$ (3,935,685)	\$ (166,795)
12.0%	11.3%	12.7%	13.2%	13.4%	11.6%

**PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Tax Rate	Total Tax Levy	Collected in Year of Levy	Ratio of Collections in Levy Year to Tax Levy	Collected in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2009*	24.90	\$47,147,509	\$45,821,683	97.19%	\$1,324,529	\$47,146,212	100.00%	\$1,297	0.00%
2010*	24.90	\$47,125,353	\$45,769,770	97.12%	\$1,353,927	\$47,123,697	100.00%	\$1,656	0.00%
2011*	25.40	\$48,180,554	\$46,785,643	97.10%	\$1,391,458	\$48,177,101	99.99%	\$3,453	0.01%
2012*	25.79	\$47,256,587	\$45,946,324	97.23%	\$1,298,581	\$47,244,905	99.98%	\$11,682	0.02%
2013*	25.79	\$47,849,733	\$46,712,891	97.62%	\$1,111,731	\$47,824,622	99.95%	\$25,111	0.05%
2014*	26.44	\$50,004,815	\$48,803,178	97.60%	\$1,164,904	\$49,968,082	99.93%	\$36,733	0.07%
2015*	26.59	\$50,706,360	\$49,637,385	97.89%	\$1,026,739	\$50,664,124	99.92%	\$42,236	0.08%
2016*	27.37	\$54,438,839	\$53,360,892	98.02%	\$995,873	\$54,356,765	99.85%	\$82,074	0.15%
2017*	27.54	\$54,968,464	\$53,815,250	97.90%	\$712,865	\$54,528,115	99.20%	\$440,349	0.80%
2018*	28.02	\$56,697,853	\$55,519,707	97.92%		\$55,509,521	97.90%	\$1,188,332	2.10%

Note: Current taxes are due semiannually on September 15th and March 15th, with a 7% interest rate charged on taxes outstanding, after each respective due date. Outstanding delinquent real estate taxes are subject to tax liens pursuant to State Statutes.

* Includes state homestead and business equipment tax exemptions.

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year	Assessed Value				Assessed Value	Total		Ratio of Assessed Value to Estimated Actual Value
	Residential	Commercial	Industrial	Utilities		Estimated Actual Value	Direct Tax Rate	
2009	\$1,027,474	\$533,030	\$182,091	\$108,050	\$1,850,645	\$2,499,200	\$23.63	74.05%
2010	\$1,029,500	\$507,042	\$182,434	\$107,924	\$1,826,900	\$2,581,550	\$23.60	70.77%
2011	\$995,772	\$551,824	\$184,302	\$107,413	\$1,839,310	\$2,473,650	\$24.14	74.36%
2012	\$1,032,963	\$483,464	\$195,358	\$120,575	\$1,832,361	\$2,334,250	\$24.53	78.50%
2013	\$1,028,415	\$492,757	\$192,486	\$141,702	\$1,855,360	\$2,285,400	\$24.53	81.18%
2014	\$987,340	\$512,320	\$213,178	\$178,418	\$1,891,256	\$2,196,750	\$25.22	86.09%
2015	\$1,024,658	\$489,868	\$200,535	\$190,643	\$1,905,703	\$2,157,100	\$25.37	88.35%
2016	\$1,028,868	\$462,210	\$200,535	\$204,780	\$1,896,393	\$2,174,800	\$26.12	87.20%
2017	\$1,013,065	\$458,460	\$198,535	\$223,471	\$1,893,531	\$2,203,000	\$26.25	85.95%
2018	\$1,001,150	\$486,898	\$167,194	\$253,122	\$1,908,364	\$2,237,250	\$26.66	85.30%

Note: Estimated actual valuation amounts are the state equalized values published by the Bureau of Property Taxation. Amounts expressed in thousands.

