City of Biddeford

City Council - Workshop

January 08, 2019 5:30 PM Biddeford High School - Little Theater

1. Workshop Discussion Items

1.1. Audit Report - Biddeford City Government and School Department

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Biddeford Management Letter 6.30.18.pdf

Biddeford SAS Letter 6.30.18.pdf

Biddeford School Department Financial Statements 6.30.18.pdf

Biddeford Statement of Assurance 6.30.18.pdf

Biddeford Uniform Guidance 6.30.18.pdf

CITY OF BIDDEFORD, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

CITY OF BIDDEFORD, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Prepared By
Cheryl Fournier
Finance Director

CITY OF BIDDEFORD, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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City of Biddeford

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Biddeford, ME 04005
Cheryl Fournier, Finance Director
Fax (207) 571-0667

December 28, 2018

To the City Council and Citizens of Biddeford, Maine:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Biddeford, Maine for the fiscal year ended June 30, 2018. It is required that the City of Biddeford annually issue financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The public accounting firm of Runyon Kersteen Ouellette has audited the City of Biddeford's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Biddeford's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This independent audit of the City's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagement, including the Single Audit Act of 1984 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Biddeford's separately issued single audit 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. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Biddeford, located on the Atlantic Coast of Southern Maine, was an outpost for European traders and fishermen even before the permanent settlement was established at Plymouth, Massachusetts in 1620. The protected natural harbor of Biddeford Pool afforded an excellent anchorage for sailing vessels then, just as it continues to provide mooring space for both working and pleasure craft today. Named after a small city on the north coast of Devon, England, Biddeford was incorporated as a City in 1855. It was in the area of the first cataracts on the Saco River that the business center of the City grew, making use of the abundant water power supplied by the various falls, to nurture important industries such as leather tanning and weaving. These industries were coupled with the shipping facilities made possible by easy navigation of the river to and from the ocean. The last of the old mills closed its doors in September 2009 and the City continues to work diligently with the owners of the various mill complexes to revitalize the district and make it attractive to residents and businesses alike.

Maine's sixth largest community, Biddeford's economy today is a diverse mix of manufacturing, technology and service-based companies and institutions, many of whom conduct business in the City's industrial and business parks. While no single taxpayer is responsible for more than two percent of the total tax base, the City's economic base are anchored by two of Maine's truly dynamic institutions: the award-winning Southern Maine Health Care and the University of New England – both of whom continue to experience impressive growth, including recent additions of the Dorothy Walker Bush Pavilion for emergency services and the McGeachey Building for medical offices at SMHC and the George and Barbara Bush Center and the Alfond sports complex at UNE. Both of these institutions celebrate the area's long association with the family of President George H. W. Bush. In recent years, Biddeford has evolved into a major regional retail center, attracting shoppers from Southern Maine who now have an alternative to the drive to the shopping centers of South Portland/Scarborough.

In 2012, the City made the decision to take control of its future and forever change the direction of the downtown. Commencing with the City's decision to purchase and close the Maine Energy Recovery Company, a trash to energy incinerator in downtown Biddeford, the City is experiencing a revitalization unparalleled in recent Maine history. The rehabilitation of former mill buildings have resulted in economic activity and increased valuation. Other property owners have also upgraded downtown properties. Combined with the complimentary infrastructure investments by the City has led to increasing the number of residential rental units available within the City's core area. Restaurants and other types of small boutique businesses have opened and are thriving; others are in various stages of development and construction. A major hotel project is under construction. Biddeford has become a vibrant and affordable alternative to Portland for both singles and families. The new downtown is often described as having the 'it' factor; cited as a major driver for the youth movement in the City. Arguably the fastest growing Maine community for people under 35, Biddeford's average age is 33.8, significantly below Maine's (42) and the greater Portland's averages (39).

As noted above, in 2018 the City is seeing even more energy around the downtown area. There are many businesses looking to relocate or invest in the downtown, and it is exciting to hear all the buzz about Biddeford Downtown. In 2018, Biddeford was one of only 20 communities across the country with a project that was selected to compete for one of ten $150,000 grants from American Express and the National Trust of Historic Preservation. After coming in third and receiving over 85,000 votes during the one month voting period. The grant will be used to refurbish the clock tower of City Hall, which is a focal point of the downtown.

In terms of natural features, Biddeford's 30 square miles of land area are as astoundingly beautiful as they are richly diverse. The downtown area is urban in its density and fabric, with numerous historic commercial buildings, churches, former textile mills, and homes. Just a few miles to the east of the City center lays a magnificent coastline with stretches of sandy beach framed by rocky promontories facing both the untamed Atlantic Ocean and the more tranquil Saco Bay. Along the coast are such gems as the historic Wood Island Light (now in the care of a non-profit organization dedicated to its preservation) and a branch of the Rachel Carson National Wildlife Refuge. To the west of the Maine Turnpike are rolling hills and pastures with traditional New England farmhouses and horse farms that capture life from a by-gone era. Lastly, there is the beautiful Saco River, which has its origins in the New Hampshire Mountains and becomes the Biddeford-Saco border for a distance of 14 miles as it meanders along a largely unspoiled shorefront to where it meets Saco Bay.

Form of Government

The elected Mayor is the ceremonial head of the City, whose election and term are concurrent with those of the City Council. The Mayor presides over both City Council and School Committee meetings, but does not vote in either body except in case of a tie. The legislative functions of the City are vested in an elected, nine-member City Council. Council members are elected for two-year terms in the odd-numbered years, one each from seven wards of the City and two elected by the voters at large. The Council elects one of its members to serve as its President.

The City operates under a home-rule Charter, as authorized by Maine Statutes and employs a City Manager, appointed by the Council, as the chief administrative officer of the City. The City Manager is charged with the administration of all agencies of the City government, except for City Clerk, who is appointed by and responsible directly to the City Council.

The City provides a full range of municipal services including education, public safety (police, fire and emergency medical), recreation activities, welfare and social services, wastewater treatment, solid waste collection and disposal, highways and streets, community access television programming, airport, planning and zoning and general administrative services.

Education is provided through the Biddeford School Department, which is directed by a seven-member School Committee, elected at-large for two-year terms concurrent with those of the Mayor and the City Council. The City Council exercises no control over the operations of the School Department, but is responsible for the appropriation of funding for its budget. This will be covered more fully in the next section of this document.

Budget Process

The annual budget serves as the foundation for Biddeford's financial planning and control. The formulation of the City's budget is the responsibility of the City Manager, subject to the supervision of the City Council.

During October and November, all City departments (Police, Finance, Public Works, etc.) submit Capital Improvement Program (CIP) information. CIP is a five year plan for all projects that the management feels should be completed. The departments include information for each project: Description of the project, impact of doing the project, any past money allocated to the project, new personal/equipment/supplies, how costs were determined, any related projects, potential funding sources, and implementation costs for the next five years. The FY 2019 budget is the third year this plan has been complete. The process is still being perfected, but each year it is getting better. The CIP budget is the first step of the budgeting process, and it is part of the long range financial planning.

All City departments (Police, Finance, Public Works, etc.) and agencies (entities external to the city government) that receive City funding (i.e., McArthur Library, Biddeford-Saco-Old Orchard Beach Transit District, social service non-profits, regional agencies, etc.) seeking funding submit requests for appropriations to the Finance Director in January of each year. These requests are organized and tabulated by the Finance Director and a comprehensive budget book is prepared for the City Manager to review and amend. Concurrently, the School Department is preparing its budget proposal. Both recommended budgets are presented to the City Council in mid-March. The full City Council, in the form of a Budget Committee as mandated by the City Charter, holds public, televised workshops throughout April, arriving at its proposed budget that must, by Charter, come out of Committee no later than the first Monday in May. The City Council holds a public hearing before beginning the adoption process of a first reading, at which public comment is welcomed and then, at a later date, a second reading at which public comment may only occur on proposed amendments. Passage of the various budget orders at the second reading puts them into effect for the next fiscal year beginning July 1, except that the budget for education from kindergarten to grade 12 must be further ratified by a majority of City voters casting ballots in a public referendum held within thirty days of its approval by the City Council. Should the referendum fail to ratify the education budget, then the School Committee must rework the proposed budget and submit it to the City Council, which then begins the approval process again, from the second reading stage. In the seven years since this revision of the budget process has been mandated by State Statute, there has been a failure to ratify the budget only once, for fiscal 2013. It took four referenda to achieve passage of a revised education budget that year.

Although budgets are prepared, reviewed, and amended at the department/line item level, the general level of Council oversight for expenditures is at the department level for City functions and at the area level for education, as shown in Exhibit A-2 on pages 84-87. The State of Maine prescribes the form and content of the education budget through eleven cost centers, which are used as the basis for budget preparation, approval, and continuing oversight. Transfers of appropriations among these areas for education or between departments for the City must be approved by the City Council. Budget-to-actual comparisons are provided in this report for the General Fund as part of the basic financial statements (see Statement 6 on page 38), laid out in the same divisions used on the appropriation orders approved by the City Council. The City also adopts formal budgets for selected other Governmental Funds, the criterion for inclusion being that significant personnel costs are directly charged to the Fund in question. Budget-to-actual comparisons for these funds are also included in this report (see Exhibit C-2, beginning on page 96). The Proprietary Wastewater Fund that is supported primarily by sewer user fees is also budgeted, in order to set the sewer user fee rates.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

Biddeford is rebounding positively from the depressed housing and employment markets and the far-reaching effects they had not only locally, but on Maine's and the Nation's overall economies. While the local economy and housing market is experiencing sustained positive results, the reductions in State revenues, which costs were passed on to local governments have not been reversed. The reduction of state aid to municipalities and the requirement for school districts to begin contributing some of the costs of teacher retirement plans is directly related to most of the increase in the tax rate since the economic down turn. Even though there has been some upward movement in some specific local revenues, particularly in motor vehicle excise taxes, the City, like so many other service center communities, has seen its property tax rate slightly rise each year.

The State of Maine increased the local homestead exemption in each of the last two years by another $5,000 per year. Consistent with the state mandate law, municipalities were reimbursed 50% of the impact of the loss valuation. The balance caused the local tax rate to increase slightly. However, the additional homestead exemption more than offset any increase for the majority of homeowners; most saw an actual reduction in their tax bills both years.

Biddeford's location along the "gold coast" of Southern Maine makes it a significant tourist destination, although to a lesser extent than its coastal neighbors, whose larger expanses of sandy beach and more abundant motel and campground facilities are attractive to middle income families on vacation. Through the development of retailing centers over the past few years, Biddeford has attracted more of the regional shopping dollars away from the established Mall area of South Portland/Scarborough. Currently, there is a low vacancy rate in the Biddeford Crossing shopping center and Biddeford has seen the success of the first Market Basket supermarket in Maine. As a significant show of confidence in Biddeford and the Southern Maine community, Market Basket's parent company purchased the entire retail center.

Maine's unemployment rate continues to trail behind the national average and the Biddeford area is in line with the rest of Southern Maine. The City has dedicated resources to revitalize the downtown. The City is seeing positive results in the efforts, which started with the closing of the Maine Energy Recovery Company in 2012. This site is going to be the site for a parking structure in the future, and interest of businesses to attach to that parking structure. The additional positive results is many construction projects by companies moving into the downtown, completed new sidewalks and paving of Main Street, companies renovating current space, an old mill becoming a hotel, and other smaller projects. There are many positive things happening on Main Street right now.

Long-term Financial Planning

The City is in various stages of several capital projects for which bonding authority has been approved by the voters. Ongoing projects include dealing with combined waste/stormwater collection system separation (CSO) projects approved at various times, with the authorizations used to leverage grant funds made available through Maine's Clean Water State Revolving Fund. The City is required under an agreement with the Maine Department of Environmental Protection to work on abating CSO conditions. It is expected that bonding authority will be requested from the voters in pieces over the next twenty or so years. In November 2015, two bond questions pass. The first was for $5.99 million to continue funding needed road reconstruction and rehabilitation, sidewalk and drainage projects, the second asked for $3.925 million to fund necessary storm/sanitary sewer separation work. The City's plan calls for a twenty year cycle to improve all City roads, but the level of available funding has not kept that schedule feasible. Work is done each year on an as-funded basis, with annual funding becoming increasingly scarce in recent years.

In early 2011, the City performed a full renovation of Biddeford High School. The original part of the school was opened in 1961 with additions in the 1970s, and the facility had been in dire need of building improvements, classroom and technology upgrades and code compliance work, and had security-related issues that had to be addressed in the context of our changing world. Work was completed in the fall of 2012, having been done in phases that had the least possible disruption to the continuing use of the school. This bond was refunded during FY2017, with substantial savings. The savings were used to take care of an athletic field that was going to be closed if the repairs were not completed.

Financial Policies and Practices

In the absence of a formal investment policy, the Finance Director manages cash and investments according to sound principles that provide for: 1) safety of principal, 2) meeting daily cash flow needs, and 3) achieving an adequate rate of return relative to market conditions. A relationship is maintained with one primary bank, with deposits fully collateralized by a letter of credit in the City's favor drawn on the Federal Home Loan Bank. An investment broker is also used, and surplus cash is analyzed for its period of availability. Certificates of deposit at various well-rated banks, both local and around the country are purchased and spread with coverage by FDIC or credit union insurance in mind. The effects of this policy and practice are that the City has not been required to issue tax anticipation notes for over 20 years, being capable of funding current requirements as necessary. 11

Funding of the fiscal 2018 budget required a tax rate increase of 1.1%. The fiscal 2019 budget required a tax rate decrease of 1.8%. Tax dollars rose by 1.8%, the effect of decrease in tax rate having been mitigated by an increase in taxable valuation and favorable estimates of non-tax revenues. One of the main goals is rebuilding the fund balance, as many communities saw the decrease in their fund balances during the recession.

Award Program

For the eighth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Biddeford for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles 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.

Acknowledgments

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Biddeford Finance and Tax Office and of the Business Manager and staff of the Biddeford School Department Central Office. Both offices have maintained the accounting records of the City and the School Department on a current and timely basis. I would like to express my appreciation to all staff members for their conscientiousness and professionalism throughout the fiscal year.

Respectfully Submitted,

Cheryl Fournier
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Biddeford

Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

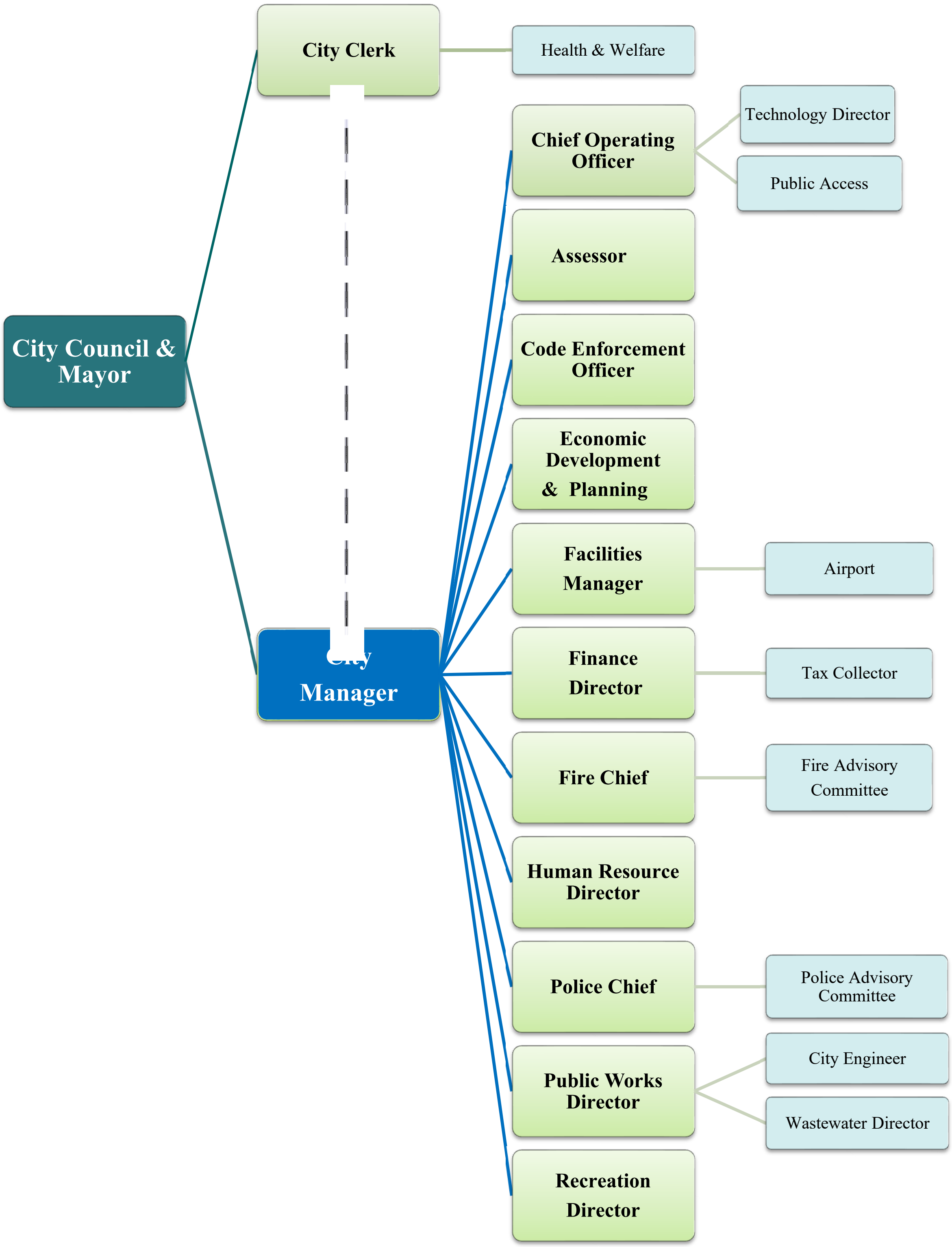
June 30, 2017

Christopher P. Morrill

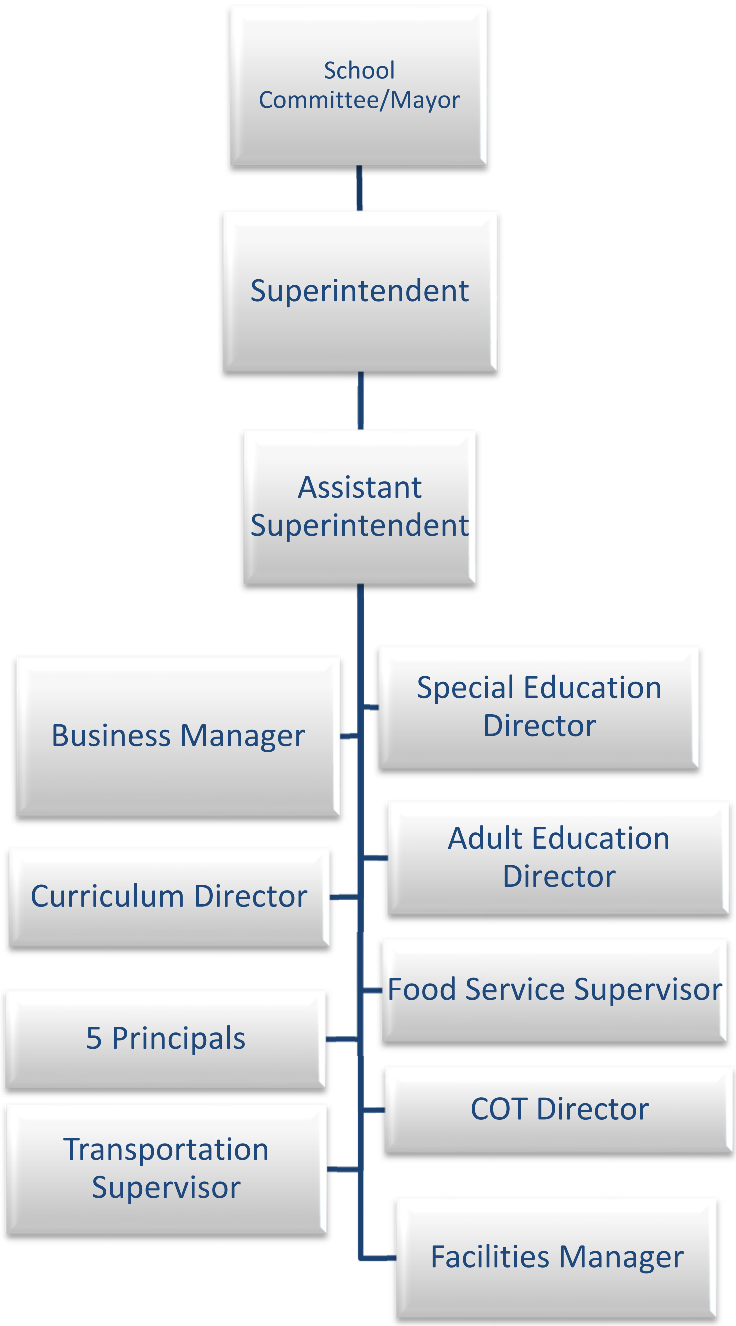
Executive Director/CEO

City of Biddeford

Organizational Chart



School Organizational Chart



CITY OF BIDDEFORD, MAINE
List of Principal Officials
June 30, 2018

Elected Officials

Mayor — Alan Casavant

City Council		School Committee	
Ward 1	Michael Swanton	At Large	Dennis Anglea
Ward 2	John McCurry	At Large	Crystal Blais
Ward 3	Steven St. Cyr	At Large	Dominic Dechambault
Ward 4	Robert Quattrone	At Large	Vassie Fowler
Ward 5	Victoria Foley	At Large	Tony Michaud
Ward 6	Norman Belanger	At Large	Karen Ruel
Ward 7	Michael Ready	At Large	Lisa Vadnais
At Large	Laura Seaver		
At Large	Mark Lessard		

Appointed Officials

City Manager	James Bennett
Superintendent of Schools	Jeremy Ray
Asst. Superintendent of Schools	Christopher Indorf
School Business Manager	Theresa Gauvin
Assessor	Frank Yattaw
Chief Operating Officer/Technology Dir	Brian Phinney
City Clerk	Carmen Morris
Code Enforcement Officer	Roby Fecteau
Economic Development/Planning	Mathew Eddy
Facilities Manager	Philip Radding
Finance Director	Cheryl Fournier
Fire Chief	Scott Gagne
Human Resources Dir	Marcella Faucher
Police Chief	Roger Beaupre
Public Works Director	Jeff Demers
Recreation Director	Carl Walsh

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS

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FUND STATEMENTS AND SCHEDULES

RKO
Runyon Kersteen Ouellette

Certified Public Accountants and Business Consultants

Independent Auditor's Report

City Council
City of Biddeford, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's 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 from 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.