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	City Rate*	Education Rate*	Total Direct Rate*	Overlapping Rate* County Govt.	Total Tax Rate*	Water Rates Per Cubic Feet**	Sewer Rates Per Cubic Feet
2009	\$14.62	\$9.01	\$23.63	\$1.27	\$24.90	\$33.60	\$1.00-2.97
2010	\$14.58	\$9.02	\$23.60	\$1.30	\$24.90	\$33.60	\$2.12-3.51
2011	\$15.17	\$8.97	\$24.14	\$1.26	\$25.40	\$38.40	\$2.12-3.51
2012	\$15.62	\$8.91	\$24.53	\$1.25	\$25.79	\$38.40	\$2.12-3.51
2013	\$15.62	\$8.91	\$24.53	\$1.25	\$25.79	\$45.60	\$2.12-3.51
2014	\$15.83	\$9.39	\$25.22	\$1.22	\$26.44	\$45.60	\$2.12-3.51
2015	\$15.83	\$9.54	\$25.37	\$1.22	\$26.59	\$45.60	\$2.12-3.51
2016	\$16.04	\$10.08	\$26.12	\$1.25	\$27.37	\$45.60	\$2.12-3.51
2017	\$15.95	\$10.30	\$26.25	\$1.29	\$27.54	\$45.60	\$2.50-4.15
2018	\$16.48	\$10.18	\$26.66	\$1.36	\$28.02	\$45.60	\$2.90-4.82

* Tax rates are based upon \$1,000 of assessed value

** Water rates are based upon the first rate tier of three rate tiers.

PRINCIPAL TAXPAYERS
As of June 30, 2018 and Nine Years Ago

Taxpayer	Type of Business	2018		2009	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Central Maine Power	Utility	\$122,171,310	6.40%	\$34,443,980	1.86%
Brookfield White Pines	Utility	\$87,034,850	4.56%	\$56,489,760	3.05%
Wal-Mart Stores East LP	Distribution Center	\$72,290,650	3.79%	\$93,437,800	5.05%
Northern Utilities/Unitil	Utility	\$23,762,000	1.25%	\$16,007,130	0.86%
T D Bank	Banking	\$19,745,020	1.03%	\$37,245,640	2.01%
Lepage Bakeries	Bakery	\$19,662,070	1.03%	\$23,387,070	1.26%
Gendron & Gendron	Construction	\$12,754,030	0.67%		
L.L. Bean	Call Center	\$12,589,610	0.66%	\$12,737,560	0.69%
Lewiston Prop. LLC	Real Estate	\$10,950,840	0.57%		
Elmet Technology	Metal/Wire Mfg.	\$10,474,100	0.55%	\$23,301,100	1.26%
Donald Toussaint	Real Estate			\$16,013,880	0.87%
Geiger	Specialty Item Mfg.			\$11,199,010	0.61%
	Total	\$391,434,480	20.51%	\$324,262,930	17.52%

Source: City of Lewiston Assessment Records

**RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds****	Capital Leases	Total Governmental Activities	Water Revenue Bonds****	Sewer Revenue Bonds****	Storm Water Bonds****	Total Business-Type Activities	Total Primary Government	Ratio of Bonded Debt to		Per Capita*
									Estimated Actual Prop. Value***	Percentage of Personal Income	
2009	\$115,230,906	\$854,018	\$116,084,924	\$15,669,979	\$7,365,719	\$3,078,500	\$26,114,198	\$142,199,122	5.69%	23.39%	\$3,984
2010	\$115,856,173	\$1,378,945	\$117,235,118	\$15,752,732	\$7,428,007	\$3,626,137	\$26,806,876	\$144,041,994	5.58%	23.70%	\$4,036
2011	\$130,242,592	\$1,120,923	\$131,363,515	\$18,970,564	\$9,441,419	\$5,624,700	\$34,036,683	\$165,400,198	6.69%	26.54%	\$4,520
2012	\$111,661,314	\$1,072,992	\$112,734,306	\$18,791,591	\$10,805,326	\$7,022,389	\$36,619,306	\$149,353,612	6.40%	20.39%	\$4,082
2013	\$120,989,562	\$914,251	\$121,903,813	\$19,416,192	\$12,065,572	\$8,357,161	\$39,838,925	\$161,742,738	7.08%	22.09%	\$4,420
2014	\$112,857,201	\$748,734	\$113,605,935	\$20,297,481	\$13,834,395	\$9,690,073	\$43,821,949	\$157,427,884	7.17%	21.50%	\$4,302
2015	\$98,191,214	\$576,073	\$98,767,287	\$18,703,623	\$12,792,776	\$9,000,513	\$40,496,912	\$139,264,199	5.27%	19.02%	\$3,806
2016	\$91,124,355	\$419,915	\$91,544,270	\$17,725,444	\$12,326,291	\$8,583,744	\$38,635,479	\$130,179,749	4.54%	17.78%	\$3,558
2017	\$88,231,835	\$257,238	\$88,489,073	\$18,795,804	\$13,516,529	\$8,628,155	\$40,940,488	\$129,429,561	4.16%	17.67%	\$3,537
2018	\$137,445,707	\$95,676	\$137,541,383	\$22,096,360	\$17,809,792	\$11,040,271	\$50,946,423	\$188,487,806	6.15%	25.74%	\$5,151

* Source: The Federal 2000 Census used for years 2009-2010 and the 2010 Census used thereafter. Personal income was \$17,032 thru FY2010, then \$20,014 used thereafter.

*** Only governmental general obligation bonds are paid from property taxes.

****Includes bond premiums and discounts where applicable.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds****	Less Amounts Available in Debt Service Fund	Total		Percentage of Estimated Actual Property Tax Value	Per Capita*
2009	\$115,230,906	\$0		\$115,230,906	4.61%	\$3,229
2010	\$115,856,173	\$0		\$115,856,173	4.49%	\$3,246
2011	\$130,242,592	\$11,003,120		\$119,239,472	4.82%	\$3,259
2012	\$111,661,314	\$0		\$111,661,314	4.78%	\$3,052
2013	\$120,989,562	\$0		\$120,989,562	5.29%	\$3,306
2014	\$112,857,201	\$0		\$112,857,201	5.14%	\$3,084
2015	\$98,191,214	\$0		\$98,191,214	4.55%	\$2,683
2016	\$91,124,355	\$0		\$91,124,355	4.19%	\$2,490
2017	\$88,231,835	\$0		\$88,231,835	4.01%	\$2,411
2018	\$137,445,707	\$0		\$137,445,707	6.14%	\$3,756

* Source: The Federal 2000 Census used for years 2009-2010 and the 2010 Census used thereafter.

LEGAL DEBT MARGIN CALCULATION
June 30, 2018 and for the Last Ten Fiscal Years

Total Estimated Actual Valuation Per State \$ 2,237,250,000

Legal Debt Margin Limit of 15% of Estimated Actual Valuation \$335,587,500

Debt Applicable to Debt Limit:

Purpose	Legal Maximum	Principal Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City
<i>Direct Debt Repaid with Property Taxes:</i>				
Municipal	7.5% \$167,793,750	\$51,100,546	100%	\$51,100,546
School	10.0% \$223,725,000	\$82,409,775	100%	\$82,409,775
				\$133,510,321
<i>Overlapping Debt:</i>				
L.A. Water Pollution Control Authority		\$17,409,988	62.57%	\$10,893,429
L.A. 9-1-1 Committee		\$9,900	50%	\$4,950
Total	\$391,518,750			\$10,898,379
				\$144,408,700
				\$191,178,800

Debt Repaid with User Fees:

Water	3.0% \$67,117,500	\$21,399,187	100%	\$21,399,187
Sewer	7.5% \$167,793,750	\$17,293,903	100%	\$17,293,903
Storm Water	7.5% \$167,793,750	\$10,769,137	100%	\$10,769,137

Note: Statutory debt limit is in accordance with 30 MRSA, Section 5061, as amended. For overlapping debt, the City's portion reflects the required funding percentage as outlined in the interlocal agreement.