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

City Council
City of Biddeford, Maine

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 Biddeford, Maine, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described on page 70 in the notes to basic financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of City's proportionate share of the net pension liability, schedule of City contributions, the schedule of changes in the City's total health plan OPEB liability and related ratios, and schedule of the proportionate share of the net OPEB liability, 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 Biddeford, Maine's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

City Council
City of Biddeford, Maine

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 fund financial statements and schedules 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 28, 2018 on our consideration of the City of Biddeford, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Biddeford, Maine's internal control over financial reporting and compliance.

Runyon Kersteen Ouellette

December 28, 2018
South Portland, Maine

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the Comprehensive Annual Financial Report of the City of Biddeford, Maine presents a narrative overview and analysis of the financial activities of Biddeford Government for the fiscal year ended June 30, 2018. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Biddeford exceeded its liabilities and deferred inflows of resources (called "net position") at the close of fiscal 2018 by $51,422,682. Total net position is comprised, in part, of "unrestricted net position," (-$18,815,542) and restricted for various purposes through measures external to the City, $5,375,965.
- The City's total net position increased by $2,625,246 from the prior year, a 5.4% positive change.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $21,756,663, a decrease of $1,579,509 in comparison with the prior year. Of this total amount, $10,797,231 remains in unspent borrowed funds, compared to $13,029,467 for the prior year, indicating that $2,232,236 of borrowed funds were expended for their assigned purposes. There were no new borrowing in fiscal year 2018 other than school department note payables for school bus purchases.
- Proceeds from a capital lease was received in the first two weeks of fiscal year 2019. The proceeds were used to finance capital purchases that occurred in fiscal year 2018. The leasing proceeds will offset reductions in unassigned fund balance that resulted from purchasing the equipment prior to issuing the lease.
- The General Fund unassigned fund balance was $2,222,152. This shows a fund balance ratio of 3.3% of expenditures, as calculated based on the parameters detailed within the *City of Biddeford Revised Code of Ordinances, Chapter 2, Sections 2-371 to 2-374, Unassigned Fund Balance Policy*, as amended June 5, 2018. The revised Policy states a goal of 12.5% as an unrestricted fund balance. Adding the additional lease proceeds of $957,240 to the unassigned fund balance would give a 4.71% fund balance ratio. The school's fund balance is restricted and equaled $2,408,164. As those funds can only be used for education, which the school expenditures are $35 million of the expenditures. Using both the school restricted fund balance plus the unassigned fund balance for a total of $4,630,316 would give the City a 6.7% fund balance ratio, and including the lease proceeds would have given a 8.3% fund balance ratio up by 0.5% over fiscal year 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Biddeford's basic financial statements. The City's financial statements comprise three components:

- Government-wide financial statements (reporting on the City as a whole)
- Fund financial statements (reporting the City's most significant funds)
- 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 of Biddeford's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources, with the difference reported as *net position*. For an explanation of deferred outflows and inflows, see the Notes to Basic Financial Statements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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 unpaid salaries). Of particular interest is the format of this statement. The reader will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is net (expense) revenue. The purpose of this type of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general fund revenues, or if the functions are self-supporting through fees and grants. It is important to note that all taxes are classified as general fund revenue even if restricted for a specific purpose.

Both of the government-wide financial statements distinguish functions of the City of Biddeford 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 include general government (general administration, mayor, city manager, city clerk and tax collection, elections and registrations, assessing, finance, computer services, personnel, economic development and planning, code enforcement and inspections), education (general purpose and adult education), public services (recreation, community center, health and welfare, private schools, city buildings and facilities management, industrial and business parks, social services and municipal services), public safety (fire, emergency medical service, police, animal control, emergency management and street/traffic lights), public works (vehicle maintenance, streets and roads, engineering, parks, cemetery and solid waste management), and debt service (interest paid on bonds and capital leases). The City has two business-type activities; its wastewater collection and treatment operation and its parking fund.

The government-wide financial statements can be found on pages 33 and 34 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 Biddeford, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *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 the 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 City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Biddeford maintains fifty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the only one considered as a major fund. Data from the other fifty-four governmental funds are combined into a single, aggregated presentation. Summary fund data for each category of these non-major governmental funds is provided in the form of *combining schedules* on pages 91-92 of this report.

The City of Biddeford adopts an annual appropriated budget for its general fund. The basic governmental fund financial statements can be found on pages 35-36 of this report. Budgets are also adopted for those funds that include significant direct employment costs. However, these budgets are targets only, meant to track the resources needed to fund City employees. Currently, these funds are Mooring Fees Fund, CDBG Fund, Pool Beach Permits Fund, Airport Fund, Community TV Center Fund, Environmental Reserve Fund, Recreation Programs Fund and School Lunch Fund. Budget-to-actual results for these Funds are shown in Exhibit C-2 on pages 101-102. Some of the School Categorical Programs and the Adult Education Projects Fund include employment costs, but these are not subjected to the formal budgeting process, as their available resources cannot be accurately estimated ahead of time.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Biddeford maintains two proprietary fund, the Wastewater Fund and Parking Fund. These *proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Biddeford uses proprietary funds to account for its wastewater collection and treatment operations and the parking management of our rental lots. These are reported on pages 39-41 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 Biddeford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds and the City of Biddeford's can be found on pages 42-43 of this report.

Notes to Financial Statements

The notes to the financial statements are an integral part of the basic financial statements and provide additional information that is essential to creating 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 44-75 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information and disclosures that are not considered part of the basic financial statements. Required information includes historical information on the City's liabilities for retiree health care and pension costs, beginning on page 76.

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 Biddeford, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $51,422,682 at the close the 2018 fiscal year. $64,862,259 of the City of Biddeford's net position reflect its investment (net of depreciation) in capital assets segregated into: land, buildings and improvements, vehicles and equipment, infrastructure (streets, sidewalks, culverts, manholes, catch basins, stormwater and wastewater management systems, traffic light controllers and systems, and seawalls), and construction in progress, less any related outstanding debt (net of unspent debt issuance proceeds) used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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 Biddeford net position ($5,375,965) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a negative amount (-$18,815,542).

For fiscal 2018, the City of Biddeford is able to report positive balances in both categories of net position, $33,345,837 for governmental activities and $18,076,845 for business-type activities. These numbers compare to $34,131,667 for governmental activities and $17,769,312 for business-type activities in fiscal 2017 before restatements.

Biddeford's net position increased by $2,625,246 during fiscal 2018, due to current year change in net position.

City of Biddeford's Net Position

		Governmental Activities		Business-type Activities		Total	
		2018	**2017***	**2018**	**2017***	**2018**	**2017***
Current and other assets	$	30,725,114	32,118,605	(1,919,366)	(2,286,503)	28,805,748	29,832,102
Capital assets		92,875,829	93,162,775	24,730,630	25,494,193	117,606,459	118,656,968
Total assets		123,600,943	125,281,380	22,811,264	23,207,690	146,412,207	148,489,070
Deferred outflows of resources		3,052,574	6,512,913	-	-	3,052,574	6,512,913
Non current liabilities		82,679,494	88,571,853	4,503,526	5,178,429	87,183,020	93,750,282
Other liabilities		7,964,315	7,653,375	215,893	243,449	8,180,208	7,896,824
Total liabilities		90,643,809	96,225,228	4,719,419	5,421,878	95,363,228	101,647,106
Deferred inflows of resources		2,663,871	1,437,398	15,000	16,500	2,678,871	1,453,898
Net position:							
Net investment in capital assets		44,650,155	36,099,323	20,212,104	20,299,264	64,862,259	56,398,587
Restricted		5,375,965	17,856,062	-	-	5,375,965	17,856,062
Unrestricted		(16,680,283)	(19,823,718)	(2,135,259)	(2,529,952)	(18,815,542)	(22,353,670)
Total net position	**$**	**33,345,837**	**34,131,667**	**18,076,845**	**17,769,312**	**51,422,682**	**51,900,979**

*The 2017 has not been restated to reflect prior period adjustments that resulted from GASB 75 implementation that were recorded during the June 30, 2018 audit.

City of Biddeford's Changes in Net Position

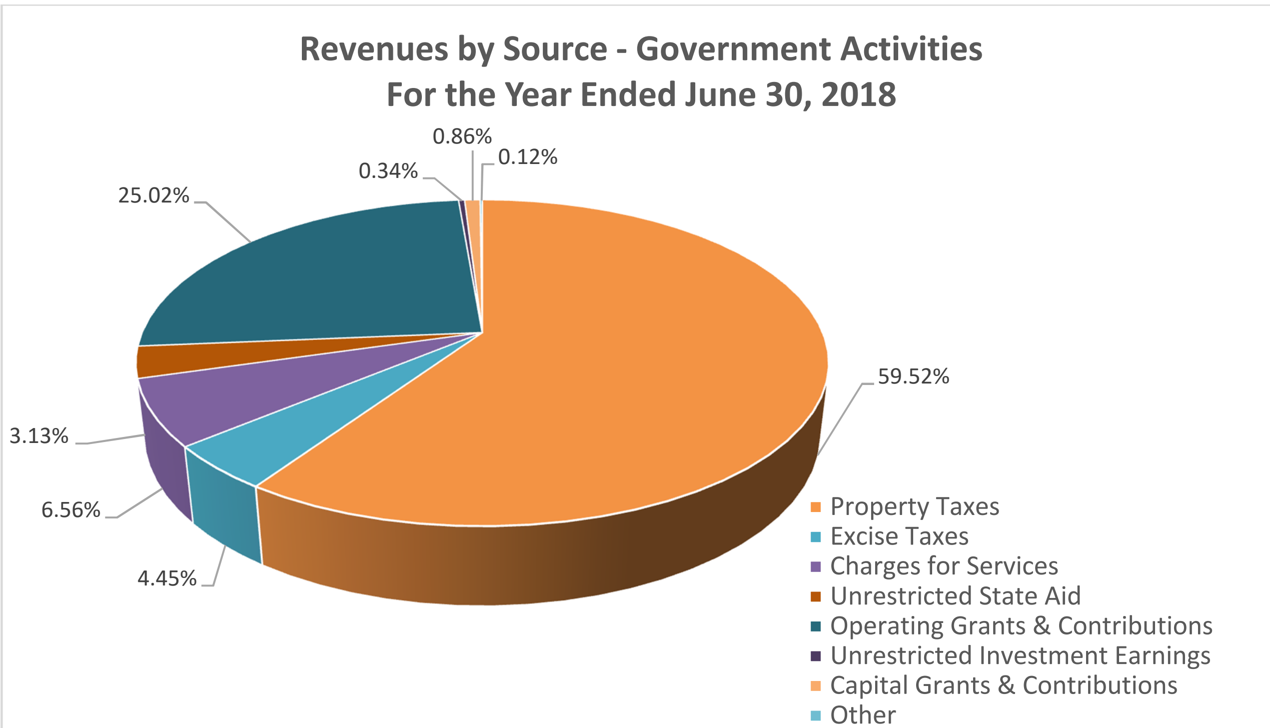
		Governmental Activities		Business-type Activities		Total	
		2018	2017*	2018	2017*	2018	2017*
Revenues:							
Program Revenues:							
Charges for services	$	5,106,017	5,604,970	3,491,598	3,778,763	8,597,615	9,383,733
Operating grants and contributions		19,481,650	17,827,353	-	-	19,481,650	17,827,353
Capital grants and contributions		673,074	-	-	1,123,668	673,074	1,123,668
General Revenues:							
Property taxes		46,338,351	45,118,415	-	-	46,338,351	45,118,415
Excise taxes		3,466,666	3,337,377	-	-	3,466,666	3,337,377
Unrestricted state aid		2,437,397	2,126,537	-	-	2,437,397	2,126,537
Unrestricted investment earnings		262,168	260,023	-	-	262,168	260,023
Miscellaneous		93,200	106,457	-	-	93,200	106,457
Total revenues		77,858,523	74,381,132	3,491,598	4,902,431	81,350,121	79,283,563
General government		11,349,919	8,045,938	-	-	11,349,919	8,045,938
Public services		3,509,145	3,714,079	-	-	3,509,145	3,714,079
Public safety		10,369,650	13,220,577	-	-	10,369,650	13,220,577
Public works		6,886,005	8,674,146	-	-	6,886,005	8,674,146
Education		41,166,826	38,949,458	-	-	41,166,826	38,949,458
Debt service interest		1,516,124	1,171,200	-	-	1,516,124	1,171,200
Parking Fund		-	-	77,042	7,890	77,042	7,890
Wastewater collection and treatment		-	-	3,850,164	4,125,537	3,850,164	4,125,537
Total expenses		74,797,669	73,775,398	3,927,206	4,133,427	78,724,875	77,908,825
Change in net position before transfers		3,060,854	605,734	(435,608)	769,004	2,625,246	1,374,738
Transfers in (out)		(641,141)	(540,000)	641,141	540,000	-	-
Change in net position		2,419,713	65,734	205,533	1,309,004	2,625,246	1,374,738
Net position – beginning, as restated		30,926,124	34,065,933	17,871,312	16,460,308	48,797,436	50,526,241
Net position - ending	**$**	**33,345,837**	**34,131,667**	**18,076,845**	**17,769,312**	**51,422,682**	**51,900,979**

*The 2017 has not been restated to reflect prior period adjustments that resulted from GASB 75 implementation that were recorded during the June 30, 2018 audit.

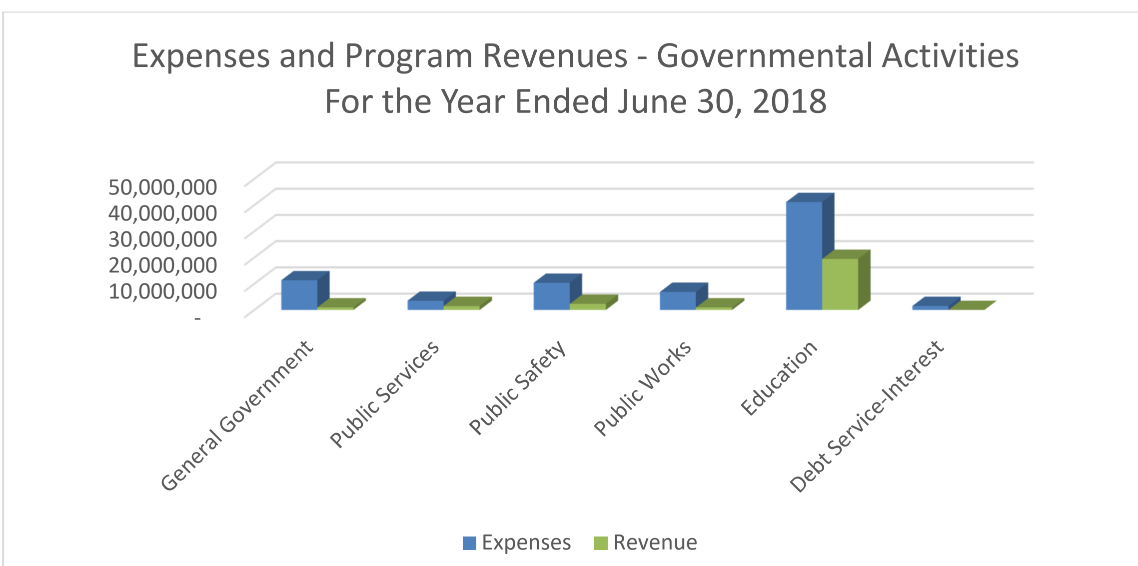
Governmental activities. Governmental activities increased the City of Biddeford’s net position by $2,419,713. Compared to the prior year, total revenues and total expenses were both higher. A major driver for the increase in net position was a large increase in State subsidy and Medicaid claims for the School Department that were not anticipated.

The longer-term trend, as shown in Table 1 on page 123, has been an increasing level of net position through fiscal 2012, with some downward movements over the next three years and a larger decrease for fiscal 2015 and 2018. This large decrease is due to the effects of the implementation of GASB Statement No. 68 and No. 75, recognizing the liabilities associated with the City's pension and other post-employment benefits liabilities.

The following chart illustrates governmental revenues by source:

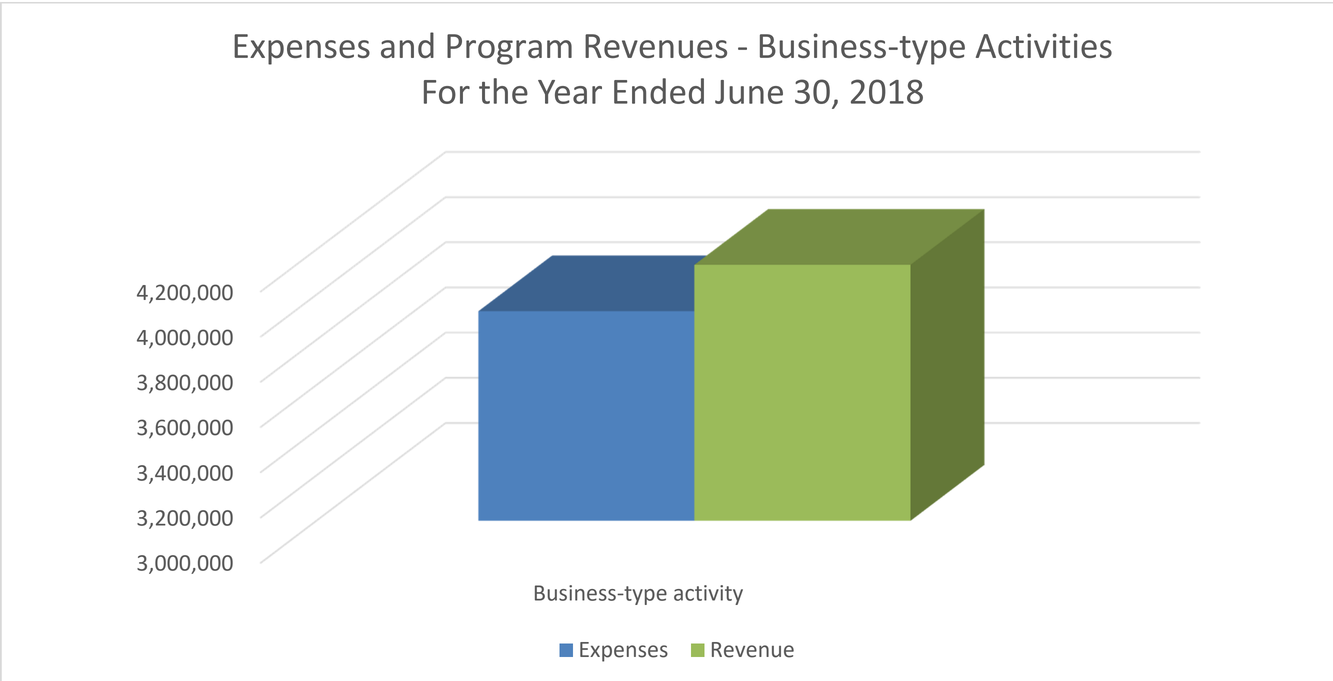


The following chart illustrates total expenses and revenues by program for all governmental activities:

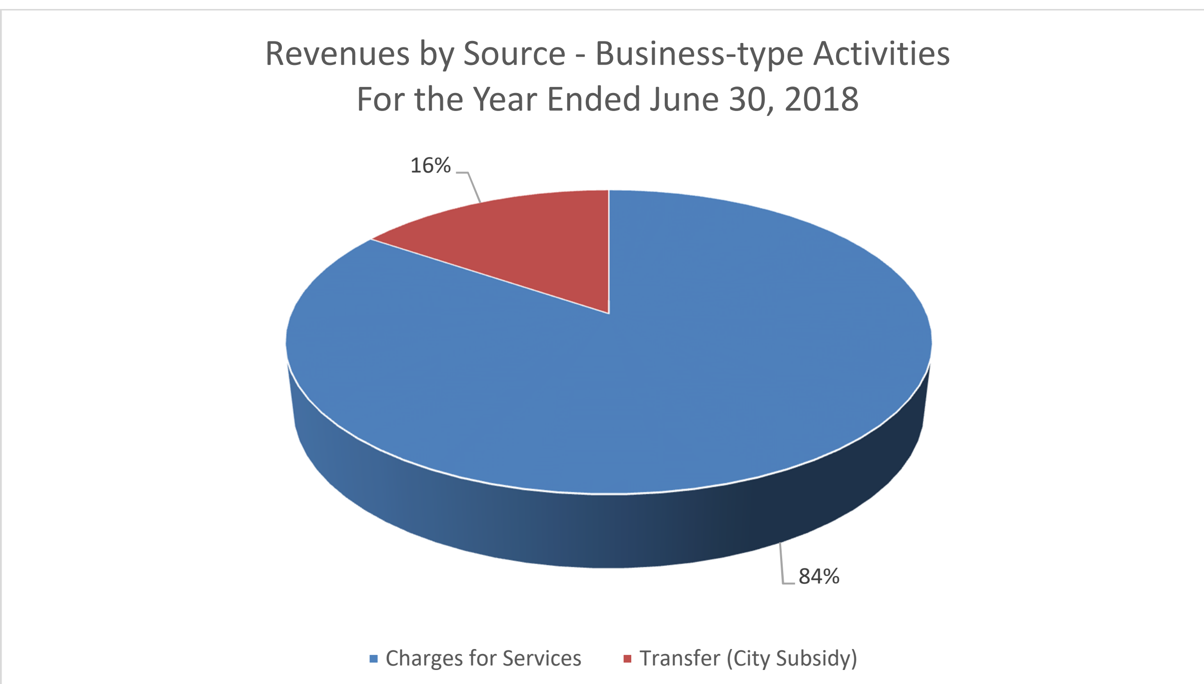


Business-type activities. The City's wastewater collection and treatment operation, increased the City's net position by $244,175. This was due to net transfers from the Governmental Activities in the amount of $641,141 which off set a net loss of ($396,966). The City's parking fund decreased the City's net position by ($38,642).

The following charts illustrate the financial results of wastewater operations for the fiscal year:



With revenue sources as shown in the following:



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Financial Analysis of the Government's Funds

As noted earlier, the City of Biddeford uses fund accounting as is customary with municipal financial reporting.

Governmental funds. The focus of the City of Biddeford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City'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 Biddeford's governmental funds reported combined ending fund balances of $21,756,663. Approximately 4.5% of this total amount ($968,601) constitutes *unassigned fund balance*, 11.0% ($2,387,140) is *assigned* for various purposes by local actions either after fiscal year-end or by an action level below the highest legislative (City Council) authority, 6.9% ($1,491,054) is *committed* for various purposes by local action at the highest legislative authority before fiscal year end, 74.0% ($16,105,025) is *restricted* by requirements external to the City and the remaining 3.7% ($804,843) is *nonspendable*. This last category represents fund balance not in a form convertible to cash or legally restricted from use to cover the City's current obligations. The fund balance is further broken down as shown in Statement 3 on page 35.

The General Fund is the chief operating fund of the City of Biddeford. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,222,152, while $2,387,140 was assigned by legislative action to fund ongoing City projects. Unspent funds earmarked for Education are restricted by State requirements to use for future educational needs. This amounted to $2,408,164 at the end of fiscal 2018, of which $1,350,678 will be used to fund next year's education budget, with the balance allocated to unspecified future use and equaled $1,057,486.

On a budgetary basis, the total fund balance of the City of Biddeford's General Fund increased by $574,010 during the fiscal year. The budget for the fiscal year had included the use of $1,336,377 of the June 30, 2018 fund balance for educational purposes, and $281,270 for City purposes. Revenues that were greater than anticipated and spending restraints mitigated the effect of these planned uses, resulting in a budgetary gross surplus of $2,191,657.

The City is raising $63,360 in extra tax revenue each year through fiscal 2024 toward rebuilding unassigned fund balance as a result of the City's fiscal 2015 payment of its share of the costs for York County to change its fiscal year end from December 31 to June 30. The City had the option of borrowing to fund this increase, but chose to self-fund it, through increasing the actual County Tax levy each year until it is repaid.

The City has no major funds outside of the General Fund in fiscal year 2018.

In governmental funds other than the General Fund, significant financial effects were felt by the both the Capital Projects Funds and the Special Revenue Funds. At fiscal year end, capital expenditures of $2,635,867 contributed significantly to a net decrease of $2,153,519 in Other Governmental Funds' balances.

Among the Special Revenue Funds, all are compliant with the fund definitions of GASB Statement No. 54. A short description of the purpose and revenue source of each fund can be found on the four pages preceding Exhibit C-1, which starts on page 93.

Proprietary funds. The City of Biddeford'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 City's Wastewater Fund had a deficit balance of $2,135,259, compared to the prior year's deficit balance of $2,547,662. The decrease in the deficit balance can be attributed to capital assets being funded through bonds issued by the governmental funds. The City's Parking Fund had a decrease in net position of $38,642, which resulted in a deficit total ending unrestricted net position of $20,932.

General Fund Budgetary Highlights

For the current fiscal year, total revenues exceeded budget in the General Fund by $1,100,357. The following is a breakdown of the significant components of this net excess:

- Taxes revenue was in excess of budget by $698,235 primarily due to larger number of new vehicle registrations, which is a sign of a healthy economy.
- State revenue sharing was in excess of budget projections by $3,996.
- The education revenue was above budgetary projections by $407,797. This is primarily due to increases in tuition payment and Medicare reimbursement.
- Non-school resulted in a net budgetary revenue shortfall of $9,671.

For the current fiscal year, the total expenditures were under budget in the General Fund by $1,260,459. The following is a breakdown of the significant components of this net excess:

- General Government was under budget by $359,078, due to the benefits running below budget.
- Education was under budget by $1,003,779, due to the turnover of personnel and savings in refinancing of a bonding.
- Capital outlay was over budget by $125,797 due to timing of capital lease purchases crossing fiscal years.

Capital Asset and Debt Administration

Capital assets. The City of Biddeford's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to $117,606,459 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, construction in progress and infrastructure. The total decrease in the City of Biddeford's investment in capital assets for the current fiscal year was 0.9% (a 0.3% decrease for governmental activities and a 3.1% decrease for business-type activities).

Capital asset events during the current fiscal year included the following:

- Drainage and sewer separation South Street, sewer 1535 Feet, drainage 2585 Feet
- Sidewalk reconstruction South Street 2085 feet
- South Street paving, 3470 Feet
- Force main installation Lincoln Street, 1160 feet +/-
- Lincoln concrete sidewalk, 980 feet
- Cathedral Oaks, Cherry Lane, Hidden Farm Road, Indian Ridge, Meeting House Road, Rugby, Scadlock Mills paving, 8322 Feet
- Over a million dollars of City vehicle and equipment were purchased, which included police vehicles, an excavator, dump trucks, ambulance, a waste packer, fire chief vehicle, mower, a couple of buses for the school, and trackless sidewalk plow.

Additional information on the City of Biddeford's capital assets can be found in the note to the financial statements titled CAPITAL ASSETS, beginning on page 54.

Long-term debt. At the end of the current fiscal year, the City of Biddeford had total bonds and notes (including premiums and discounts) outstanding of $61,400,052. Of this amount, $56,942,990 represents debt of Governmental Activities. Business-type Activities issued the remaining $4,457,062 of debt. Since a portion of each street sewer upgrade project benefited all City residents through street reconstruction and enhanced storm water collection, the General Fund makes an annual contribution, now fixed at $600,000, toward the Wastewater Fund debt service. This is shown as a transfer out of Governmental Activities and a transfer in to Business-type Activities. The State of Maine, through its program to assist with the construction costs of new schools, is obligated to pay the debt service, both principal and interest, on $7,974,050 of the Governmental Activities debt, leaving the payments on $48,968,940 of debt to be funded through local taxation. Of this amount, the payment of $2,404,508 toward the Casella notes is committed from the Route 111/Mill District TIF Fund's tax revenues, payable through fiscal 2033.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Biddeford is $343,305,000, which is significantly in excess of the City of Biddeford's outstanding general obligation debt. See Statistical Table 12 for more information on permitted debt margins by area. Additional information on the City of Biddeford's long-term debt can be found in the note to the financial statements titled LONG-TERM DEBT beginning on page 58 and in Statistical Tables 9-12 on pages 126-129.

Economic Factors and Next Year's Budgets and Rates

- During the year, assessed valuation increased by $25,350,000 from April 1, 2017 to April 1, 2018.
- Inflationary trends in the region are virtually even with national indices, recent CPI changes coming in at very low changes up, down or flat year to year.
- Local unemployment is still below the national average but in line with the statewide average.
- The mortgage market and housing prices have now stabilized. The coastal areas continue to generate buyer interest with price support. The downtown area value is increasing above normal trends.
- Heating and vehicle costs year over year have stabilized.

These factors were considered in preparing the City of Biddeford's budget for the 2019 fiscal year. The primary budgetary objective was to provide basic City services to its citizens while attempting to keep the property tax dollars as near as possible to the fiscal 2018 level. Several additional factors were also considered in this year's budget preparation.

There is still no progress in the area of comprehensive tax reform at the State level. At this point, it is unclear whether the Governor will try again to end all direct State aid to municipalities that comes through the Revenue Sharing program. In the eleventh year of the Essential Programs and Services education spending formula, the State of Maine has once again failed to meet its statutory provision level of funding the cost of local education. The City of Biddeford has remained at better levels of State funding for education subsidy. The School budget, with a dollar decrease of 1.3% was approved at its initial referendum. The School budget relies on the use of $1,350,678 of restricted fund balance for its funding to balance.

Meanwhile, the City budget increased 2.0%. However, the tax rate decreased by only 1.8% over fiscal year 2019 ($19.70 versus $20.07) with the net tax dollars committed increasing by 1.9%. The taxable valuation increased from $2,332,581,005 in fiscal year 2018 to $2,454,123,613, an increase of $121,543,408. The City's funding plan includes no use of fund balance. The State of Maine's projected revenue shortfalls have lessened, but the outlook for State aid in future years continues to be bleak, based on political pressures.

Two of the three bond referendum questions that took place in November, 2015, passed. The first was for $5.99 million for road improvements and the second was for $3.925 million for storm/sanitary sewer improvements. On August 17, 2015, a new City Manager began work and promises to be a dynamic force for moving the City forward. One of his first major internal initiatives was to craft a comprehensive rolling five-year capital improvements plan for the City. One of the City Manager's priorities is to increase funding for capital improvements.

During the upcoming fiscal year (2018-2019), the City's management will continue to monitor and evaluate local economic conditions and other factors that will affect its future ability to provide services at an affordable level. In the forefront of our revenue and expenditure concerns are:

- ✓ Keeping an eye on projections of State of Maine revenues, and the Governor's and Legislators' new biennium budget and its effect on municipalities.
- ✓ Managing City expenditures and monitoring revenue levels to keep within the approved budget amounts.
- ✓ A January 1 premium adjustment for health insurance. Management continues to research alternative sources of employee healthcare.
- ✓ Foreclosures of mortgages on personal residences and rental properties have decreased in frequency, but continue.
- ✓ The funding for the plan to revitalize the mill district and provide additional parking.
- ✓ Balancing the effects of maintaining City service levels with the effects that increased taxes are having on the citizens' willingness to support City services.
- ✓ The bleak future of comprehensive tax reform at the State level.

Requests for Information

This financial report is designed to provide a general overview of the City of Biddeford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Biddeford, Maine, P.O. Box 586, Biddeford, Maine 04005. Please visit our national award-winning website at www.biddefordmaine.org to see what else may be going on in our government and around our City.

BASIC FINANCIAL STATEMENTS

CITY OF BIDDEFORD, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 16,682,082	-	16,682,082
Investments	6,417,374	-	6,417,374
Cash held in escrow	309,908	-	309,908
Receivables:			
Taxes - current year	842,855	-	842,855
Taxes - prior years	150,638	-	150,638
Property liens - prior years	543,655	49,171	592,826
Accounts	1,030,733	1,257,492	2,288,225
Notes	386,319	51,587	437,906
Due from other governments	697,871	-	697,871
Internal balances	3,277,616	(3,277,616)	-
Inventories	221,741	-	221,741
Prepaid items	164,322	-	164,322
Capital assets not being depreciated	8,065,344	326,979	8,392,323
Capital assets being depreciated, net	84,810,485	24,403,651	109,214,136
Total assets	123,600,943	22,811,264	146,412,207
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	3,052,574	-	3,052,574
Total deferred outflows of resources	3,052,574	-	3,052,574
LIABILITIES			
Accounts payable and other	2,615,267	177,817	2,793,084
Accrued wages	4,442,194	-	4,442,194
Accrued interest payable	545,025	38,076	583,101
Escrow deposits	361,829	-	361,829
Noncurrent liabilities:			
Due within one year	5,521,906	565,568	6,087,474
Due in more than one year	77,157,588	3,937,958	81,095,546
Total liabilities	90,643,809	4,719,419	95,363,228
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,319,767	-	1,319,767
Deferred inflows of resources related to advance refunding	386,526	15,000	401,526
Deferred inflows of resources related to OPEB	957,578	-	957,578
Total deferred inflows of resources	2,663,871	15,000	2,678,871
NET POSITION			
Net investment in capital assets	44,650,155	20,212,104	64,862,259
Restricted for:			
Capital	304,025	-	304,025
Education	2,518,426	-	2,518,426
Grants	268,036	-	268,036
Nonexpendable trust principal	39,872	-	39,872
Public assistance	1,443,681	-	1,443,681
TIF funds	801,925	-	801,925
Unrestricted	(16,680,283)	(2,135,259)	(18,815,542)
Total net position	**$ 33,345,837**	**18,076,845**	**51,422,682**

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

CITY OF BIDDEFORD, MAINE
Statement of Activities
For the year ended June 30, 2018

			Program Revenues			Net (expense) revenue and changes in net position		
						Primary Government		
Functions/programs		**Expenses**	**Charges for services**	**Operating grants and contributions**	**Capital grants and contributions**	**Governmental activities**	**Business-type activities**	**Total**
Primary government:								
Governmental activities:								
General government	$	11,349,919	988,880	12,498	-	(10,348,541)	-	(10,348,541)
Public services		3,509,145	721,052	776,478	-	(2,011,615)	-	(2,011,615)
Public safety		10,369,650	2,222,497	89,363	-	(8,057,790)	-	(8,057,790)
Public works		6,886,005	292,489	198,832	478,000	(5,916,684)	-	(5,916,684)
Education and libraries		41,166,826	881,099	18,404,479	195,074	(21,686,174)	-	(21,686,174)
Interest on debt		1,516,124	-	-	-	(1,516,124)	-	(1,516,124)
Total governmental activities		74,797,669	5,106,017	19,481,650	673,074	(49,536,928)	-	(49,536,928)
Business-type activities:								
Wastewater Fund		3,850,164	3,453,198	-	-	-	(396,966)	(396,966)
Parking Fund		77,042	38,400	-	-	-	(38,642)	(38,642)
Total business-type activities		3,927,206	3,491,598	-	-	-	(435,608)	(435,608)
Total primary government	**$**	**78,724,875**	**8,597,615**	**19,481,650**	**673,074**	**(49,536,928)**	**(435,608)**	**(49,972,536)**

General revenues:				
Property taxes, levied for general purposes		46,048,443	-	46,048,443
Supplemental taxes		5,391	-	5,391
Interest and costs on taxes		88,057	-	88,057
Payment in lieu of taxes		196,460	-	196,460
Motor vehicle/boat/aircraft excise taxes		3,466,666	-	3,466,666
Grants and contributions not restricted to specific programs:				
Homestead exemption		675,008	-	675,008
State Revenue Sharing		1,363,996	-	1,363,996
State BETE reimbursement		350,268	-	350,268
Other State Aid		48,125	-	48,125
Unrestricted investment earnings		262,168	-	262,168
Miscellaneous revenues		93,200	-	93,200
Transfers		(641,141)	641,141	-
Total general revenues and transfers		51,956,641	641,141	52,597,782
Change in net position		2,419,713	205,533	2,625,246
Net position - beginning, as restated		30,926,124	17,871,312	48,797,436
Net position - ending	**$**	**33,345,837**	**18,076,845**	**51,422,682**

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

CITY OF BIDDEFORD, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

		General	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$	16,672,960	9,122	16,682,082
Investments		5,018,859	1,398,515	6,417,374
Receivables:				
Taxes - current year		842,855	-	842,855
Taxes - prior years		150,638	-	150,638
Tax liens - prior years		543,655	-	543,655
Accounts		382,440	648,293	1,030,733
Notes		386,319	-	386,319
Due from other governments		60,404	637,467	697,871
Inventories		193,442	28,299	221,741
Interfund loans receivable		5,058,229	14,268,633	19,326,862
Prepaid items		156,911	7,411	164,322
Total assets	**$**	**29,466,712**	**16,997,740**	**46,464,452**
LIABILITIES				
Accounts payable and other		1,661,160	954,107	2,615,267
Accrued wages		4,372,077	70,117	4,442,194
Escrow deposits		361,829	-	361,829
Interfund loans payable		14,078,265	1,970,981	16,049,246
Total liabilities		20,473,331	2,995,205	23,468,536
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes		1,239,253	-	1,239,253
Total deferred inflows of resources		1,239,253	-	1,239,253
FUND BALANCES				
Nonspendable:				
Inventories, prepaid items, and long-term notes receivable		736,672	28,299	764,971
Trust principal		-	39,872	39,872
Restricted:				
Capital		-	11,101,256	11,101,256
Education		2,408,164	81,963	2,490,127
Grants		-	268,036	268,036
Public assistance		-	1,443,681	1,443,681
TIF funds		-	801,925	801,925
Committed - special revenue purposes		-	1,491,054	1,491,054
Assigned - special projects		2,387,140	-	2,387,140
Unassigned		2,222,152	(1,253,551)	968,601
Total fund balances		7,754,128	14,002,535	21,756,663
Total liabilities, deferred inflows of resources, and fund balances	**$**	**29,466,712**	**16,997,740**	

Reconciliation to the Statement of Net Position:		
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Detail is found on pages 54-55 of the notes.		92,875,829
Cash held in escrow that has not been earned, as no expenditure has occurred, is not reported in the funds.		309,908
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,239,253
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:		
Accrued interest payable		(545,025)
OPEB liability with related deferred outflows and inflows of resources		(8,867,779)
Net pension liability with related deferred outflows and inflows of resources		(9,626,610)
Compensated absences payable		(2,814,697)
Bonds and notes payable		(56,809,738)
Bond premium		(133,252)
Deferred charge from refunding		(386,526)
Capital leases		(3,526,189)
Landfill postclosure costs		(126,000)
Net position of governmental activities	**$**	**33,345,837**

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

CITY OF BIDDEFORD, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and excise taxes	$ 48,305,626	1,668,682	49,974,308
Licenses, permits, fees and charges for services	1,646,555	2,444,300	4,090,855
Intergovernmental	18,481,200	3,915,847	22,397,047
Investment earnings	152,131	110,037	262,168
Other	707,673	595,763	1,303,436
Total revenues	69,293,185	8,734,629	78,027,814
Expenditures:			
Current:			
General government	9,158,195	-	9,158,195
Public services	1,523,494	-	1,523,494
Public safety	9,756,561	-	9,756,561
Public works	4,611,914	-	4,611,914
Education and libraries	35,983,638	-	35,983,638
County tax	1,235,647	-	1,235,647
Equipment and supplies	-	739,071	739,071
Program expenditures	-	3,359,221	3,359,221
Contracted services	-	1,256,207	1,256,207
Other	-	837,272	837,272
Debt service	5,791,811	154,670	5,946,481
Capital	2,269,458	2,635,867	4,905,325
Total expenditures	70,330,718	8,982,308	79,313,026
Deficiency of revenues under expenditures	(1,037,533)	(247,679)	(1,285,212)
Other financing source (uses):			
Notes payable issued - school department	346,844	-	346,844
Transfers - in	1,929,557	-	1,929,557
Transfers - out	(664,858)	(1,905,840)	(2,570,698)
Total other financing sources (uses)	1,611,543	(1,905,840)	(294,297)
Net change in fund balances	574,010	(2,153,519)	(1,579,509)
Fund balances, beginning	7,180,118	16,156,054	23,336,172
Fund balances, ending	**$ 7,754,128**	**14,002,535**	**21,756,663**

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

CITY OF BIDDEFORD, MAINE
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2018

Net change in fund balances - total governmental funds (from Statement 4)	$ (1,579,509)
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 loss on disposal of assets ($128,644) and depreciation expense ($4,164,768) exceeded capital outlay ($4,231,832).	(61,580)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable property taxes.	(169,291)
Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet. This is the increase in OPEB liabilities with related deferred outflows and inflows of resources ($111,640) and the decrease in net pension liability with related deferred outflows and inflows of resources ($154,688), accrued compensated absences ($235,532), and landfill liabilities ($18,000).	296,580
The City is amortizing the deferred charge over the life of the refunding bond.	22,737
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. These amounts are the net effect of differences in the treatment of long-term and include the decrease in bonds and notes ($3,092,466), bond premium ($7,013), capital leases ($766,928), and accrued interest ($44,369).	3,910,776
Change in net position of governmental activities (see Statement 2)	**$ 2,419,713**

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

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CITY OF BIDDEFORD, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund, Showing Adopted and Final Budgets
For the year ended June 30, 2018

	Budgeted amounts			Variance with final budget
	Original	Final	Actual	positive (negative)
Revenues:				
Taxes	$ 48,142,392	47,607,391	48,305,626	698,235
State revenue sharing	1,360,000	1,360,000	1,363,996	3,996
K-12 Education	11,948,815	12,850,273	13,329,865	479,592
Adult education	306,015	306,015	234,220	(71,795)
Non-school	3,568,114	3,568,114	3,558,443	(9,671)
Total revenues	65,325,336	65,691,793	66,792,150	1,100,357
Expenditures:				
Current:				
General government	9,517,273	9,517,273	9,158,195	359,078
Public services	1,998,206	1,998,206	2,001,858	(3,652)
Public safety	9,816,612	9,816,612	9,756,561	60,051
Public works	4,600,389	4,600,389	4,611,914	(11,525)
County tax	1,299,010	1,299,010	1,235,647	63,363
Education:				
Regular instruction	13,339,845	13,339,845	13,078,680	261,165
Special education	5,933,933	5,933,933	5,563,039	370,894
Career and technical education	2,302,954	2,302,954	2,300,187	2,767
Other instruction	598,549	598,549	592,546	6,003
Student and staff support	2,257,726	2,257,726	2,076,843	180,883
System administration	1,032,592	1,032,592	985,204	47,388
School administration	1,545,228	1,545,228	1,518,048	27,180
Transportation and buses	1,525,176	1,525,176	1,511,774	13,402
Facilities maintenance	3,182,706	4,724,983	4,780,725	(55,742)
All other expenditures	11,999	11,999	29,112	(17,113)
Adult education	734,033	734,033	568,081	165,952
Debt service-education	3,919,282	2,743,462	2,742,462	1,000
Debt service-City	2,964,511	2,964,511	3,049,349	(84,838)
Capital outlays	1,796,817	1,796,817	1,922,614	(125,797)
Total expenditures	68,376,841	68,743,298	67,482,839	1,260,459
Deficiency of revenues under expenditures	(3,051,505)	(3,051,505)	(690,689)	2,360,816
Other financing sources (uses):				
Transfers - In	2,358,858	2,358,858	1,929,557	(429,301)
Transfers - out	(925,000)	(925,000)	(664,858)	260,142
Use of restricted fund balance	1,336,377	1,336,377	-	(1,336,377)
Use of assigned fund balance	281,270	281,270	-	(281,270)
Total other financing sources	3,051,505	3,051,505	1,264,699	(1,786,806)
Net change in fund balance	-	-	574,010	574,010
Fund balance, beginning			7,180,118	
Fund balance, ending			**$ 7,754,128**	