Fiscal Year	Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of Debt Limit
2009	\$374,880,000	\$120,504,440	\$266,728,059	31.12%
2010	\$387,232,500	\$120,391,434	\$250,656,066	32.45%
2011	\$371,047,500	\$135,698,461	\$214,439,039	38.76%
2012	\$350,137,500	\$123,955,690	\$218,854,310	36.16%
2013	\$342,810,000	\$129,891,423	\$199,621,077	39.42%
2014	\$329,512,500	\$121,638,149	\$201,926,851	37.59%
2015	\$323,565,000	\$106,498,871	\$217,066,129	32.91%
2016	\$326,220,000	\$100,243,708	\$225,976,292	30.73%

REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Water Enterprise Fund:							
2009	\$4,166,609	\$2,240,678	\$1,925,931	\$1,096,923	\$531,569	\$1,628,492	118%
2010	\$4,011,649	\$2,116,813	\$1,894,836	\$1,230,372	\$547,534	\$1,777,906	107%
2011	\$4,520,359	\$2,344,232	\$2,176,127	\$1,277,461	\$535,571	\$1,813,032	120%
2012	\$4,593,604	\$2,213,079	\$2,380,525	\$1,404,788	\$592,243	\$1,997,031	119%
2013	\$4,547,881	\$2,564,988	\$1,982,893	\$1,432,327	\$496,648	\$1,928,975	103%
2014	\$5,362,908	\$2,962,343	\$2,400,565	\$1,523,904	\$526,095	\$2,049,999	117%
2015	\$5,393,146	\$2,864,030	\$2,529,116	\$1,580,379	\$526,191	\$2,106,570	120%
2016	\$5,391,606	\$2,708,955	\$2,682,651	\$1,589,074	\$475,313	\$2,064,387	130%
2017	\$5,448,327	\$2,727,388	\$2,720,939	\$1,586,264	\$485,092	\$2,071,356	131%
2018	\$5,418,991	\$2,805,889	\$2,613,102	\$1,668,774	\$573,478	\$2,242,252	117%
Sewer Enterprise Fund:							
2009	\$4,577,420	\$3,808,835	\$768,585	\$563,349	\$322,951	\$886,300	87%
2010	\$5,182,587	\$3,806,605	\$1,375,982	\$588,400	\$325,234	\$913,634	151%
2011	\$5,428,221	\$3,753,516	\$1,674,705	\$531,867	\$294,451	\$826,318	203%
2012	\$5,184,843	\$3,700,612	\$1,484,231	\$664,379	\$347,201	\$1,011,580	147%
2013	\$5,194,399	\$3,731,791	\$1,462,608	\$762,430	\$328,333	\$1,090,763	134%
2014	\$5,150,572	\$3,667,686	\$1,482,886	\$871,274	\$370,496	\$1,241,770	119%
2015	\$5,102,783	\$3,772,538	\$1,330,245	\$1,057,706	\$370,903	\$1,428,609	93%
2016	\$5,061,250	\$3,855,454	\$1,205,796	\$1,087,840	\$355,953	\$1,443,793	84%
2017	\$5,969,042	\$4,121,075	\$1,847,967	\$1,052,300	\$376,629	\$1,428,929	129%
2018	\$6,825,174	\$4,254,499	\$2,570,675	\$1,144,578	\$460,379	\$1,604,957	160%
Storm Water Enterprise Fund:							
2009	\$2,135,082	\$1,107,063	\$1,028,019	\$171,500	\$136,578	\$308,078	334%
2010	\$2,099,425	\$1,121,537	\$977,888	\$201,093	\$148,329	\$349,422	280%
2011	\$2,275,124	\$1,106,683	\$1,168,441	\$208,937	\$161,334	\$370,271	316%
2012	\$2,264,727	\$997,065	\$1,267,662	\$327,312	\$202,230	\$529,542	239%
2013	\$2,544,732	\$1,047,463	\$1,497,269	\$415,229	\$216,647	\$631,876	237%
2014	\$2,567,901	\$1,014,900	\$1,553,001	\$596,590	\$263,247	\$859,837	181%
2015	\$2,565,015	\$1,113,082	\$1,451,933	\$752,383	\$253,649	\$1,006,032	144%
2016	\$2,604,641	\$1,218,576	\$1,386,065	\$755,643	\$248,987	\$1,004,630	138%
2017	\$2,614,835	\$1,192,639	\$1,422,196	\$698,283	\$247,078	\$945,361	150%
2018	\$3,021,170	\$1,048,964	\$1,972,206	\$739,594	\$288,076	\$1,027,670	192%