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

CITY OF BIDDEFORD, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

		Business-type Activities - Enterprise Funds		
		Wastewater Fund	**Parking Fund**	**Total Enterprise Funds**
ASSETS				
Current assets:				
Accounts receivable - billed	$	433,745	-	433,745
Accounts receivable - unbilled		823,747	-	823,747
Notes receivable, current		5,382	-	5,382
Sewer liens		49,171	-	49,171
Total current assets		1,312,045	-	1,312,045
Noncurrent assets:				
Notes receivable		46,205	-	46,205
Property, plant, and equipment		41,230,094	-	41,230,094
Less accumulated depreciation		(16,499,464)	-	(16,499,464)
Total noncurrent assets		24,776,835	-	24,776,835
Total assets		**26,088,880**	**-**	**26,088,880**
LIABILITIES				
Current liabilities:				
Accounts payable and other		168,472	9,345	177,817
Accrued interest payable		38,076	-	38,076
Interfund loans payable		3,266,029	11,587	3,277,616
Leases payable, current		8,889	-	8,889
Bonds payable, current		556,679	-	556,679
Total current liabilities		4,038,145	20,932	4,059,077
Noncurrent liabilities:				
Leases payable		37,575	-	37,575
Bonds payable		3,900,383	-	3,900,383
Total noncurrent liabilities		3,937,958	-	3,937,958
Total liabilities		**7,976,103**	**20,932**	**7,997,035**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to advance refunding		15,000	-	15,000
Total deferred inflows of resources		15,000	-	15,000
NET POSITION				
Net investment in capital assets		20,212,104	-	20,212,104
Unrestricted		(2,114,327)	(20,932)	(2,135,259)
Total net position	**$**	**18,097,777**	**(20,932)**	**18,076,845**

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

CITY OF BIDDEFORD, MAINE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2018

		Business-type Activities - Enterprise Funds		
		Wastewater Fund	**Parking Fund**	**Total Enterprise Funds**
Operating revenues:				
Charges for services	$	3,342,274	38,400	3,380,674
Other		110,924	-	110,924
Total operating revenues		3,453,198	38,400	3,491,598
Operating expenses:				
Personnel services		1,328,000	-	1,328,000
Contract services		108,669	67,992	176,661
Supplies, maintenance and repairs		621,527	9,050	630,577
Insurance		44,013	-	44,013
Utilities		257,928	-	257,928
Other		277,729	-	277,729
Depreciation		1,041,961	-	1,041,961
Total operating expenses		3,679,827	77,042	3,756,869
Operating loss		(226,629)	(38,642)	(265,271)
Nonoperating expense:				
Interest expense		(170,337)	-	(170,337)
Total nonoperating expense		(170,337)	-	(170,337)
Net loss before transfers and contributions		(396,966)	(38,642)	(435,608)
Transfers and contributions:				
Transfers - out		(150,000)	-	(150,000)
Transfers - in		791,141	-	791,141
Total transfers and contributions		641,141	-	641,141
Change in net position		244,175	(38,642)	205,533
Net position, beginning, as restated		17,853,602	17,710	17,871,312
Net position, ending	**$**	**18,097,777**	**(20,932)**	**18,076,845**

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

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CITY OF BIDDEFORD, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

Business-type Activities - Enterprise Funds		Wastewater Fund	Parking Fund	Total Enterprise Funds
Cash flows from operating activities:				
Receipts from customers and users	$	3,482,222	38,400	3,520,622
Payments to suppliers and service providers		(1,365,683)	(67,697)	(1,433,380)
Payments to employees for salaries and benefits		(1,328,000)	-	(1,328,000)
Net cash provided by (used in) operating activities		788,539	(29,297)	759,242
Cash flows from noncapital financing activities:				
Transfers to other funds		(150,000)	-	(150,000)
Transfers from other funds		791,141	-	791,141
Issuance of note receivable		(53,830)	-	(53,830)
Principle payments received on note receivable		2,243	-	2,243
Increase (decrease) in interfund loans		(373,871)	29,297	(344,574)
Net cash provided by noncapital financing activities		215,683	29,297	244,980
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets		(278,398)	-	(278,398)
Principal paid on capital debt		(575,224)	-	(575,224)
Interest paid on capital debt		(150,600)	-	(150,600)
Net cash used in capital and related financing activities		(1,004,222)	-	(1,004,222)
Net increase (decrease) in cash and cash equivalents		-	-	-
Cash and cash equivalents, beginning		-	-	-
Cash and cash equivalents, ending	**$**	**-**	**-**	**-**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating loss		(226,629)	(38,642)	(265,271)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation expense		1,041,961	-	1,041,961
(Increase) decrease in operating assets:				
Accounts receivable		29,024	-	29,024
Increase (decrease) in operating liabilities:				
Accounts payable		(55,817)	9,345	(46,472)
Net cash provided by (used in) operating activities	$	788,539	(29,297)	759,242

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

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CITY OF BIDDEFORD, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Private-purpose Trust Fund (Scholarships)	Agency Funds
ASSETS			
Cash and cash equivalents	$	70,022	282,159
Investments		358,713	-
Receivables		-	276,212
Inventories		-	213,720
Capital assets, less accumulated depreciation		-	2,132,235
Total assets		**428,735**	**2,904,326**
LIABILITIES			
Deposits held		-	2,674,946
Accounts payable and other		-	124,784
Accrued wages and related benefits		-	104,596
Total liabilities		**-**	**2,904,326**
NET POSITION			
Held in trust for scholarships	**$**	**428,735**	**-**

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

Statement 11

CITY OF BIDDEFORD, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2018

		Private-purpose Trust Fund (Scholarships)
Additions:		
Investment income	$	14,220
Contributions and other receipts		24,725
Total additions		38,945
Deductions:		
Scholarships/other		28,143
Total deductions		28,143
Change in net position		10,802
Net position, beginning		417,933
Net position, ending	**$**	**428,735**

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Biddeford, Maine was organized in 1718 and incorporated in 1855. The City operates under a Council-Manager form of government, with an elected mayor and nine-member governing City Council. The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental 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.

A. Reporting Entity

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 based on criteria set forth in GAAP. The criteria used define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as 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 these criteria and determination of 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. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

The following two entities have been excluded from these financial statements (except as fiduciary activity), as they do not meet the criteria of component units. They are separate legal entities from the City of Biddeford and the City is not financially accountable for them.

Biddeford-Saco-Old Orchard Beach Transit Committee

The City of Biddeford has entered into this joint venture with the City of Saco and the Town of Old Orchard Beach, Maine to provide public transportation services. The City provides some financial support services to Transit, through its Finance department, and Transit's finances are maintained as an Agency Fund on the City's accounting system. The City is compensated for these services. The City Council has authorized a credit line of $500,000 for Transit's operations, for which the City charges Transit interest at 3% on the outstanding balance advanced against this credit limit. This joint venture is considered to be a separate reporting entity and has been included within the financial statements of the City only as a Fiduciary (Agency) Fund on page 103. Although the City provides a portion of the entity's financial support, other criteria for inclusion are absent. The organization is independently operated and the financial management provided does not include control exercised by the City. To obtain financial reports of this entity, please contact the Director, B-S-OOB Transit, 13 Pomerleau St., Biddeford, ME 04005 or call (207) 282-5408.

Biddeford Housing Authority

The Biddeford Housing Authority provides housing assistance to low income, elderly and disabled individuals and families under Section 8 of the Housing and Community Development Act of 1974. Although the City offers some services to the Housing Authority on a reimbursement basis and is the conduit for some federal and/or state funding to the Housing Authority, the organization is independently operated and there is no control exercised by the City.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Description of Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. All fiduciary activities of the primary government are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers 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. The City has elected not to allocate indirect costs among the programs, functions, and segments. 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 a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major governmental fund:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

For a listing and overview of each nonmajor fund, see the pages preceding Exhibits C-1, D-1, and E-1.

Proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. They distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

The Wastewater Fund accounts for the operation of a wastewater treatment system in Biddeford.

The Parking Fund accounts for parking fees for the downtown parking lots that will be converted into a parking garage in future years. The parking garage is being built to encourage additional development in the City's downtown.

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include the following fund types:

Private-purpose trust funds are used to account for assets held by the City for variously endowed academic scholarship purposes and are therefore not available to support the City's own programs.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the *accrual basis of accounting*. The funds are used to account for assets that the City holds and tracks for various student activity funds and the Biddeford-Saco-Old Orchard Beach Transit Committee, for which the City is the fiscal agent.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions between the City's proprietary funds or fiduciary funds and various other functions of the government. Elimination of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* in the Statement of Activities 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 a particular function or segment. Likewise, general revenues include all taxes.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash and Investments

Cash includes amounts in demand deposits, savings accounts, and certificates of deposit. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements. The City has never invested in derivative instruments as defined by GASB Statement No. 53.

Investments are stated at fair value. For the purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

E. Short-term Interfund Receivables/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 loans on the balance sheet.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Unbilled revenues from the Wastewater Fund are recognized at the end of each fiscal year on a pro rata basis. This estimated amount is based on an average of the billings during the months following the close of the fiscal year for each of the three prior fiscal years.

G. Inventories and Prepaid Items

Inventories are valued at cost on the first-in first-out (FIFO) method and consist of expendable supplies, school lunch food, and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital and Intangible Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 for vehicles or equipment and $10,000 for buildings or infrastructure and an estimated useful life in excess of one year. Some assets of lesser value that have been reported in the past are kept on the valuation, and direct replacements for these assets are also reported, for consistency of value. All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the assets' estimated useful lives, as shown in the following table by asset type:

Useful Life	Asset Types
6-15 years	Vehicles and equipment
20-30 years	Building systems, heavy firefighting vehicles
40-50 years	Buildings and infrastructure

The City elects to use the depreciation approach as defined by GASB Statement No. 34 for reporting. The City conducted an inventory of all other capital assets for fiscal year 2003. This process determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

I. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued as a long-term liability when they are earned. All employees are paid for any unused accrued vacation time and some employees are paid for unused accrued sick time or severance pay at time of separation from service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. 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. Bond premiums and discounts, if material to the government-wide financial statements, are deferred and amortized over the life of the bonds, using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

K. 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 Consolidated Plan for Participating Local Districts (PLD Plan) and Maine Public Employees Retirement System State Employee and Teacher Plan (SET 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, 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

L. Fund Balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council, the highest level of decision-making authority, by Council Order duly adopted prior to the end of the fiscal year. Once adopted, the limitation imposed by the Order remains in place until a similar action is taken (the adoption of another Order) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. These are approved by Council Order, as with committed items, but can be adopted after the end of the fiscal year. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget.

Should there be multiple sources of funding available for a particular purpose, it is the City’s policy to expend currently budgeted resources first, and then use other sources in the order of restricted, then committed, then assigned amounts.

M. Deferred Outflows and Inflows of Resources

In additional to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as in inflow of resources in the period that the amounts become available. The governmental activities have two items that qualify for reporting in this category. One is the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred inflows and outflows relate to the net pension and OPEB liabilities, which include the City’s contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over a five-year period.

N. Use of Estimates

Preparation of the City’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

O. Comparative Data/Reclassifications

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund, the Wastewater Proprietary Fund and certain special revenue funds whose expenditures include direct employee costs. These budgets are established in accordance with the various laws that govern the City's operations. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of accounting principles generally accepted in the United States of America, except for Maine Public Employees Retirement on behalf payments. Much of the Maine Public Employees Retirement contributions for teachers are made by the State of Maine on behalf of the Biddeford School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of $2,501,035.

Each year, the City Manager submits a budget for the ensuing fiscal year and an accompanying message to the Mayor and City Council. The City Manager's message explains the budget both in fiscal terms and in terms of the 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 in financial policies, expenditures, and revenues, together with the reasons for such changes, summarizes the City's debt position, and includes such other material as the City Manager deems desirable. It also describes the estimated tax impact of the proposed budget. Hearings are held to obtain public comments. The budget is legally enacted by appropriation orders. The orders enact the City and School budgets by area, with Council oversight extending further during the fiscal year, to the Department level. In addition, separate orders are adopted for the Wastewater Fund and for the budgeted special revenue funds, with both adoption and oversight at the fund level. During the fiscal year, any requested transfers between departments (City) or cost centers (School) must be approved by the City Council. All unexpended appropriations lapse at year-end unless specific approval is granted by the City Council to carry forward such amounts into committed or assigned fund balance, with approvals occurring by June 30 becoming committed and amounts approved after June 30 becoming assigned. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

The other governmental funds that have adopted budgets are shown with budget to actual data in Exhibit C-2 and include the Mooring Fees, Pool Beach Permits, CDBG Block Grant, Airport, Community TV Center, Environmental Reserve, Recreation Programs, and School Lunch. The criterion for determining the inclusion of these funds is the presence of direct personnel costs, with the object being transparency of payroll and benefit costs.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Excess of Expenditures over Appropriations

As the purpose for budgeting certain special revenue funds is tracking employment costs, those funds are not monitored for excess or deficiency of current year expenditures over appropriations, only for total fund balance levels. For the year ended June 30, 2018, general fund expenditures exceeded appropriations in the following departments by the amounts listed:

Mayor	$ 19
Assessor	11,784
Finance/tax collection	13,733
Community Center building	607
Health and welfare	11,994
Facilities management	986
Police administration and patrol	63,148
Police investigative services	20,766
Communications	5,944
Capital expenditures – public safety	200,976
Street maintenance	97,301
Capital expenditures – public works	8,240
Education – Facilities maintenance	55,742
Education – All other expenditures	17,113
Debt service	84,838

C. Deficit Fund Equity

At June 30, 2018, the following funds had deficit fund balances:

Special Revenue Funds:	
Airport	$ 558,070
Environmental Reserve	9
Property Sales	65,256
Police Special Assignment	9,881
Dog License Fees	3,999
EPA Grant	15,676
Ice Arena	5,000
AARP Grant	2,650
Capital Project Funds:	
Public Access Building	236,130
CSO Projects 2012	349,933

These deficits will be funded by future user fees, grant revenue, or transfers from the General Fund.

CASH DEPOSITS AND INVESTMENTS

Custodial credit risk- deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2018, the City reported deposits of $17,034,263 with bank balances of $18,133,849, 100% of which was covered by FDIC insurance, fully insured, or collateralized. In accordance with its investment policy, the City's funds must be fully covered under FDIC, fully insured, or fully collateralized, with pledged collateral being at least 110% of market value of the net amount of public funds secured when marked to market monthly at least 102% of market value of the net amount of public funds secured when marked to market daily.

Deposits have been reported as follows:

Reported in governmental funds	$ 16,682,082
Reported in fiduciary funds	352,181
Total deposits	**$ 17,034,263**

Interest rate risk – The City does not have a policy related to interest rate risk. However, the City structures its investment portfolio so securities mature to meet cash requirements of ongoing operations.

Credit Risk: Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certificates of deposit and certain corporate stocks and bonds. The City does not have a formal policy related to credit risk.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2018, the City had the following investments:

	Fair value	Weighted average maturity (years)	Level 1 input
Certificate of deposits	$ 5,178,270	2.7	N/A
Mutual funds	1,577,298	N/A	Yes
Equities	20,519	N/A	Yes

Investments have been reported as follows:

Reported in governmental funds	$ 6,417,374
Reported in fiduciary funds	358,713
Total investments	**$ 6,776,087**

PROPERTY TAX

Property taxes for the current year were committed on August 17, 2017 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in two installments, 50% on October 11, 2017, and 50% on April 11, 2018. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Property values are periodically established by the City's Assessor at 100% of estimated market value. 52

PROPERTY TAX, CONTINUED

The assessed value of $2,280,812,300 (including Homestead and BETE exemptions) was 100% of the estimated market value and 99.7% of the 2018 state valuation of $2,288,700,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to $234,279 for the year ended June 30, 2018. Tax abatements granted during the fiscal year are deducted from this.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. State Statute provides for automatic foreclosure on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid, providing the City does not file a waiver of foreclosure.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as unavailable revenues.

The following summarizes the 2018 and 2017 levy:

Valuation:	2018	2017
Total assessed valuation	$ 2,280,812,300	2,255,927,900
Times tax rate (per $1,000)	$20.07	19.86
Commitment	45,775,903	44,802,728
Supplemental taxes assessed	10,523	1,781
	45,786,426	44,804,509
Less – collections, abatements and write-offs	44,943,571	44,047,317
Receivable at end of year (less accrued interest)	**$ 842,855**	**757,192**
Consisting of:		
Real estate taxes	$ 811,445	701,540
Personal property taxes	31,410	55,652
Receivable at end of year	**$ 842,855**	**757,192**
Due dates	10/11/17	10/12/16
	4/11/18	4/13/17
Collection rate	98.16%	98.31%

CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Position.

Capital asset activity for the year ended June 30, 2018 was as follows:

	Restated Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land - City	$ 6,408,776	-	-	6,408,776
Land - School	827,675	-	-	827,675
Construction in progress - City	24,618	804,275	-	828,893
Total capital assets not being depreciated	7,261,069	804,275	-	8,065,344
Capital assets being depreciated:				
Buildings and improvements - City	10,549,211	-	-	10,549,211
Buildings and improvements - School	67,009,553	-	-	67,009,553
Vehicles and equipment - City	12,657,859	1,410,474	(520,470)	13,547,863
Vehicles and equipment - School	3,459,402	417,664	(120,000)	3,757,066
Infrastructure - City	59,849,498	1,599,419	(820,423)	60,628,494
Infrastructure - School	526,959	-	-	526,959
Total capital assets being depreciated	154,052,482	3,427,557	(1,460,893)	156,019,146
Less accumulated depreciation for:				
Buildings and improvements - City	6,042,616	295,722	-	6,338,338
Buildings and improvements - School	20,589,476	1,623,744	-	22,213,220
Vehicles and equipment - City	7,802,685	620,609	(474,870)	7,948,424
Vehicles and equipment - School	2,500,372	170,952	(120,000)	2,551,324
Infrastructure - City	31,077,430	1,440,892	(737,379)	31,780,943
Infrastructure - School	363,563	12,849	-	376,412
Total accumulated depreciation	68,376,142	4,164,768	(1,332,249)	71,208,661
Total capital assets being depreciated, net	85,676,340	(737,211)	(128,644)	84,810,485
Governmental activities capital assets, net	**$ 92,937,409**	**67,064**	**(128,644)**	**92,875,829**

Depreciation expense was charged to functions of the governmental activities as follows:

General government	$ 81,618
Public services	174,677
Public safety	375,344
Public works, including depreciation of general infrastructure assets	1,725,585
Education	1,807,544
Total depreciation expense – governmental activities	**$ 4,164,768**

CAPITAL ASSETS, CONTINUED

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 204,275	-	-	204,275
Construction in progress	437,101	122,704	(437,101)	122,704
Total capital assets not being depreciated	641,376	122,704	(437,101)	326,979
Capital assets being depreciated:				
Building and improvements	4,581,953	-	-	4,581,953
Vehicles and equipment	15,429,789	-	-	15,429,789
Infrastructure	20,298,578	592,795	-	20,891,373
Total capital assets being depreciated	40,310,320	592,795	-	40,903,115
Less accumulated depreciation for:				
Buildings and improvements	1,795,705	138,548	-	1,934,253
Vehicles and equipment	7,042,734	400,825	-	7,443,559
Infrastructure	6,619,064	502,588	-	7,121,652
Total accumulated depreciation	15,457,503	1,041,961	-	16,499,464
Total capital assets being depreciated, net	24,852,817	(449,166)	-	24,403,651
Business-type activities capital assets, net	**$ 25,494,193**	**(326,462)**	**(437,101)**	**24,730,630**

Depreciation expense was charged to programs of the business-type activities as follows:

Wastewater Fund	$ 1,041,961
Total depreciation expense – business-type activities	**$ 1,041,961**

NOTES RECEIVABLE

The City has extended a $500,000 line of credit to the Biddeford-Saco-Old Orchard Beach Transit Committee to support its operations providing mass transit to the area. Interest on the outstanding amount is charged at 3% per annum, calculated on the daily balance and posted monthly. As of June 30, 2018, the outstanding balance due to the City was $0.

The City has extended a $980,000 note receivable to the Mill at Saco Falls, LP to support its development and construction of a rental housing complex. There is no interest on the outstanding balance; however, the City has imputed interest at 3.99%. As of June 30, 2018, the outstanding balance due to the City was $382,319, which is shown as a note receivable in the financial statements.

The City's Waste Water fund has extended a $53,829 note receivable to the Summer Street Housing Associates, LP to help finance the cost of back user fees to avoid applying a lien on the property. There is no interest on the outstanding balance. As of June 30, 2018, the outstanding balance due to the City was $53,829, which is shown as a note receivable in the financial statements.

INTERFUND LOAN BALANCES/TRANSFERS

Individual interfund receivable and payable balances and interfund transfers at June 30, 2018 were as follows:

	Interfund receivables	Interfund payables	Transfers
General Fund	$ 5,058,229	14,078,265	1,264,699
Nonmajor Special Revenue Funds:			
Mooring Fees	93,782	-	10,000
Pool Beach Permits	110,371	-	(182,500)
CDBG Block Grant	105,696	-	-
Airport	-	673,821	32,000
Community TV Center	105,135	-	(12,697)
Environmental Reserve	-	9	-
Recreation Programs	406,317	-	(17,500)
School Lunch	10,478	-	-
Industrial Park	287,375	-	(215,000)
Property Sales	-	65,256	(24,349)
Police Special Assignment	-	586	(5,000)
Dog License Fees	-	3,796	(13,000)
Ambulance	-	336,511	(1,150,008)
EPA Grant	-	15,676	-
Clock Tower	400	-	-
Ice Arena	-	5,000	-
Law Enforcement Grants	107,259	-	-
Teen Center	19,317	-	-
DK Associates TIF	63,009	-	-
Fire Grants and Donations	14,622	-	-
Tree Planting	1,535	-	-
Route 111 - Mill Redevelopment TIF	819,219	-	(71,808)
Soleras TIF	12,311	-	-
Shellfish Fees	18,353	-	(5,000)
North Dam Mill TIF	197,188	-	-
Mission Hill TIF	-	7,411	-
Energy Conservation	63,884	-	-
NSP Grant	14,667	-	-
Rotary Park Recreation Impact Fees	-	-	(20,695)
General Assistance	37,296	-	-
Granit St Sidewalk Fes	-	-	14,858
FEMA/MEMA Assistance	9,681	-	-
Festivals	5,705	-	-
AARP Grant	-	2,650	-
Adult Education Projects	38,957	-	-
School Insurance Claims and Donations	20,176	-	-
School Categorical Programs	-	283,982	-
Total Nonmajor Special Revenue Funds	2,562,733	1,394,698	(1,660,699)
Nonmajor Permanent Fund - Cemetery Fund	39,872	-	-

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INTERFUND LOAN BALANCES/TRANSFERS, CONTINUED

Nonmajor Capital Project Funds:			
CSO Projects 2013	$ 968,663	-	(27,000)
Minor School Projects	282,633	-	-
Public Access Building	-	236,130	-
Road Projects 2009	1,430	-	5,045
High School Renovation	1,207	-	-
CSO Projects 2010	2,177,827	-	(366,022)
Roof Replacement	19,975	-	-
CSO Projects 2017	4,017,500	-	147,881
Road Projects 2016	4,196,793	-	(5,045)
CSO Projects 2012	-	340,153	-
Total Nonmajor Capital Project Funds	11,666,028	576,283	(245,141)
Proprietary Funds:			
Wastewater Fund	-	3,266,029	641,141
Parking Fund	-	11,587	-
Total Proprietary Funds	-	3,277,616	641,141
Total	**$ 19,326,862**	**19,326,862**	**-**

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account. The purpose of interfund transfers is to cover debt service allocations across funds as well as to cover deficits that would otherwise be reported as negative fund balances.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Restated Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds and notes payable	$ 59,902,204	346,844	(3,439,310)	56,809,738	4,321,929
Bond premium	140,265	-	(7,013)	133,252	7,013
Capital leases	4,293,117	-	(766,928)	3,526,189	626,101
Landfill postclosure cost	144,000	-	(18,000)	126,000	18,000
Compensated absences payable	3,050,229	220,994	(456,526)	2,814,697	548,863
Pension liabilities	15,266,076	-	(3,906,659)	11,359,417	-
Other post-employment benefits	8,756,139	483,947	(1,329,885)	7,910,201	-
Governmental activity long-term liabilities	**$ 91,552,030**	**1,051,785**	**9,924,321**	**82,679,494**	**5,521,906**
Business-type activities:					
Bonds and notes payable	$ 5,041,000	-	(559,000)	4,482,000	559,000
Bond discount	(27,259)	-	2,321	(24,938)	(2,321)
Capital leases	62,688	-	(16,224)	46,464	8,889
Business-type activity long-term liabilities	**$ 5,076,429**	**-**	**(572,903)**	**4,503,526**	**565,568**

LONG-TERM DEBT

Long-term debt at June 30, 2018 is comprised of the following individual issues:

Purpose	Year of issue	Amount originally issued	Interest rate %	Maturity date	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018
Governmental activities:								
Middle School	2004	$22,830,000	2.00-6.00%	2024	9,113,200	-	(1,139,150)	7,974,050
Road improvements	2006	4,000,000	4.00-5.13%	2026	2,000,000	-	(200,000)	1,800,000
CSO ARRA projects	2009	592,110	0%	2029	355,265	-	(29,604)	325,661
Road improvements	2010	4,000,000	3.25-4.25%	2020	630,000	-	(210,000)	420,000
CSO projects 1	2010	4,300,000	3.25-4.25%	2020	675,000	-	(225,000)	450,000
Refunding bonds	2010	900,000	3.25-4.25%	2019	200,000	-	(100,000)	100,000
Ice Arena 2	2010	535,000	3.10%	2030	409,587	-	(22,889)	386,698
High School renov.	2011	32,000,000	2.00-5.00%	2036	4,150,000	-	(310,000)	3,840,000
CSO CWSRF projects	2012	288,000	1.00%	2032	230,400	-	(14,400)	216,000
Maine Energy purch.	2012	5,118,313	2.5% imputed	2032	4,685,917	-	(235,769)	4,450,148
Maine Energy taxes	2012	443,892	0%	2017	88,780	-	(88,780)	-
Refunding bonds	2013	180,000	2.00-2.50%	2021	100,000	-	(20,000)	80,000
High School renov. 2	2013	1,500,000	2.00-2.50%	2032	1,200,000	-	(75,000)	1,125,000
Roofs bond	2013	470,000	2.00-2.50%	2032	370,000	-	(25,000)	345,000
CSO projects	2013	1,140,000	2.00-2.50%	2032	900,000	-	(60,000)	840,000
SRF projects	2016	309,908	1.00%	2036	294,413	-	(15,495)	278,918
CSO Projects	2017	3,925,000	2.00-4.00%	2037	3,925,000	-	(200,000)	3,725,000
Road Projects	2017	5,990,000	2.00-4.00%	2037	5,990,000	-	(300,000)	5,690,000
Refunding Bonds	2017	24,088,000	2.50-4.00%	2037	24,190,000	-	-	24,190,000
BEU Copiers	2017	330,000	2.20%	2021	261,550	-	(63,241)	198,309
Bus #16	2017	83,170	2.56%	2021	65,817	-	(15,828)	49,989
Bus #20	2017	85,122	2.56%	2021	67,275	-	(16,177)	51,098
Bus #17	2017	87,236	2.70%	2022	-	87,236	(18,325)	68,911
Bus #13	2018	93,490	2.70%	2022	-	93,490	(19,639)	73,851
Bus #19	2018	83,459	3.19%	2022	-	83,459	(17,591)	65,868
Bus #21	2018	82,659	3.19%	2022	-	82,659	(17,422)	65,237
Total governmental activities					$59,902,204	346,844	(3,439,310)	56,809,738

Purpose	Year of issue	Amount originally issued	Interest rate %	Maturity date	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018
Business-type activities:								
Refunding bonds	2010	6,080,000	3.25-4.25%	2020	960,000	-	(320,000)	640,000
CSO Projects 2	2010	280,000	1.00%	2031	196,000	-	(14,000)	182,000
Refunding bonds	2013	2,025,000	2.00-2.50%	2022	1,125,000	-	(225,000)	900,000
Refunding bonds	2017	2,862,000	2.00-4.00%	2030	2,760,000	-	-	2,760,000
Total business-type activities					5,041,000	-	(559,000)	4,482,000
Total bonds and notes payable					**$64,943,204**	**346,844**	**(3,998,310)**	**61,291,738**

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LONG-TERM DEBT, CONTINUED

The General Fund pays most governmental activities long-term debt service requirements. Exceptions are for a portion of the Maine Energy purchase debt, which is paid from the Route 111-Mill Redevelopment TIF Fund. Business-type debt is paid by the Waste Water fund. The annual requirements to amortize all debt outstanding as of June 30, 2018 are as follows:

Year ending	Governmental activities		Business-type activities		
June 30,	Principal	Interest/fees	Principal	Interest/fees	Total
2019	$ 4,321,929	2,022,329	559,000	158,021	7,061,279
2020	4,232,988	1,866,539	559,000	135,116	6,793,643
2021	4,244,328	1,685,301	554,000	113,731	6,597,360
2022	4,171,438	1,508,645	549,000	100,497	6,329,580
2023	4,092,295	1,357,968	319,000	89,637	5,858,900
2024-2028	16,966,261	4,793,069	1,590,000	263,605	23,612,935
2029-2033	12,697,346	2,169,961	352,000	10,511	15,229,818
2034-2037	6,083,153	375,285	-	-	6,458,438
Totals	**$ 56,809,738**	**15,779,097**	**4,482,000**	**871,118**	**77,941,953**

The Government Fund gives the Wastewater Fund $600,000 a year to pay most of the debt payments. The Council determined that the bonding is paying for Capital Infrastructure that was the responsibility of the City.

STATUTORY DEBT LIMIT

The laws of the State of Maine limit types of municipal borrowing to specific percentages of the State valuation of the municipality. At June 30, 2018, the City is in compliance with these restrictions as shown in Statistical Table 12 on page 129.

CAPITAL LEASES

The City has entered into several agreements as lessee for financing the acquisition of various vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes. These assets are recorded as capital assets in the government-wide financial statements. The leases have been recorded as liabilities in the government-wide financial statements at the present value of the future minimum lease payments. The following is a schedule of the future minimum lease payments under capital leases, and the present value of net minimum lease payments at June 30, 2018.

Fiscal year ending June 30,	Governmental activities	Business-type activities
2019	$ 719,379	9,921
2020	639,063	9,921
2021	646,110	9,921
2022	617,465	9,921
2023	582,012	9,921
2024-2027	660,441	-
Total minimum lease payments	3,864,470	49,605
Less: amount representing interest	(338,281)	(3,141)
Present value of future minimum lease payments	**$ 3,526,189**	**46,464**

CAPITAL LEASES, CONTINUED

Amounts capitalized under capital leases are $4,017,922 for governmental activities and $79,720 for business-type activities. Accumulated depreciation for the capital leases that have been capitalized is $872,671 for governmental activities and $63,796 for business-type activities.

OVERLAPPING DEBT

The City's proportionate share of York County's debt (determined by the percentage of the City's state valuation to the County's state valuation) is not reported in the City's financial statements. Debt service is included in the annual County assessment to the City. At June 30, 2018, the City's equalized State valuation of $2,288,700,000 was 7.31% of the County's equalized State Valuation of $31,714,050,000. The City's share is 7.31%, or $285,090 of York County's $3,900,000 long-term debt outstanding as of June 30, 2018.

FUND BALANCE TYPES AND NET POSITION

The General Fund unassigned fund balance total of $2,222,152 is available for future use by the City. Unassigned fund balances totaling ($660,541) are reported for eight special revenue funds that have negative fund balances as of June 30, 2018, as shown in Exhibit C-1 on pages 97-100. Unassigned fund balance of ($586,063) is reported for the two capital project funds that have negative fund balances, shown in Exhibit D-1 on page 109.

At June 30, 2018, Governmental Fund balance was assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as shown in the table following:

General Fund:	
Assigned for subsequent years' expenditures:	
Raymond Street flood survey	$ 5,300
Downtown Development Commission	3,172
Historical Preservation Commission	621
City Hall improvements	243,174
Comprehensive plan	2,450
Charter Revision	12,490
Grant matching reserve	179,392
Miscellaneous reserve	54,199
Allocation for capital improvements	28,000
IT Computer Hardware	25,921
Summer Salary Reserve	50,000
Interns/Mgmt Analysis Reserve	30,573
Park improvements	50,505
St. Louis Field improvements	87,000
Clifford Park	3,294
Martel Field improvements	5,500
Rotary Park master plan	13,500
Rotary Park water line	15,000
May Field upper drainage	7,500
Teen Center building repairs	2,521
Paving projects	48,491
Sidewalk reconstruction	71,885
Community Service Officer Reserve	30,000
Container storage shed	15,026
Solid Waste Commission	6,484

FUND BALANCE TYPES AND NET POSITION, CONTINUED

Road painting	26,204
Service contract (Flags for Veteran's)	4,000
MS4	50,514
Vehicle purchase	6,000
Road construction	417,536
Riverwalk/downtown	96,835
Elm St engineering	22,273
Recycling education	3,179
Community Center Improvement	50,000
Fire Station Building	82,821
CSO Capital Projects	12,000
PW Salt Barn Improvements	65,000
Saco River Projects	190,000
PACTS Projects	114,800
Main Street Improvements	60,019
Thatcher Brook study	177,587
McArthur Library	12,500
GIS system	1,420
Watering vehicle	2,454
Total General Fund assigned	**$2,387,140**

	General Fund	Nonmajor Funds
Nonspendable:		
Inventories	$ 193,442	28,299
Prepaids	156,911	-
Long-term note receivables	386,319	-
Trust fund principal	-	39,872
Total nonspendable	**$ 736,672**	**68,171**
Restricted:		
Capital	$ -	11,101,256
Education	2,408,164	81,963
TIF funds	-	801,925
Grants	-	268,036
Public assistance	-	1,443,681
Total restricted	**$ 2,408,164**	**13,696,861**
Committed:		
Public services:		
Mooring fees	$ -	92,438
Pool beach permits	-	101,524
Recreation programs	-	383,401
Community TV Center	-	100,938
Energy conservation	-	63,884
Festivals	-	5,705

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FUND BALANCE TYPES AND NET POSITION, CONTINUED

	General Fund	Nonmajor Funds
Public improvements:		
Industrial parks	$ -	286,525
Clock Tower	-	400
Tree planting	-	1,535
Public safety:		
Ambulance	-	294,401
Shellfish fees	-	18,353
Fire grants and donations	-	13,422
Education	-	128,528
Total committed	**$ -**	**1,491,054**

At June 30, 2018, the City Council has approved plans for net position of the Proprietary (Wastewater) Fund for specific projects in future periods as follows:

Professional and consulting services	$ 14,433
Operating contracts	25,774
Operating equipment repair	44,569
Road improvements, non-capital	16,126
Operating supplies/equip (CSO Flow Monitors-Horrigans)	69,542
DEP required capital fund	299,244
Sewer capital improvements	2,483,562
Inflow and infiltration remediation	286,363
Pump station repair and upgrade	1,514
Treatment plant improvements	13,153
Flow Monitoring for Horrigans	38,050
Lafayette pump station upgrade	8,821
Home Depot pump station upgrade	38,137
Total approved for future projects	**$ 3,339,288**

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

FUND BALANCE TYPES AND NET POSITION, CONTINUED

The City's net investment in capital assets is calculated as follows at June 30, 2018:

	Governmental activities	Business-type activities
Capital assets	$ 164,084,490	$41,230,094
Accumulated depreciation	(71,208,661)	(16,499,464)
Bonds and notes	(56,809,738)	(4,482,000)
Unamortized bond (premium) discount	(133,252)	24,938
Deferred gain on advance refunding	(386,526)	(15,000)
Add back unspent bond proceeds	10,797,231	-
Capital leases	(3,526,189)	(46,464)
Add back non-capitalized capital leases	1,832,800	-
Total net investment in capital assets	**$ 44,650,155**	**20,212,104**

PRIOR PERIOD ADJUSTMENTS AND CHANGE OF ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2018, the City has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* an amendment of GASB Statement No. 45. As a result of implementing GASB Statement No. 75, the City has restated beginning net position in the government-wide financial statements to account for the addition of the City's net OPEB liability, which effectively decreased the City's net position as of July 1, 2017 by $2,878,177.

Additionally, due to an error in recording non-capital expenditures into construction in progress in the prior year, net position was reduced by $225,366 to restate the beginning balance of construction in progress. Finally, amortization schedules for refunding bonds were adjusted after year-end, which resulted in $102,000 of liability, being reallocated from the Waste Water fund to Governmental Activities.

The City has restated amounts as follows:

	Governmental Activities	Wastewater Fund
Net position, as previously reported	$ 34,131,667	17,769,312
Implementation of GASB 75	(2,878,177)	-
Reallocation of bond principle	(102,000)	102,000
Reduction in construction in progress	(225,366)	-
Net position, as restated	**$ 30,926,124**	**17,871,312**

OUTSTANDING CONTRACTS

At the end of the fiscal year, the City had some small balances remaining to be completed on contracts for storm/sanitary sewer separation and upgrade work, being funded from bond proceeds already received. The work has been substantially completed before the time of issuance of this report.

LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

In accordance with a Solid Waste Closure Order issued by the State Department of Environmental Protection (DEP) on July 30, 1993, the City closed its Andrews Road landfill. Total closure costs amounted to approximately $2,250,000. To implement the closure plan, the City received a grant of $1,687,500 to fund 75% of closure costs. The City was obligated to fund the remaining 25% of the project cost. The City is required to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

All postclosure care costs are the responsibility of the City and are estimated to amount to approximately $126,000, which will be reviewed and adjusted periodically for inflationary factors, changes in technology, or changes in landfill laws and regulations. The postclosure care costs are presented on the City's balance sheet as part of long-term liabilities in the government-wide financial statements.

RISK MANAGEMENT

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

The School maintains a bank account for unemployment compensation, which amounted to $48,182 at June 30, 2018 to cover any potential claim liability that might occur. This account is reported as part of the General Fund. Claims by City employees are paid from current General Fund resources. As of the date of this report, there are no unpaid claims outstanding, nor is the City aware of any potential claims, which have been incurred yet remain unreported and which should be recorded at June 30, 2018.

Based on the coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities that should be recorded at June 30, 2018. The City maintains an active Safety Committee, representing all Departments of the City and the School Department, whose goal is to track and analyze workers compensation claims, determine avoidable causes and work to mitigate the occurrence of injuries.

457 RETIREMENT PLAN

The City of Biddeford, Maine contributes to the ICMA-RC 457 Governmental Deferred Compensation Plan & Trust (ICMA-RC), a defined contribution pension plan, for its full-time employees that are not part of the Maine Public Employees Retirement System. ICMA-RC also administers the plan.

Benefit terms, including contribution requirements, for ICMA are established and may be amended by the City Council. For each employee in the pension plan, the City is required to match contributions up to 5% of an employee's compensation for the year. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended June 30, 2018, employee contributions totaled $318,605, and the City recognized pension expense of $100,244.

Employees are immediately vested in their own as well City contributions and earnings on those contributions. There is therefore no forfeiture provision.

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

Under Maine law, the City has established eight Tax Increment Financing (TIF) Districts to finance development programs located in the City of Biddeford. There was activity in all of these TIFs for fiscal year 2018. These development programs levy incremental tax upon the districts' so-called "captured assessed value." The tax increment is remitted to the District over the life of the TIF agreement to assist in financing development projects. 64

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS, CONTINUED

The status of the active Tax Increment Financing Districts is summarized below. All are special revenue funds.

	DK Assoc. TIF	Soleras TIF	Rte. 111-Mill Redev TIF	North Dam Mill TIF
Original assessed value	$ 4,672,093	2,554,763	23,118,100	2,041,400
Captured value for year ended 6/30/18	6,278,907	1,226,837	70,438,500	9,825,000
Captured taxes	63,009	12,311	918,905	197,188
Payment to Developer	124,579	23,857	-	386,640

	Mission Hill TIF	Mission Hill II	Emery School TIF	Lofts of Saco Falls
Original assessed value	$ 304,962	406,617	-	549,706
Captured value for year ended 6/30/18	2,033,083	2,439,700	2,445,900	6,272,994
Remitted to District	19,097	40,804	29,454	94,424
Payment to Developer	30,580	81,176	43,741	94,424

All entities paid their taxes on time and all amounts due were paid within 30 days of the receipt of tax payments for each half year. This was a change in policy from the prior year when most entities were paid in July of the following year. With the change in policy, many of the entities received the second half of FY 2017 and all of FY 2018 developer payments in this fiscal year.

The City of Biddeford enters into credit enhancement agreements (C.E.A.) with local businesses located within Tax Increment Financing Districts pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, by action of the City Council. Under the Statute, the City may grant tax abatements to a business' tax bill for the purpose of attracting or retaining businesses within the TIF District. The abatements may be granted to any business located within or promising to relocate to the City's TIF District. The City had eight approved Tax Increment Financing Districts as of June 30, 2018. For fiscal year 2018, the City captured $1,375,192 in TIF tax revenues and disbursed $784,997 ($328,710 of which was from prior year tax) in C.E.A. payments to the seven developers. The remaining $918,905 was applied toward eligible local expenditures. The following are the C.E.A. payments that each exceed ten (10) percent of the total amount of C.E.A. payments:

> On July 1, 1995, the City designated approximately 82.6 acres within the Biddeford Industrial Park Redevelopment District (DK Associates TIF). The C.E.A. is with Volk Packaging Corporation. Volk Packaging is a third generation family owned and operated business offering high quality corrugated and foam products including shipping containers, inner packaging, and stock boxes throughout New England. Volk Packaging celebrated their 50 years in business on September 9, 2017. The City Council approved a 20-year C.E.A., which would give back 75% of the taxes generated from the increased tax value. The purpose of the Volk Packaging portion of the district is defray its cost of the expansion project. The total tax abatement paid in fiscal year 2018 from this C.E.A. agreement totaled $124,579.
>
> The North Dam Mills TIF consists of 3 buildings encompassing a total of 368,000 square foot. Of this amount, 288,000 square feet remain vacant. The development proposed: 1) rehabilitation and conversion of 48,000 square feet of vacant mill space into 54 residential units including 44 market rentals, 2) rehabilitation of 30,000 square feet of vacant mill space for a mix of commercial uses, 3) the implementation of environmental remediation activities within the building and on-site, and 4) construction of on-site improvements such as parking, pedestrian improvements, underground facilities, and landscaping. The C.E.A. agreement was created to encourage and help finance the development of the former mill buildings. The total tax abatement paid in fiscal year 2018 from this C.E.A. agreement totaled $386,640.

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TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS, CONTINUED

The Mission Hill II TIF consists of an elderly affordable housing complex previously known as the St. Andre Senior Apartments. This project was created to add and improve affording housing options for seniors living in the community. The C.E.A. agreement was created to encourage and help finance the development of the affordable housing project. The total tax abatement paid in fiscal year 2018 from this C.E.A. agreement totaled $81,176.