NOTE: Operating expenses are exclusive of depreciation

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (1)	Median Family Income (1)	Median Age (1)	School Enrollment (3)	Unemployment Rate (2)
2009	35,690	\$17,032	\$30,033	37.6	4,822	9.1%
2010	35,690	\$17,032	\$30,033	37.6	4,850	8.1%
2011	36,592	\$20,014	\$36,743	37.0	5,000	7.7%
2012	36,592	\$20,014	\$36,743	37.0	5,088	7.6%
2013	36,592	\$20,014	\$36,743	37.0	5,158	6.9%
2014	36,592	\$20,014	\$36,743	37.0	5,234	5.2%
2015	36,592	\$20,014	\$36,743	37.0	5,264	4.4%
2016	36,592	\$20,014	\$36,743	37.0	5,554	3.5%
2017	36,592	\$20,014	\$36,743	37.0	5,502	3.2%
2018	36,592	\$20,014	\$36,743	37.0	5,515	3.1%

Sources:

- (1) The Federal 2000 Census used for years 2009-2010 and the 2010 Census used thereafter.
(2) Maine Department of Labor
(3) Lewiston School Department

PRINCIPAL EMPLOYERS
As of June 30, 2018 and Nine Years Ago

Employer	Industry	2018		2009	
		Number of Employees	Rank & Percentage of Employment	Number of Employees	Rank & Percentage of Employment
Central Maine Medical Center	Health Care	2,025	1 - 9.23%	2,333	1 - 9.44%
Sisters of Charity Health Care Systems	Health Care	1,900	2 - 8.67%	1,989	2 - 8.05%
T D Bank	Banking	989	3 - 4.51%	1,394	3 - 5.64%
Bates College	Education	839	4 - 3.83%	768	5 - 3.11%
Wal-Mart Stores East LP	Distribution Center	807	5 - 3.68%	800	4 - 3.24%
McKesson	Health Care Admin.	401	6 - 1.83%	420	6 - 1.70%
L.L. Bean	Call Center & Manufact.	340	7 - 1.55%		
Lepage Bakeries	Bakery Goods	300	8 - 1.37%		
Androscoggin Home Health	Health Services	242	9 - 1.10%		
Carbonite	Computer Data Center	175	10 - .80%		
Gieger Brothers	Printed Products			320	10 - 1.29%
Affiliated Computer Services	Telemarketing			420	7 - 1.70%
Liberty Mutual	Insurance			328	8 - 1.33%
Tri-County Mental Health	Social Services			323	9 - 1.31%

Source: Androscoggin Chamber of Commerce and Maine Department of Labor

**NUMBER OF MUNICIPAL EMPLOYEES BY FUNCTION
Last Ten Fiscal Years**

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Administration	5	5	5	5	5	4	4	4	4	5
City Clerk	4	4	4	4	4	4	5	5	5	5
Economic Dev.	3	2	2	2	2	1	1	1	1	1
Finance	17	17	17	17	17	16	12	13	13	13
M.I.S.	5	5	5	5	5	5	5	5	5	5
Assessor	4	4	6	6	6	6	6	6	6	6
Dev./Code Enf.	12	12	9	9	8	7	7	7	7	7
Human Resources	2	2	0	0	0	3	3	3	4	4
Police	94	94	95	95	95	95	94	96	97.5	98
Fire	79	75	73.5	73.5	73.5	72.5	72.5	72.5	78	78
Public Works	78.5	78.5	78.5	78.5	80.6	81.6	84.6	83.7	88.7	93.7
Water & Sewer	26	23	23	23	23	23	25	29.7	25	25
Social Services	7	7	5	5	5	5	5	5	4.5	4.5
Recreation/MPC	3	3	3	3	6	6	6	6	7	8
Library	12.5	12.5	13.5	13.5	13.5	13.5	13.5	13.5	14.5	14.5
Education	1025	947	926	879	880	866	828	796	762	748
Total Employees	1,377	1,291	1,266	1,219	1,224	1,209	1,172	1,146	1,122	1,116