The Lofts at Saco Falls consists of 78 units of mixed income housing converted from a former vacant mill building located in downtown Biddeford (the Mill District). This project is part of the City's Mill District Master Plan, which when finished will add 850 residential units to the Mill District. The C.E.A. agreement was created to encourage and help finance the development of the former mill building. The total tax abatement paid in fiscal year 2018 from this C.E.A. agreement totaled $94,424.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that may be obtained at www.mainepers.org.

Benefits Provided - The PLD and SET Plans 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. 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 (65 for new members to the PLD Plan on or after July 1, 2014). For SET members, normal retirement age is 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. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 8.0% to 9.5% of their annual pay. The City's contractually required contribution rates for the year ended June 30, 2018 were 9.6% to 12.2% of annual payroll. Contributions to the pension plan from the City were $1,412,548 for the year ended June 30, 2018.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were $713,167 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2018, the City reported a liability of $10,435,618 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion of the PLD Plan's net pension liability was 2.5488%.

SET Plan - At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	$ 923,799
State's proportionate share of the net pension liability associated with the City	18,670,350
Total	**$ 19,594,149**

At June 30, 2017, the City's proportion of the SET Plan's net pension liability was 0.0636%.

For the year ended June 30, 2018 the City recognized pension expense of $1,564,119 for the PLD Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	501,357
Changes of assumptions	888,006	-
Net difference between projected and actual earnings on pension plan investments	-	286,953
Changes in proportion and differences between City contributions and proportionate share of contributions	-	246,879
City contributions subsequent to the measurement date	1,412,548	-
Total	**$ 2,300,554**	**1,035,189**

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

$1,412,548 is reported as deferred outflows of resources related to the PLD plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PLD plan will be recognized in pension expense as follows:

Year ended June 30:	
2019	$ (346,286)
2020	839,587
2021	70,012
2022	(710,496)

For the year ended June 30, 2018, the City recognized pension expense of $2,397,310 for the SET Plan with revenue of $1,990,402 for support provided by the State. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the SET Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 38,853	-
Changes of assumptions	-	14,428
Net difference between projected and actual earnings on pension plan investments	-	13,587
Changes in proportion and differences between City contributions and proportionate share of contributions	-	256,563
City contributions subsequent to the measurement date	713,167	-
Total	**$ 752,020**	**284,578**

An amount of $713,167 is reported as deferred outflows of resources related to the SET plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$(111,608)
2020	(90,840)
2021	6,176
2022	(49,453)

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

	PLD Plan	SET Plan
Inflation	2.75%	2.75%
Salary Increases, per year	2.0% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and 6.875% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 liabilities.

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan and SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and SET Plan) than the current rate:

PLD Plan	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
City's proportionate share of the net pension liability	$ 20,937,055	10,435,618	2,529,662

SET Plan	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
City's proportionate share of the net pension liability	$ 1,620,993	923,799	348,166

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2018.

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plans

Plan Description - The City sponsors a post-retirement benefit plan providing group term life insurance to retiring teachers. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.mainepers.org.

Additionally, the City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by Allegiant Health (police and public works) and the Maine Municipal Employees Health Trust (MMEHT) for all other retirees. The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Benefits Provided - MPERS 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 level of coverage is initially set to an amount equal to the retirees 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.

Non-union employees are eligible for retiree health care benefits temporary to age 65 once they attain age 62 with 10 years of service. Non-union employees hired after January 1, 1997 are not eligible for retiree health benefits.

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Public Works Supervisory and Non-Supervisor employees are eligible for retiree health benefits for life once they attain age 57 with 13 years of service. Supervisory employees hired after October 1, 2002 are not eligible for retiree health benefits. Non-supervisory employees hired after December 31, 2002 are eligible for retiree health benefits.

Firefighters are eligible for retiree health care benefits for life once they attain age 55 with 15 years of service. Firefighters hired after January 1, 2005 are not eligible for retiree health benefits.

Police officers are eligible for retiree health benefits for life once they attain age 57 with 15 years of service. Police officers hired after October 1 , 2002 are not eligible for retiree health benefits.

For non-union employees who retire after July 1, 1995 who are between the ages of 62 and 65, the City pays 80% of the retiree health care single coverage. For non-union employees who retired before July 1, 1995, the City shall pay 100% of the retiree health care single coverage between ages 62 and 65. At age 65, retirees may enroll in the City's Medicare companion plan at their own expense. If the retiree has a younger dependent, the City will continue to pay the cost of the Medicare companion plan for the retiree until the dependent reaches age 65. Retirees are responsible for the cost of dependent coverage.

For firefighters at age 62, the City shall pay 100% of the cost of medical insurance for the retiree only. The retiree may pay 100% of the cost for any dependents. At age 65, the City pays 100% of the Medicare Companion Plan for the retiree only.

For Police who retire prior to December 3, 2015, the City pays 100% of the cost of medical insurance for the retiree starting at age 62. The retiree may pay 100% of the cost for any dependents. At age 65, the City pays 100% of the Medicare Companion Plan for the retiree only. For those who retire on or after December 3, 2015, employees must enroll in Allegiant Low plan at retirement and pay the full cost of coverage until age 65. After age 65, the City pays 100% Medicare Companion Plan for the retiree only. Any break in insurance coverage shall release the City of its retiree health benefits obligation.

For Public Works non-supervisor personnel who retire prior to December 24, 2015, the City shall pay 80% of the retiree health care single coverage for employees who retire age 55 with 15 years of service. At age 62 the City shall pay 100% of the retiree health care single coverage. When the retiree reaches age 65, the City will provide Medicare companion plan at no cost to the retiree. Retirees are responsible for the cost of dependent coverage. For those who retire on or after December 24, 2015, employees must enroll in the Allegiant High plan at retirement and pay the full cost of coverage (for his or her own coverage plus any dependent coverage elected) until age 65. When the retiree reaches age 65, the City will provide Medicare companion plan at no cost to the retiree (retirees are responsible for the cost of dependent coverage). Any break in insurance coverage shall release the City of its retiree health benefits obligation.

For Public Works Supervisory employees who retire on or before September 1, 2006, the City will pay 100% of the retiree health care single coverage between ages 62 and 67. When the retiree reaches age 65, the City will provide Medicare companion plan at no cost to the retiree. Dependents of retirees belonging in this category will be provided with retiree health care coverage (or Medicare supplement insurance) for 36 months from the date of the retired employee becomes Medicare eligible at the City's expense. For employees who retire after September 1, 2006, but before December 29, 2015, the City will pay 100% of the retiree health care single coverage between ages 62 and 67. When the retiree reaches age 65, the City will provide Medicare companion plan at no cost to the retiree. Dependents of retirees belonging in this category will be provided with retiree health care coverage (or Medicare supplement insurance) for 36 months from the date the employee retired. Employees hired after June 30, 2006 will

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OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

not be entitled to receive retiree health care coverage or Medicare supplement insurance for dependents. For those who retire on or after December 29, 2015, employees must enroll in the Allegiant High plan at retirement and pay the full cost of coverage until age 65. When the retiree reaches age 65, the City will provide Medicare companion plan at no cost to the retiree. Any break in insurance coverage shall release the City of its retiree health benefits obligation.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employee entitled to but not yet receiving benefits	-
Active employees	76
Total	120

Contributions – Premium rates for the SET OPEB plan are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were $41,775 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

Health OPEB Plan – The City is required to remit premiums for monthly health coverage during the post-employment retirement period for eligible employees based on years of service and date of hire. Contributions to the health plan from the City were $212,710 for year ended June 30, 2018. Employees are not required to contribute to the health plan during years of service.

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

The net OPEB liability for the SET OPEB plan was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the SET OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

SET OPEB Plan – At June 30, 2018 the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was $460,950 as of June 30, 2018. At June 30, 2017 the City's proportion was 0.00%.

The City's total Health Plan OPEB liability of $7,910,201 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Changes in the Total Health Plan OPEB Liability

		Total OPEB Liability
Balance at June 30, 2017	$	8,756,139
Changes for the year:		
Service Cost		168,229
Interest		315,718
Changes of benefit terms		-
Differences between expected and actual experience		(986,319)
Changes in assumptions or other inputs		(130,856)
Benefit payments		(212,710)
Net changes		(845,938)
Balance at June 30, 2018	$	7,910,201

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

For the year ended June 30, 2018, the City recognized OPEB expense of $41,775 and also revenues of $41,775 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

For the year ended June 30, 2018, the City recognized OPEB expense of $111,640 related to the Health Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	845,416
Changes of assumption or other inputs		-	112,162
Total	$	-	957,578

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	$	(159,597)
2020		(159,597)
2021		(159,597)
2022		(159,597)
2023		(159,597)
Thereafter		(159,593)

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Actuarial Assumptions and Other Inputs – The net OPEB liability in the June 30, 2017 actuarial valuation for both the SET OPEB plan was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	SET OPEB Plan
Inflation	2.75%
Salary increases	2.75% - 14.50%
Investment rate of return	6.875%

Mortality rates for the SET OPEB plan was based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuation for the SET OPEB plan was based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the June 30, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Salary increases	2.75% per year
Discount rate	3.87%
Healthcare cost trend rates	9.00%, decreasing to an ultimate rate of 5.00%
Retirees' share of the benefit related costs	0%-100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017

The actuarial assumptions used in the June 30, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2018.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Discount Rate – The rate used to measure the net OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the total OPEB liability for the Health Plan was 3.87%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – Sensitivity of the City's proportionate share of the net SET OPEB plan liability to the changes in the discount rate are not presented as the City does not have any liability related to this plan given that the SET OPEB plan is 100% funded by contributions from the State of Maine.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability related to the Health Plan calculated using the discount rate of 3.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

		1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	$	9,357,797	7,910,201	6,756,852

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 9.00% decreasing to an ultimate rate of 5.00%, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$	6,670,170	7,910,201	9,492,699

OPEB Plan Fiduciary Net Position – Detailed information about both the SET OPEB plan's fiduciary net positions is available in a separately issued MPERS financial report.

SUBSEQUENT EVENT

In July of 2018, management secured financing through a capital lease in the amount of $1,127,266 which was used to finance the cost of $957,240 of equipment purchased in fiscal year 2018, as well as $170,026 of equipment to be purchased in fiscal year 2019.

Schedule of Changes in the City's Total Health Plan OPEB Liability and Related Ratios

Last 10 Fiscal Years*

		2018
Total OPEB Liability		
Service cost	$	168,229
Interest		315,718
Changes of benefit terms		-
Differences between expected and actual experience		(986,319)
Changes of assumptions or other inputs		(130,856)
Benefit payments		(212,710)
Net change in total OPEB liability		(845,938)
Total OPEB liability - beginning		8,756,139
Total OPEB liability - ending	$	7,910,201
Covered-employee payroll	$	4,260,717
Total OPEB liability as a percentage of covered-employee payroll		100.86%

* *Only one year of information available.*

Schedule of City's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*

		2018
SET OPEB Plan		
City's 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		460,950
Total	$	460,950
Plan fiduciary net position as a percentage of the total OPEB liability		47.29%

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years*

	2018**	2017**	2016**	2015**
PLD Plan				
City's proportion of the net pension liability	2.549%	2.554%	2.6643%	2.7125%
City's proportionate share of the net pension liability	$ 10,435,618	$ 13,570,011	8,500,214	4,173,968
City's covered payroll	12,551,939	11,895,628	11,686,243	10,047,409
City's proportion share of the net pension liability as a percentage of its covered payroll	83.14%	114.08%	72.74%	41.54%
Plan fiduciary net position as a percentage of of the total pension liability	86.43%	81.61%	88.27%	94.10%
SET Plan				
City's proportion of the net pension liability	0.0636%	0.0960%	0.0838%	0.0902%
City's proportionate share of the net pension liability	923,799	1,696,065	1,131,318	974,209
State's proportionate share of the net pension liability associated with the City	18,670,350	24,658,418	18,163,968	14,106,106
Total	**$ 19,594,149**	**26,354,483**	**19,295,286**	**15,080,315**
City's covered payroll	$ 16,313,430	17,515,031	16,270,683	15,657,134
City's proportion share of the net pension liability as a percentage of its covered payroll	5.66%	9.68%	6.95%	6.22%
Plan fiduciary net position as a percentage of the total pension liability	83.35%	76.21%	81.18%	83.91%

** Only four years of information available*
*** The amounts presented for each fiscal year were determined as of the prior fiscal year.*

Schedule of City Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years*

		2018	2017	2016	2015	2014	2013	2012	2011	2010
PLD Plan										
Contractually required contribution	$	1,412,548	1,306,360	1,198,438	1,089,052	940,345	580,749	634,234	504,111	185,219
Contributions in relation to the contractually required contribution		(1,412,548)	(1,306,360)	(1,198,438)	(1,089,052)	(940,345)	(580,749)	(634,234)	(504,111)	(185,219)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-
City's covered payroll		13,057,174	12,551,939	11,895,628	11,686,243	10,047,409	10,880,479	10,099,669	10,000,553	8,351,054
Contributions as a percentage of covered payroll		10.82%	10.41%	10.07%	9.32%	9.36%	5.34%	6.28%	5.04%	2.22%
SET Plan										
Contractually required contribution	$	713,167	548,131	588,514	431,173	414,914	-	-	-	-
Contributions in relation to the contractually required contribution		(713,167)	(548,131)	(588,514)	(431,173)	(414,914)	-	-	-	-
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-
City's covered payroll		17,963,916	16,313,430	17,515,031	16,270,683	15,657,134	15,612,811	15,549,393	15,019,219	16,620,579
Contributions as a percentage of covered payroll		3.97%	3.36%	3.36%	2.65%	2.65%	0.00%	0.00%	0.00%	0.00%

* *Only nine years of information available*

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Maine Public Employees Retirement System (Pension):

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	2016	2015	2014	2013
Discount rate – PLD	6.875%	7.125%	7.250%	7.250%
Discount rate – SET	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	3.50%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	2.20%	2.55%	3.12%	3.12%
Cost of living increases – SET	2.20%	2.55%	2.55%	2.55%

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

Mortality rates:
In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Maine Public Employees Retirement System (OPEB):

Changes of Benefit Terms - None

Changes of Assumptions - None

Maine Municipal Employees Health Trust and Allegiant Care (OPEB):

Changes of Benefit Terms - None

Changes of Assumptions - Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2018	3.87%
2017	3.58%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

GENERAL FUND

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

Exhibit A-1

CITY OF BIDDEFORD, MAINE
Comparative Balance Sheets - General Fund
June 30, 2018 and 2017

		2018	2017
ASSETS			
Cash and cash equivalents	$	16,672,960	18,429,526
Investments		5,018,859	4,909,733
Receivables:			
Taxes - current year		842,855	757,192
Taxes - prior years		150,638	148,816
Tax liens - prior years		543,655	658,777
Accounts		382,440	471,012
Notes		386,319	367,615
Due from other governments		60,404	206,857
Accrued investment interest		-	5,238
Interfund loans receivable		5,058,229	4,852,681
Inventories		193,442	187,234
Prepaid expenditures		156,911	40,102
Total assets	**$**	**29,466,712**	**31,034,783**
LIABILITIES			
Accounts payable and other		1,661,160	1,245,850
Accrued wages		4,372,077	4,205,257
Interfund loans payable		14,078,265	16,617,994
Escrow deposits		361,829	377,020
Total liabilities		20,473,331	22,446,121
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes		1,239,253	1,408,544
Total deferred inflows of resources		1,239,253	1,408,544
FUND BALANCE			
Nonspendable - inventories, prepaids and long-term note receivable		736,672	594,951
Restricted - education		2,408,164	2,285,096
Assigned		2,387,140	1,316,840
Unassigned		2,222,152	2,983,231
Total fund balance		7,754,128	7,180,118
Total liabilities, deferred inflows of resources, and fund balance	**$**	**29,466,712**	**31,034,783**

CITY OF BIDDEFORD, MAINE
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting)
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

		2018			
		Adjusted budget	Actual	Variance positive (negative)	2017 Actual
Revenues:					
Taxes:					
Property taxes, including overlay	$	44,249,472	45,788,179	1,538,707	44,846,935
Less TIF financing		-	(1,375,192)	(1,375,192)	(1,195,281)
Less abatements granted		-	(30,612)	(30,612)	(31,272)
Change in deferred property tax revenue		-	169,291	169,291	55,704
Supplemental taxes		-	5,391	5,391	1,781
Interest and costs on taxes		126,500	88,057	(38,443)	99,645
Payment in lieu of taxes		190,169	196,460	6,291	201,326
Excise taxes		3,041,250	3,464,052	422,802	3,333,552
Total taxes		47,607,391	48,305,626	698,235	47,312,390
Licenses, permits and fees:					
Registration fees		62,450	60,648	(1,802)	62,455
City clerk fees		82,392	75,409	(6,983)	77,772
Building permits		425,000	508,048	83,048	638,336
Electrical permits		72,000	80,479	8,479	65,530
Plumbing permits		27,000	26,935	(65)	20,849
Planning		36,250	23,720	(12,530)	17,738
Street opening		8,950	3,240	(5,710)	4,350
Code enforcement fees		40,000	31,200	(8,800)	29,055
Public works permits		25,500	5,500	(20,000)	979
Cemetery		5,000	1,850	(3,150)	3,650
Police fees		720,545	664,135	(56,410)	484,895
Ambulance fees		-	-	-	933,747
Waste bag sales		52,500	41,752	(10,748)	54,201
Adult education fees		147,482	75,997	(71,485)	73,098
Contracted Services		-	47,642	47,642	-
Total licenses, permits and fees		1,705,069	1,646,555	(58,514)	2,466,655
Intergovernmental:					
Education - State allocations		12,490,595	12,493,595	3,000	10,644,670
Adult Education - State allocation		158,533	158,223	(310)	159,648
Tuition		71,037	154,160	83,123	84,491
State agency reimbursement		30,000	27,618	(2,382)	90,920
Medicaid claim reimbursement		-	369,875	369,875	172,686
School transportation		55,413	40,830	(14,583)	58,856
State revenue sharing		1,360,000	1,363,996	3,996	1,293,059
Homestead exemption		674,000	675,008	1,008	504,494
BETE reimbursement		281,942	350,268	68,326	282,116
General assistance reimbursement		81,135	86,352	5,217	100,083
State road assistance		192,160	198,832	6,672	192,160
School resource officer		-	-	-	75,961
Tree Growth reimbursement		36,000	37,989	1,989	36,328
Veterans tax reimbursement		10,540	10,136	(404)	10,540
E-rate		-	-	-	17,585
Miscellaneous - Education		-	785	785	58,870
Miscellaneous - City		12,800	12,498	(302)	6,983
Total intergovernmental		15,454,155	15,980,165	526,010	13,789,450

CITY OF BIDDEFORD, MAINE
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued

		2018			
		Adjusted budget	Actual	Variance positive (negative)	2017 Actual
Revenues, continued:					
Investment income	$	79,721	152,131	72,410	142,946
Other:					
Recycling		50,000	86,128	36,128	72,711
Public Works		150,625	154,019	3,394	117,688
Rental income- City		129,208	132,399	3,191	138,928
Rental income- Education		-	10,727	10,727	18,760
Education - other		218,228	229,700	11,472	182,792
Welfare		-	1,500	1,500	-
Miscellaneous		297,396	93,200	(204,196)	106,457
Total other		845,457	707,673	(137,784)	637,336
Total revenues		65,691,793	66,792,150	1,100,357	64,348,777
Expenditures:					
Current:					
General government:					
Mayor		31,850	31,869	(19)	29,260
City manager		310,554	307,097	3,457	273,682
City clerk		267,731	266,822	909	274,462
Elections/voter registration		29,750	27,456	2,294	19,230
Assessor		207,838	219,622	(11,784)	211,754
Finance/tax collection		294,303	308,036	(13,733)	440,208
Computer services		100,924	98,838	2,086	129,160
Human resources		92,580	84,858	7,722	111,212
Planning/economic development		346,171	333,544	12,627	461,827
Code enforcement/inspections		374,865	344,937	29,928	489,882
General administration		2,094,891	1,990,884	104,007	2,259,497
Employee benefits		5,365,816	5,144,232	221,584	-
Capital expenditures		89,621	57,471	32,150	148,991
Total general government		9,606,894	9,215,666	391,228	4,849,165

CITY OF BIDDEFORD, MAINE
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued

		2018			
		Adjusted budget	Actual	Variance positive (negative)	2017 Actual
Expenditures, continued:					
Current, continued:					
Public services:					
City Hall building	$	166,486	162,416	4,070	184,177
Private schools		25,136	25,136	-	25,136
Community Center building		202,515	203,122	(607)	231,086
Recreation		494,066	491,794	2,272	556,651
Health and welfare		217,187	229,181	(11,994)	265,847
Facilities management		92,336	93,322	(986)	122,608
Social services		57,000	57,000	-	57,000
Municipal services:					
La kermesse Donation		15,000	15,000	-	-
Historical Society		6,876	6,876	-	7,500
City Theater		28,500	28,500	-	30,000
Tri-Community Transit		125,000	125,000	-	125,000
Conservation Committee		5,000	1,753	3,247	4,621
Eastern Trail Alliance		5,000	5,000	-	5,000
Saco River Corridor Commission		9,500	9,500	-	10,000
Downtown Development Committee		-	-	-	4,540
So. Maine Regional Planning Commission		7,379	7,379	-	7,164
Bidd/Saco Econ. Development Commission		10,361	10,361	-	10,361
Historic Preservation Commission		800	454	346	179
Heart of Biddeford		23,750	23,750	-	30,000
Holiday lighting		10,450	10,450	-	7,519
Downtown Improvement District		12,500	12,500	-	-
Project Canopy Committee		5,000	5,000	-	3,269
Capital expenditures		114,997	63,728	51,269	4,751
Total public services		1,634,839	1,587,222	47,617	1,692,409
Public safety:					
Fire department		3,302,914	3,223,606	79,308	4,320,539
Biddeford Pool fire department		9,125	8,501	624	6,732
Emergency management		10,495	9,200	1,295	11,049
Hydrant rental		390,000	362,355	27,645	384,873
Police administration and patrol		3,818,748	3,881,896	(63,148)	4,988,883
Police investigative services		454,432	475,198	(20,766)	590,097
Communications		1,263,379	1,269,323	(5,944)	1,624,825
Animal control officer		89,779	86,123	3,656	97,977
Street and traffic lights		477,740	440,359	37,381	449,924
Capital expenditures		230,500	431,476	(200,976)	312,299
Total public safety		10,047,112	10,188,037	(140,925)	12,787,198
Public works:					
Administration		1,146,486	1,107,053	39,433	1,561,412
Street maintenance		1,565,636	1,662,937	(97,301)	2,094,813
Solid waste management		1,143,135	1,117,725	25,410	1,260,081
Parks		466,704	455,825	10,879	512,897
Cemetery		37,154	33,054	4,100	26,916
Engineering		172,094	170,448	1,646	222,721
GIS division		69,180	64,872	4,308	78,692
Capital expenditures		1,361,699	1,369,939	(8,240)	825,566
Total public works		5,962,088	5,981,853	(19,765)	6,583,098

CITY OF BIDDEFORD, MAINE
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued

		2018			
		Adjusted budget	Actual	Variance positive (negative)	2017 Actual
Expenditures, continued:					
Current, continued:					
Education and libraries:					
K-12 Education:					
Regular instruction	$	13,339,845	13,078,680	261,165	12,865,455
Special education		5,933,933	5,563,039	370,894	5,334,931
Career and technical education		2,302,954	2,300,187	2,767	2,455,934
Other instruction		598,549	592,546	6,003	538,854
Student and staff support		2,257,726	2,076,843	180,883	1,973,438
System administration		1,032,592	985,204	47,388	1,063,634
School administration		1,545,228	1,518,048	27,180	1,500,846
Transportation and buses		1,525,176	1,511,774	13,402	1,326,656
Facilities maintenance		4,724,983	4,780,725	(55,742)	3,285,363
Debt service and other commitments		2,743,462	2,742,462	1,000	4,009,046
All other expenditures		11,999	29,112	(17,113)	33,651
Adult education		734,033	568,081	165,952	527,133
McArthur Library		478,364	478,364	-	478,364
Total education and libraries		37,228,844	36,225,065	1,003,779	35,393,305
County tax		1,299,010	1,235,647	63,363	1,217,090
Debt service:					
Principal - bonds and notes		1,646,424	1,645,894	530	1,136,957
Interest - bonds and notes		687,425	714,888	(27,463)	443,550
Principal - capital leases		546,229	605,433	(59,204)	533,933
Interest - capital leases		84,433	83,134	1,299	76,177
Total debt service		2,964,511	3,049,349	(84,838)	2,190,617
Total expenditures		68,743,298	67,482,839	1,260,459	64,712,882
Excess (deficiency) of revenues over (under) expenditures		(3,051,505)	(690,689)	2,360,816	(364,105)
Other financing sources (uses):					
Transfers - in		2,358,858	1,929,557	(429,301)	466,295
Transfers - out		(925,000)	(664,858)	260,142	(650,000)
Capital leases issued		-	-	-	866,414
Use of restricted fund balance		1,336,377	-	(1,336,377)	-
Use of assigned fund balance		281,270	-	(281,270)	-
Total other financing sources (uses)		3,051,505	1,264,699	(1,786,806)	682,709
Net change in fund balance		-	574,010	574,010	318,604
Fund balance, beginning			7,180,118		6,861,514
Fund balance, ending		**$**	**7,754,128**		**7,180,118**

ALL OTHER GOVERNMENTAL FUNDS

CITY OF BIDDEFORD, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	$ 9,122	-	-	9,122
Investments	1,398,515	-	-	1,398,515
Accounts receivable	647,693	600	-	648,293
Due from other governments	637,467	-	-	637,467
Inventories	28,299	-	-	28,299
Prepaid items	7,411	-	-	7,411
Interfund loans receivable	2,562,733	11,666,028	39,872	14,268,633
Total assets	**$ 5,291,240**	**11,666,628**	**39,872**	**16,997,740**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other	378,955	575,152	-	954,107
Accrued wages	70,117	-	-	70,117
Interfund loans payable	1,394,698	576,283	-	1,970,981
Total liabilities	1,843,770	1,151,435	-	2,995,205
Fund balances:				
Nonspendable:				
Inventories and prepaid items	28,299	-	-	28,299
Trust principal	-	-	39,872	39,872
Restricted:				
Capital	-	11,101,256	-	11,101,256
Education	81,963	-	-	81,963
Grants	268,036	-	-	268,036
Public assistance	1,443,681	-	-	1,443,681
TIF funds	801,925	-	-	801,925
Committed	1,491,054	-	-	1,491,054
Unassigned	(667,488)	(586,063)	-	(1,253,551)
Total fund balance	3,447,470	10,515,193	39,872	14,002,535
Total liabilities and fund balances	**$ 5,291,240**	**11,666,628**	**39,872**	**16,997,740**

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2018

		Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:					
Property and excise taxes	$	1,668,682	-	-	1,668,682
Intergovernmental		3,437,847	478,000	-	3,915,847
Licenses, permits, fees and charges for services		2,444,300	-	-	2,444,300
Investment earnings		106,950	2,603	484	110,037
Other		400,689	195,074	-	595,763
Total revenues		8,058,468	675,677	484	8,734,629
Expenditures:					
Current:					
Equipment and supplies		739,071	-	-	739,071
Program expenditures		3,359,221	-	-	3,359,221
Contracted services		1,256,207	-	-	1,256,207
Other		837,272	-	-	837,272
Capital expenditures		165,286	2,470,581	-	2,635,867
Debt service		154,670	-	-	154,670
Total expenditures		6,511,727	2,470,581	-	8,982,308
Excess (deficiency) of revenues over (under) expenditures		1,546,741	(1,794,904)	484	(247,679)
Other financing uses:					
Transfers - out		(1,660,699)	(245,141)	-	(1,905,840)
Total other financing uses		(1,660,699)	(245,141)	-	(1,905,840)
Net change in fund balances		(113,958)	(2,040,045)	484	(2,153,519)
Fund balances, beginning		3,561,428	12,555,238	39,388	16,156,054
Fund balances, ending	**$**	**3,447,470**	**10,515,193**	**39,872**	**14,002,535**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes. Following is a listing of active special revenue funds.

Mooring Fees
Pays the costs of the Harbormasters and the police patrol boat and for waterway maintenance and access improvements. Funding source: fees paid for boat moorings in the Saco River and Biddeford Pool.

Pool Beach Permits
Used for maintenance and capital improvements to the access and facilities at the City's public beaches. Funding source: beach parking passes.

Community Development Block Grant (CDBG)
Biddeford is an entitlement community for this Federal program. Pays for programs and capital improvements that benefit low-moderate income areas and citizens. Funding source: Federal grant.

Airport
Biddeford Municipal Airport fund pays the costs of its operation and for capital or safety improvements. Funding source: FAA and State grants, ground rent for land under the private hangars, surcharge on all aviation fuel sold on site.

Community TV Center
Pays for the equipping and operation of the Community Access TV stations and broadcast locations. Funding source: Cable television franchise fees.

Environmental Reserve
Pays the costs associated with monitoring and enforcing the City's Air Toxics Ordinance. Funding source: Emissions permit fees. This fund is self-sustaining only and any surplus at year-end is deducted from the amount to be billed in the following year.

Recreation Programs
Pays the costs of recreation programs designed to be sustained by the payment of fees. This allows for new programs to be added during a budget year as well as for ease of tracking how well fee levels are covering actual program costs. Funding source: Recreation program fees and donations. At year-end, a reimbursement is made to the General Fund Recreation budget to help defray the general overhead of the Recreation Department.

School Lunch
Pays the costs associated with the nutrition program of the Biddeford School Department. Funding source: Federal grant and food sales.

Industrial Parks
Holds the unsold property in the City's industrial and business parks and pays for routine maintenance and infrastructure construction in these parks. Funding source: land sales and tenant fees.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

Property Sales
Holds funds raised through the sale of City-owned properties for the purpose of performing unbudgeted upgrades/repairs to City buildings and to purchase other properties for City purposes. Funding source: sale of City owned property.

Police Special Assignment
Pays police officers assigned to special duty that is reimbursed by a third party. Used to keep these costs from affecting the regular operating budget. Funding source: various 3rd parties receiving service.

Dog License Fees
Required by Statute to account for City's share of dog license, impound, and warrant fees. Funding source: all dog-related fees, with balance transferred to the General Fund at year-end to help defray cost of animal control. Funding source: dog license, impound, and warrant fees.

City Insurance Claims
This fund matches the proceeds of any claims by the City for insurance losses with the expenses related to those losses. Any shortage in reimbursements must be covered from current operating budget funds. Any excess is transferred to the General Fund as miscellaneous revenue. Funding source: insurance proceeds.

Miscellaneous Small Projects
Brings together the accounting for any project or item that is of such short duration or so small as to not warrant the establishment of its own fund. Currently holding funds for a Small Community Sewage Grant, a Main Street Sidewalks Grant, an energy efficiency ARRA grant and a Municipal Investment Trust Fund Pass-Through Grant for electrical work at the Riverdam Mill complex. Funding source: various state and local grants.

Law Enforcement Grants
Accounts for multiple grants received by the Police Department for various purposes and for the Tri-Community SWAT Team. Funding source: Federal grants and payments from Saco and Old Orchard Beach.

Teen Center
Holds and disburses money raised by the Teen Center and from small grants made available for use at the discretion of the members. Funding source: Donations and local grants.

DK Associates TIF, Soleras TIF, & North Dam Mill TIF
These funds account for tax money that is due back to the businesses involved as a result of Tax Increment Financing credit enhancement agreements in place. The funds are segregated in the year assessed and rebated in the following year provided that all taxes due have been paid. Funding source: General property taxation.

Fire Grants and Donations
Accounts for multiple grants and donations received by the Fire Department for various purposes. Funding source: donations, fees, and federal and state grants.

Tree Planting
Holds funds donated to supplement the purposes of Project Canopy, to plant trees around the City. Administered by a Committee through the Public Works Director. Funding source: donations.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

Route 111-Mill Redevelopment TIF
Accounts for the portion of property taxes allocated by the agreement to the TIF District that includes the Shops at Biddeford Crossing and other commercial properties on Alfred Road and the mill district in the downtown. Funding source: property taxes.

Shellfish Fees
Pays toward the cost of the Shellfish Warden. Funding source: Fees due pursuant to shellfishing licenses.

Energy Conservation
Accounts for funds received pursuant to rebates or inducements for energy conservation with the intended purpose of promoting further energy conservation. Funding source: rebates received.

NSP Grant
Accounts for funds and uses under the Neighborhood Stabilization Program, a Federal program created under the ARRA to purchase distressed foreclosed residential properties in Biddeford, Saco and Old Orchard Beach and rehabilitate them for resale or for municipal use. Funding source: Federal grant.

Rotary Park Recreation Impact Fees
Accounts for receipt and use of impact fees required by the Planning Board from residential developers doing projects in the area of Rotary Park. Funding source: Impact fees.

Granite Street Sidewalk Fees
Accounts for receipt and use of developer fees required by the Planning Board and earmarked to help defray the cost of sidewalk construction on Granite St. Ext. Converted from a fiduciary fund in fiscal 2010 as the City has met its obligations to schedule the project. Previously, the funds could have been returned to the developers should the project not materialize. Funding source: Development fees.

General Assistance Fund
Accounts for receipt and use of funds donated to the City, to be disbursed through the Health and Welfare Department, for assistance to those in need for items such as winter heating fuel, holiday food baskets and holiday presents for children. Funding source: Donations for charitable assistance to persons in need.

Cartmill Trust
Holds money given through the wills of Clayton and Virginia Cartmill, to be used to assist citizens of Biddeford in need but whose circumstances do not qualify them for other types of public assistance. The program is administered by the Health and Welfare Director who chairs a committee of three persons. Money is withdrawn periodically from the investment account to use for approved disbursements. The principal is available for use for the purpose listed. Funding source: Clayton and Virginia Cartmill and investment income.

Festivals Fund
Accounts for receipt and use of funds earmarked for seasonal festivals initiated by the City in 2012. Funding source: Donations.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

Emery School TIF
This fund is an affordable housing TIF based on the development of the former Emery School building into residential housing units. The developer is due back a specified portion of its property tax payments, paid out within 30 days of the tax payment being receipted by the City. Funding source: General property taxation.

Mission Hill TIF
This fund is an affordable housing TIF based on the development of residential housing units. The developer is due back a specified portion of its property tax payments. Funding source: General property taxation.

Mission Hill TIF II
This fund is an affordable housing TIF based on the development of residential housing units. The developer is due back a specified portion of its property tax payments. Funding source: General property taxation.

School Categorical Programs
Includes numerous Federal, State and private education grants and regional program funds awarded to and administered by the Biddeford School Department. Funding source: Federal and state grants.

Adult Education Projects
Accounts for programs run by Biddeford Adult Education beyond the basic items included in the General Fund budget. Funding source: Grants, contracts and fees.

School Insurance Claims and Donations
This fund matches the proceeds of any claims by the School Department for insurance losses with the expenses related to those losses. Any shortage in reimbursements must be covered from current operating budget funds. Also accounts for donations made to the School Department for support of its programs or facilities. Funding source: insurance proceeds and donations.

AARP Grant
This fund accounts for the AARP Grant program in the City. The purpose of this grant is to encourage elderly friendly events and programs in the City. Funding source: AARP grant.

FEMA/MEMA Assistance
This fund accounts for the FEMA and MEMA grants received by the City. The purpose of these grants are to offset costs of disaster relief as well as provide funding for disaster preparedness. Funding source: state and federal grants.

Lofts at Saco Falls TIF
This fund is an affordable housing TIF based on the development of residential housing units. The developer is due back a specified portion of its property tax payments, paid out 30 days after year end. Funding source: General property taxation.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

Ambulance
This fund is an accumulation of Ambulance billing revenue. Funding source: Ambulance Billing.

EPA Grant
This fund is a grant to fund EPA project. Funding source: Grant funds.

Clock Tower
This fund is donations to help fix the clock tower. Funding source: Donations.

Ice Arena
This fund is expenses for replacing the Ice Arena compressor system. Funding source: Revenue Bond.

CITY OF BIDDEFORD, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Mooring Fees	Pool Beach Permits	CDBG Block Grant	Airport	Community TV Center	Environmental Reserve	Recreation Programs	School Lunch	Industrial Parks	Property Sales	Police Special Assignment	Dog License Fees
ASSETS												
Cash and cash equivalents $	-	-	-	200	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	139,672	-	-	-	44,781	-	-	-	-
Inventories	-	-	-	-	-	-	-	28,299	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	93,782	110,371	105,696	-	105,135	-	406,317	10,478	287,375	-	-	-
Total assets $	**93,782**	**110,371**	**105,696**	**139,872**	**105,135**	**-**	**406,317**	**83,558**	**287,375**	**-**	**-**	**-**
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and other	1,344	1,145	11,160	22,806	411	-	9,553	4,822	763	-	1,200	203
Accrued wages	-	7,702	1,922	1,315	3,786	-	13,363	26,739	87	-	8,095	-
Interfund loans payable	-	-	-	673,821	-	9	-	-	-	65,256	586	3,796
Total liabilities	1,344	8,847	13,082	697,942	4,197	9	22,916	31,561	850	65,256	9,881	3,999
Fund balances (deficit):												
Nonspendable	-	-	-	-	-	-	-	28,299	-	-	-	-
Restricted:												
Education	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	92,614	-	-	-	-	23,698	-	-	-	-
Public assistance	-	-	-	-	-	-	-	-	-	-	-	-
TIF funds	-	-	-	-	-	-	-	-	-	-	-	-
Committed	92,438	101,524	-	-	100,938	-	383,401	-	286,525	-	-	-
Unassigned	-	-	-	(558,070)	-	(9)	-	-	-	(65,256)	(9,881)	(3,999)
Total fund balances (deficit)	92,438	101,524	92,614	(558,070)	100,938	(9)	383,401	51,997	286,525	(65,256)	(9,881)	(3,999)
Total liabilities and fund balances $	**93,782**	**110,371**	**105,696**	**139,872**	**105,135**	**-**	**406,317**	**83,558**	**287,375**	**-**	**-**	**-**

Exhibit C-1, Cont.

CITY OF BIDDEFORD, MAINE
Combining Balance Sheet, Continued
Nonmajor Special Revenue Funds

		City Insurance Claims	Misc. Small Projects	Law Enforce-ment Grants	Teen Center	Fire Grants and Donations	Ambulance	EPA Grant	Clock Tower	Ice Arena	Lofts at Saco Falls TIF	Rte. 111-Mill Redev. TIF
ASSETS												
Cash and cash equivalents	$	-	-	1,000	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	634,936	-	-	-	-	-
Due from other governments		-	-	-	-	-	-	-	-	-	-	-
Inventories		-	-	-	-	-	-	-	-	-	-	-
Prepaid items		-	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable		-	-	107,259	19,317	14,622	-	-	400	-	-	819,219
Total assets	**$**	**-**	**-**	**108,259**	**19,317**	**14,622**	**634,936**	**-**	**400**	**-**	**-**	**819,219**
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and other		-	-	-	-	1,200	4,024	-	-	-	-	17,294
Accrued wages		-	-	-	-	-	-	-	-	-	-	-
Interfund loans payable		-	-	-	-	-	336,511	15,676	-	5,000	-	-
Total liabilities		-	-	-	-	1,200	340,535	15,676	-	5,000	-	17,294
Fund balances (deficit):												
Nonspendable		-	-	-	-	-	-	-	-	-	-	-
Restricted:												
Education		-	-	-	-	-	-	-	-	-	-	-
Grants		-	-	108,259	19,317	-	-	-	-	-	-	-
Public assistance		-	-	-	-	-	-	-	-	-	-	-
TIF funds		-	-	-	-	-	-	-	-	-	-	801,925
Committed		-	-	-	-	13,422	294,401	-	400	-	-	-
Unassigned		-	-	-	-	-	-	(15,676)	-	(5,000)	-	-
Total fund balances (deficit)		-	-	108,259	19,317	13,422	294,401	(15,676)	400	(5,000)	-	801,925
Total liabilities and fund balances	**$**	**-**	**-**	**108,259**	**19,317**	**14,622**	**634,936**	**-**	**400**	**-**	**-**	**819,219**

Exhibit C-1, Cont.

CITY OF BIDDEFORD, MAINE
Combining Balance Sheet, Continued
Nonmajor Special Revenue Funds

	Emery School TIF	DK Assoc. TIF	Festivals	Tree Planting	Soleras TIF	Shellfish Fees	North Dam Mill TIF	Mission Hill TIF	Mission Hill II TIF	Energy Conservation	NSP Grant
ASSETS											
Cash and cash equivalents	$ -	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	7,411	-	-	-
Interfund loans receivable	-	63,009	5,705	1,535	12,311	18,353	197,188	-	-	63,884	14,667
Total assets	**$ -**	**63,009**	**5,705**	**1,535**	**12,311**	**18,353**	**197,188**	**7,411**	**-**	**63,884**	**14,667**
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and other	-	63,009	-	-	12,311	-	197,188	-	-	-	200
Accrued wages	-	-	-	-	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-	-	7,411	-	-	-
Total liabilities	-	63,009	-	-	12,311	-	197,188	7,411	-	-	200
Fund balances (deficit):											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted:											
Education	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	14,467
Public assistance	-	-	-	-	-	-	-	-	-	-	-
TIF funds	-	-	-	-	-	-	-	-	-	-	-
Committed	-	-	5,705	1,535	-	18,353	-	-	-	63,884	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	-	-	5,705	1,535	-	18,353	-	-	-	63,884	14,467
Total liabilities and fund balances	**$ -**	**63,009**	**5,705**	**1,535**	**12,311**	**18,353**	**197,188**	**7,411**	**-**	**63,884**	**14,667**

Exhibit C-1, Cont.