Source: City of Lewiston Budget

**OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

Indicator	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Clerk:										
Marriage Licenses Issued	268	236	228	212	235	232	238	221	236	230
Birth Certificates Filed	1,197	1,267	1,273	1,345	1,342	1,371	1,395	1,441	1,464	1,490
Death Certificates Filed	646	675	614	621	550	551	599	562	630	745
Finance:										
Number of Tax Bills Generated	13,018	12,983	13,022	13,080	13,104	13,163	13,167	13,180	13,202	13,193
Number of Liens Recorded	412	490	535	532	574	542	542	616	507	514
Police:										
Number of Service Calls	53,930	54,958	51,819	50,119	50,349	50,287	53,035	49,731	45,436	43,094
Number of Physical Arrests	1,768	1,600	1,765	1,999	2,209	2,271	2,242	2,439	2,870	2,580
Fire:										
Number of Service Calls	2,203	2,006	1,856	1,819	1,870	1,953	1,812	1,665	1,700	1,800
Number of Inspections	550	557	492	449	465	348	875	915	1,020	1,126
Code Enforcement:										
Number of Commercial Permits Issued	255	245	204	91	144	80	80	122	77	76
Number of Residential Permits Issued	380	280	377	382	381	534	453	387	330	425
Public Works:										
Cubic Yards Utilized at the Landfill*	19,132	17,284	46,039	17,959	15,402	18,738	15,405	18,576	15,138	19,938
Social Services:										
Number of Families Served	427	522	443	484	573	635	636	725	732	666
Number of People Served	765	929	780	784	934	977	921	1,073	1,111	1,135
Library:										
Number of Adult Books Borrowed	79,573	83,719	92,215	96,935	115,457	125,198	124,108	128,550	134,690	131,545
Number of Children Books Borrowed	52,652	54,060	61,328	68,289	70,630	76,407	80,125	86,090	95,311	92,859
Children's Program Attendance	5,350	4,478	5,702	5,847	7,011	7,015	7,030	6,752	8,247	6,341
Number of Cardholders	8,414	9,446	9,816	11,096	12,068	11,415	9,622	9,596	10,420	13,433

Source: Lewiston Municipal Departments

CAPITAL ASSETS AND INFRASTRUCTURE BY FUNCTION
Last Ten Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	37	37	36	33	33	33	33	33	34	31
Fire:										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Public Works:										
Miles of Streets	189.22	188.3	188.04	188.04	188.04	188.04	188.04	188.04	188.29	188.23
Number of Street Lights	3,355	3,355	3,355	3,355	3,355	3,355	3,355	3,000	3,000	3,300
Water:										
Miles of Water Mains	158	158	158	158	158	158	158	158	164	159
Number of Service Connections	9,314	9,308	9,308	9,272	9,349	9,206	9,232	9,317	9,223	9,253
Number of Fire Hydrants	757	754	754	751	743	743	743	743	742	735
Average Daily Consumption -gals.	3,845,151	3,811,504	3,769,392	4,154,811	4,488,726	4,361,340	4,564,104	4,442,603	4,285,945	4,449,647
Thousand Gallons Pumped	1,403,480	1,391,199	1,137,828	1,516,506	1,638,385	1,591,889	1,665,898	1,621,550	1,564,370	1,624,121
Sewer:										
Miles of Sanitary & Storm Sewers	150	150	152	152	152	152	152	152	233	212
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections	8,733	8,701	8,658	8,662	8,684	8,705	8,732	8,724	8,707	8,727
Average Daily Consumption -gals.	3,845,151	3,811,504	3,769,392	4,154,811	4,488,726	4,361,340	4,564,104	4,442,603	4,285,945	4,449,647
Recreation:										
Number of Parks	23	23	23	23	17	17	16	16	16	16
Park Acreage*	64	59	59	59	36	36	36	36	32	32
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Education:										
Number of Schools	7	7	7	7	7	7	7	7	7	7

* Note: Prior to 2015, general green space and sports fields were not included in the total acreage.

Source: City of Lewiston capital asset records and Public Utilities Commission Report.