CITY OF BIDDEFORD, MAINE
Combining Balance Sheet, Continued
Nonmajor Special Revenue Funds

		Rotary Park Rec. Impact Fees	Granite St. Sidewalk Fees	General Assistance	FEMA/MEMA Assistance	Cartmill Trust	AARP Grant	School Categorical Programs	Adult Education Projects	School Insurance Claims and Donations	Totals of All Nonmajor Special Revenue Funds 2018	2017
ASSETS												
Cash and cash equivalents	$	-	-	-	-	7,922	-	-	-	-	9,122	9,403
Investments		-	-	-	-	1,398,515	-	-	-	-	1,398,515	1,318,025
Accounts receivable		-	-	-	-	-	-	-	12,757	-	647,693	28,496
Due from other governments		-	-	-	-	-	-	453,014	-	-	637,467	595,073
Inventories		-	-	-	-	-	-	-	-	-	28,299	30,343
Prepaid items		-	-	-	-	-	-	-	-	-	7,411	15,875
Interfund loans receivable		-	-	37,296	9,681	-	-	-	38,957	20,176	2,562,733	2,750,138
Total assets	**$**	**-**	**-**	**37,296**	**9,681**	**1,406,437**	**-**	**453,014**	**51,714**	**20,176**	**5,291,240**	**4,747,353**
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and other		-	-	52	-	-	-	29,871	399	-	378,955	188,832
Accrued wages		-	-	-	-	-	-	6,691	417	-	70,117	321,298
Interfund loans payable		-	-	-	-	-	2,650	283,982	-	-	1,394,698	675,795
Total liabilities		-	-	52	-	-	2,650	320,544	816	-	1,843,770	1,185,925
Fund balances (deficit):												
Nonspendable		-	-	-	-	-	-	-	-	-	28,299	41,826
Restricted:												
Education		-	-	-	-	-	-	31,065	50,898	-	81,963	98,744
Grants		-	-	-	9,681	-	-	-	-	-	268,036	106,811
Public assistance		-	-	37,244	-	1,406,437	-	-	-	-	1,443,681	1,353,920
TIF funds		-	-	-	-	-	-	-	-	-	801,925	793,632
Committed		-	-	-	-	-	-	108,352	-	20,176	1,491,054	1,583,042
Unassigned		-	-	-	-	-	(2,650)	(6,947)	-	-	(667,488)	(416,547)
Total fund balances (deficit)		-	-	37,244	9,681	1,406,437	(2,650)	132,470	50,898	20,176	3,447,470	3,561,428
Total liabilities and fund balances	**$**	**-**	**-**	**37,296**	**9,681**	**1,406,437**	**-**	**453,014**	**51,714**	**20,176**	**5,291,240**	**4,747,353**

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budgeted Funds
Nonmajor Special Revenue Funds, Budget and Actual
For the year ended June 30, 2018

	Mooring Fees			Pool Beach Permits			CDBG Block Grant			Airport		
	Budget	Actual	Variance with budget	Budget	Actual	Variance with budget	Budget	Actual	Variance with budget	Budget	Actual	Variance with budget
Revenues:												
Property and excise taxes $	-	-	-	-	-	-	-	-	-	6,250	2,614	(3,636)
Intergovernmental	-	-	-	-	-	-	508,950	447,129	(61,821)	418,000	242,997	(175,003)
Licenses, permits, fees, charges for services	25,000	26,645	1,645	94,000	95,954	1,954	-	-	-	35,000	35,304	304
Investment income	5,600	1,051	(4,549)	2,000	1,508	(492)	-	-	-	2,377	-	(2,377)
Other	-	-	-	-	-	-	-	109,229	109,229	122,000	96,373	(25,627)
Total revenues	30,600	27,696	(2,904)	96,000	97,462	1,462	508,950	556,358	47,408	583,627	377,288	(206,339)
Expenditures:												
Current:												
Equipment and supplies	-	-	-	7,650	11,256	(3,606)	-	829	(829)	3,200	2,674	526
Program expenditures	39,964	22,287	17,677	101,359	81,017	20,342	165,919	102,480	63,439	240,000	194,547	45,453
Contracted services	2,950	1,712	1,238	-	-	-	343,031	360,116	(17,085)	476,910	251,929	224,981
Other	-	-	-	-	-	-	-	-	-	250	564	(314)
Capital expenditures	-	-	-	-	-	-	-	-	-	16,500	165,286	(148,786)
Debt service	-	-	-	-	-	-	-	-	-	4,396	4,670	(274)
Total expenditures	42,914	23,999	18,915	109,009	92,273	16,736	508,950	463,425	45,525	741,256	619,670	121,586
Excess (deficiency) of revenues over (under) expenditures	(12,314)	3,697	16,011	(13,009)	5,189	18,198	-	92,933	92,933	(157,629)	(242,382)	(84,753)
Other financing sources (uses):												
Transfers - in (out)	10,000	10,000	-	(182,500)	(182,500)	-	-	-	-	32,000	32,000	-
Use of fund balance	2,314	-	(2,314)	195,509	-	(195,509)	-	-	-	125,629	-	(125,629)
Total other financing sources (uses)	12,314	10,000	(2,314)	13,009	(182,500)	(195,509)	-	-	-	157,629	32,000	(125,629)
Net change in fund balances	-	13,697	13,697	-	(177,311)	(177,311)	-	92,933	92,933	-	(210,382)	(210,382)
Fund balances (deficit), beginning		78,741			278,835			(319)			(347,688)	
Fund balances (deficit), ending $		**92,438**			**101,524**			**92,614**			**(558,070)**	

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budgeted Funds, Cont.
Nonmajor Special Revenue Funds, Budget and Actual

		Community TV Center			Environmental Reserve			Recreation Programs			School Lunch		
		Budget	Actual	Variance with budget	Budget	Actual	Variance with budget	Budget	Actual	Variance with budget	Budget	Actual	Variance with budget
Revenues:													
Property and excise taxes	$	268,000	290,876	22,876	-	-	-	-	-	-	-	-	-
Intergovernmental		-	-	-	-	-	-	-	-	-	-	838,663	838,663
Licenses, permits, fees, charges for services		-	-	-	-	1,995	1,995	561,605	337,275	(224,330)	-	333,367	333,367
Investment income		-	346	346	-	-	-	1,800	4,384	2,584	-	107	107
Other		-	-	-	-	-	-	500	1,500	1,000	-	-	-
Total revenues		268,000	291,222	23,222	-	1,995	1,995	563,905	343,159	(220,746)	-	1,172,137	1,172,137
Expenditures:													
Current:													
Equipment and supplies		4,500	631	3,869	-	-	-	-	-	-	-	478,854	(478,854)
Program expenditures		225,320	193,169	32,151	-	9	(9)	575,861	351,396	224,465	-	686,224	(686,224)
Contracted services		-	-	-	-	-	-	-	-	-	-	19,981	(19,981)
Other		-	-	-	-	-	-	-	-	-	-	2,965	(2,965)
Capital expenditures		-	-	-	-	-	-	-	-	-	-	-	-
Debt service		38,180	-	38,180	-	-	-	-	-	-	-	-	-
Total expenditures		268,000	193,800	74,200	-	9	(9)	575,861	351,396	224,465	-	1,188,024	(1,188,024)
Excess (deficiency) of revenues over (under) expenditures		-	97,422	97,422	-	1,986	1,986	(11,956)	(8,237)	3,719	-	(15,887)	(15,887)
Other financing sources (uses):													
Transfers - in (out)		-	(12,697)	(12,697)	-	-	-	-	(17,500)	(17,500)	-	-	-
Use of fund balance		-	-	-	-	-	-	11,956	-	(11,956)	-	-	-
Total other financing sources (uses)		-	(12,697)	(12,697)	-	-	-	11,956	(17,500)	(29,456)	-	-	-
Net change in fund balances		-	84,725	84,725	-	1,986	1,986	-	(25,737)	(25,737)	-	(15,887)	(15,887)
Fund balances (deficit), beginning			16,213			(1,995)			409,138			67,884	
Fund balances (deficit), ending	**$**		**100,938**			**(9)**			**383,401**			**51,997**	

Exhibit C-3

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Non-budgeted Funds
Nonmajor Special Revenue Funds
For the year ended June 30, 2018
(with comparative totals for June 30, 2017)

	Industrial Parks	Property Sales	Police Special Assignment	Dog License Fees	City Insurance Claims	Misc. Small Projects	Law Enforce-ment Grants	Teen Center	Fire Grants and Donations
Revenues:									
Property and excise taxes	$ -	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	89,363	-	-
Licenses, permits, fees and charges for services	-	-	21,300	15,144	-	-	-	-	18,341
Investment income	4,465	-	-	-	-	-	-	212	-
Other	-	2,000	-	-	1,145	-	-	-	654
Total revenues	4,465	2,000	21,300	15,144	1,145	-	89,363	212	18,995
Expenditures:									
Current:									
Equipment and supplies	60	-	-	-	-	-	-	-	11,819
Program expenditures	17,431	-	24,695	-	-	-	-	-	16,833
Contracted services	-	-	-	-	-	16,837	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	17,491	-	24,695	-	-	16,837	-	-	28,652
Excess (deficiency) of revenues over (under) expenditures	(13,026)	2,000	(3,395)	15,144	1,145	(16,837)	89,363	212	(9,657)
Other financing sources (uses):									
Transfers - in (out)	(215,000)	(24,349)	(5,000)	(13,000)	-	-	-	-	-
Total other financing sources (uses)	(215,000)	(24,349)	(5,000)	(13,000)	-	-	-	-	-
Net change in fund balances	(228,026)	(22,349)	(8,395)	2,144	1,145	(16,837)	89,363	212	(9,657)
Fund balances (deficit), beginning	514,551	(42,907)	(1,486)	(6,143)	(1,145)	16,837	18,896	19,105	23,079
Fund balances (deficit), ending	**$ 286,525**	**(65,256)**	**(9,881)**	**(3,999)**	**-**	**-**	**108,259**	**19,317**	**13,422**

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Non-budgeted Funds, Cont.
Nonmajor Special Revenue Funds

		Ambulance	EPA Grant	Clock Tower	Ice Arena	Lofts at Saco Falls TIF	Rte. 111- Mill Redev. TIF	Emery School TIF	DK Assoc. TIF	Festivals
Revenues:										
Property and excise taxes	$	-	-	-	-	94,424	918,905	29,454	63,009	-
Intergovernmental		-	-	-	-	-	-	-	-	-
Licenses, permits, fees and charges for services		1,491,863	-	-	-	-	-	-	-	-
Investment income		-	-	-	-	-	-	-	-	-
Other		-	-	400	-	-	-	-	-	-
Total revenues		1,491,863	-	400	-	94,424	918,905	29,454	63,009	-
Expenditures:										
Current:										
Equipment and supplies		-	-	-	-	-	-	-	-	-
Program expenditures		-	-	-	-	-	79,779	-	-	-
Contracted services		47,454	15,676	-	-	-	291,798	-	-	-
Other		-	-	-	5,000	94,424	-	43,741	124,579	-
Capital expenditures		-	-	-	-	-	-	-	-	-
Debt service		-	-	-	-	-	150,000	-	-	-
Total expenditures		47,454	15,676	-	5,000	94,424	521,577	43,741	124,579	-
Excess (deficiency) of revenues over (under) expenditures		1,444,409	(15,676)	400	(5,000)	-	397,328	(14,287)	(61,570)	-
Other financing sources (uses):										
Transfers - in (out)		(1,150,008)	-	-	-	-	(71,808)	-	-	-
Total other financing sources (uses)		(1,150,008)	-	-	-	-	(71,808)	-	-	-
Net change in fund balances		294,401	(15,676)	400	(5,000)	-	325,520	(14,287)	(61,570)	-
Fund balances (deficit), beginning		-	-	-	-	-	476,405	14,287	61,570	5,705
Fund balances (deficit), ending	**$**	**294,401**	**(15,676)**	**400**	**(5,000)**	**-**	**801,925**	**-**	**-**	**5,705**

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Non-budgeted Funds, Cont.
Nonmajor Special Revenue Funds

		Tree Planting	Soleras TIF	Shellfish Fees	North Dam Mill TIF	Mission Hill TIF	Mission Hill II TIF	Energy Conservation	NSP Grant	Rotary Park Rec. Impact Fees	Granite St. Sidewalk Fees
Revenues:											
Property and excise taxes	$	-	12,311	-	197,188	19,097	40,804	-	-	-	-
Intergovernmental		-	-	-	-	-	-	-	-	-	-
Licenses, permits, fees and charges for services		-	-	9,915	-	-	-	-	-	-	-
Investment income		19	-	163	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total revenues		19	12,311	10,078	197,188	19,097	40,804	-	-	-	-
Expenditures:											
Current:											
Equipment and supplies		-	-	2,113	-	-	-	-	-	-	-
Program expenditures		-	-	197	-	-	-	-	3,911	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-
Other		-	23,857	-	386,640	30,580	81,176	-	500	-	-
Capital expenditures		-	-	-	-	-	-	-	-	-	-
Debt service		-	-	-	-	-	-	-	-	-	-
Total expenditures		-	23,857	2,310	386,640	30,580	81,176	-	4,411	-	-
Excess (deficiency) of revenues over (under) expenditures		19	(11,546)	7,768	(189,452)	(11,483)	(40,372)	-	(4,411)	-	-
Other financing sources (uses):											
Transfers - in (out)		-	-	(5,000)	-	-	-	-	-	(20,695)	14,858
Total other financing sources (uses)		-	-	(5,000)	-	-	-	-	-	(20,695)	14,858
Net change in fund balances		19	(11,546)	2,768	(189,452)	(11,483)	(40,372)	-	(4,411)	(20,695)	14,858
Fund balances (deficit), beginning		1,516	11,546	15,585	189,452	11,483	40,372	63,884	18,878	20,695	(14,858)
Fund balances (deficit), ending	**$**	**1,535**	**-**	**18,353**	**-**	**-**	**-**	**63,884**	**14,467**	**-**	**-**

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Non-budgeted Funds, Cont.
Nonmajor Special Revenue Funds

		General Assistance	FEMA/MEMA Assistance	Cartmill Trust	AARP Grant	School Categorical Programs	Adult Education Projects	School Insurance Claims and Donations	Totals of All Nonmajor Special Revenue Funds 2018	2017
Revenues:										
Property and excise taxes	$	-	-	-	-	-	-	-	1,668,682	1,199,106
Intergovernmental		-	-	-	-	1,777,022	42,673	-	3,437,847	4,095,897
Licenses, permits, fees and charges for services		-	-	-	-	12,180	45,017	-	2,444,300	1,249,053
Investment income		370	-	92,495	-	1,830	-	-	106,950	116,400
Other		15,277	-	-	-	106,491	-	67,620	400,689	618,506
Total revenues		15,647	-	92,495	-	1,897,523	87,690	67,620	8,058,468	7,278,962
Expenditures:										
Current:										
Equipment and supplies		-	-	-	-	222,296	5,637	2,902	739,071	906,221
Program expenditures		903	-	12,286	5,360	1,516,937	46,471	3,289	3,359,221	3,426,205
Contracted services		-	-	-	-	146,100	38,915	65,689	1,256,207	1,451,066
Other		5,192	-	-	-	38,054	-	-	837,272	134,603
Capital expenditures		-	-	-	-	-	-	-	165,286	376,016
Debt service		-	-	-	-	-	-	-	154,670	278,383
Total expenditures		6,095	-	12,286	5,360	1,923,387	91,023	71,880	6,511,727	6,572,494
Excess (deficiency) of revenues over (under) expenditures		9,552	-	80,209	(5,360)	(25,864)	(3,333)	(4,260)	1,546,741	706,468
Other financing sources (uses):										
Transfers - in (out)		-	-	-	-	-	-	-	(1,660,699)	(346,780)
Total other financing sources (uses)		-	-	-	-	-	-	-	(1,660,699)	(346,780)
Net change in fund balances		9,552	-	80,209	(5,360)	(25,864)	(3,333)	(4,260)	(113,958)	359,688
Fund balances (deficit), beginning		27,692	9,681	1,326,228	2,710	158,334	54,231	24,436	3,561,428	3,201,740
Fund balances (deficit), ending	**$**	**37,244**	**9,681**	**1,406,437**	**(2,650)**	**132,470**	**50,898**	**20,176**	**3,447,470**	**3,561,428**

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those employed in the delivery of services accounted for in enterprise funds.

CSO Projects 2013
To account for the costs of approved combined sewer separation or holding tank projects. Funding source: Bonds.

Minor School Projects
To account for funds raised from the use of School athletic or artistic facilities, to be used for improvements to those facilities. Funding source: charges for use of athletic fields and facilities.

Public Access Building
To account for the costs of renovating and upgrading the Public Access building. This is being handled as a self-funded loan, to be repaid over 10 years from Cable Franchise Fees received by the City. Funding source: local funds.

Road Projects 2009
To account for the costs of reconstructing approved roads. Funding source: Bonds.

High School Renovation
To account for the costs of the Biddeford High School renovation project, which is in its final phase. Funding source: Bonds.

CSO Projects 2010
To account for the costs of approved combined sewer separation or holding tank projects. Funding source: Bonds.

Roof Replacement
To account for the costs of replacing all or portions of the roofs on the Public Works, Community Center and Teen Center buildings. Funding source: Bonds.

CSO Projects 2012
To account for the costs of approved combined sewer separation or holding tank projects. Funding source: Bonds and State Revolving Clean Water Fund grants.

Roads Projects 2016
To account for the costs of reconstructing approved roads. Funding source: Bonds.

CSO Projects 2017
To account for the costs of approved combined sewer separation or holding tank projects. Funding source: Bonds.

Exhibit D-1

CITY OF BIDDEFORD, MAINE
Combining Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2018
(with comparative totals for June 30, 2017)

	CSO Projects 2013	Minor School Projects	Public Access Building	Road Projects 2009	High School Renovation	CSO Projects 2010	Roof Replacement	CSO Projects 2012	Road Projects 2016	CSO Projects 2017	Totals 2018	Totals 2017
ASSETS												
Accounts Receivable	$ -	600	-	-	-	-	-	-	-	-	600	-
Trustee - held funds	-	-	-	-	-	-	-	-	-	-	-	7,190
Interfund loans receivable	968,663	282,633	-	1,430	1,207	2,177,827	19,975	-	4,196,793	4,017,500	11,666,028	13,795,932
Total assets	**$ 968,663**	**283,233**	**-**	**1,430**	**1,207**	**2,177,827**	**19,975**	**-**	**4,196,793**	**4,017,500**	**11,666,628**	**13,803,122**
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and other	471,052	390	-	1,430	-	-	-	9,780	-	92,500	575,152	725,724
Interfund loans payable	-	-	236,130	-	-	-	-	340,153	-	-	576,283	522,160
Total liabilities	471,052	390	236,130	1,430	-	-	-	349,933	-	92,500	1,151,435	1,247,884
Fund balances (deficits):												
Restricted	497,611	282,843	-	-	1,207	2,177,827	19,975	-	4,196,793	3,925,000	11,101,256	13,136,645
Unassigned	-	-	(236,130)	-	-	-	-	(349,933)	-	-	(586,063)	(581,407)
Total fund balances (deficit)	497,611	282,843	(236,130)	-	1,207	2,177,827	19,975	(349,933)	4,196,793	3,925,000	10,515,193	12,555,238
Total liabilities and fund balances	**$ 968,663**	**283,233**	**-**	**1,430**	**1,207**	**2,177,827**	**19,975**	**-**	**4,196,793**	**4,017,500**	**11,666,628**	**13,803,122**

Exhibit D-2

CITY OF BIDDEFORD, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	CSO Projects 2013	Minor School Projects	Public Access Building	Road Projects 2009	High School Renovation	CSO Projects 2010	Roof Replacement	CSO Projects 2012	Road Projects 2016	CSO Projects 2017	Totals 2018	Totals 2017
Revenues:												
Intergovernmental	$ -	-	-	478,000	-	-	-	-	-	-	478,000	-
Investment earnings	-	2,593	-	-	10	-	-	-	-	-	2,603	425
Other	-	195,074	-	-	-	-	-	-	-	-	195,074	739,877
Total revenues	-	197,667	-	478,000	10	-	-	-	-	-	675,677	740,302
Expenditures:												
Capital expenditures	576,815	830	-	423,798	-	-	-	63,903	1,257,354	147,881	2,470,581	2,547,611
Total expenditures	576,815	830	-	423,798	-	-	-	63,903	1,257,354	147,881	2,470,581	2,547,611
Excess (deficiency) of revenues over (under) expenditures	(576,815)	196,837	-	54,202	10	-	-	(63,903)	(1,257,354)	(147,881)	(1,794,904)	(1,807,309)
Other financing sources (uses):												
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	3,925,000
Transfer (out)/in	(27,000)	-	-	5,045	-	(366,022)	-	-	(5,045)	147,881	(245,141)	(9,515)
Total other financing sources (uses)	(27,000)	-	-	5,045	-	(366,022)	-	-	(5,045)	147,881	(245,141)	3,915,485
Net change in fund balances	(603,815)	196,837	-	59,247	10	(366,022)	-	(63,903)	(1,262,399)	-	(2,040,045)	2,108,176
Fund balances (deficit), beginning	1,101,426	86,006	(236,130)	(59,247)	1,197	2,543,849	19,975	(286,030)	5,459,192	3,925,000	12,555,238	10,447,062
Fund balances (deficit), ending	**$ 497,611**	**282,843**	**(236,130)**	**-**	**1,207**	**2,177,827**	**19,975**	**(349,933)**	**4,196,793**	**3,925,000**	**10,515,193**	**12,555,238**

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent Funds are established to account for resources donated by others and held in trust by the City to be used for specific purposes laid out under the requirements of the enabling documents.

Cemetery Fund
Holds money given for the upkeep of specific plots in the cemeteries throughout the City. The income is distributed annually to the caretaker of each cemetery in which the plots are located. The principal is maintained intact.

CITY OF BIDDEFORD, MAINE
Comparative Balance Sheet
Nonmajor Permanent Fund - Cemetery Fund
June 30, 2018 and 2017

		Totals	
		2018	**2017**
ASSETS			
Interfund loans receivable	$	39,872	39,388
Total assets		**39,872**	**39,388**
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other		-	-
Total liabilities		-	-
Fund balances:			
Nonspendable-principal		39,872	39,388
Total fund balances		39,872	39,388
Total liabilities and and fund balances	**$**	**39,872**	**39,388**

CITY OF BIDDEFORD, MAINE
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Fund - Cemetery Fund
For the year ended June 30, 2018 and 2017

		Totals	
		2018	**2017**
Revenues:			
Investment income	$	484	252
Total revenues		484	252
Expenditures:			
Program expenditures		-	-
Total expenditures		-	-
Net change in fund balances		484	252
Fund balances, beginning		39,388	39,136
Fund balances, ending	**$**	**39,872**	**39,388**

AGENCY FUNDS

Agency Funds hold the money of other agencies or organizations for which the City or School Department is the disbursement and accounting agent. These are:

Student Activity Funds
Students at the schools collect money for various school-related activities.

Biddeford-Saco-Old Orchard Beach Transit Fund
A regional public transportation Committee for which the City is the fiscal agent.

Exhibit F-1

CITY OF BIDDEFORD, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2018
(with comparative totals for June 30, 2017)

	Student Activity Funds	B-S-OOB Transit Fund	Totals 2018	Totals 2017
ASSETS				
Cash and cash equivalents	$ 281,759	400	282,159	220,833
Receivables	-	276,212	276,212	199,964
Inventories	-	213,720	213,720	172,769
Capital assets	-	4,828,513	4,828,513	4,184,164
Less accumulated depreciation	-	(2,696,278)	(2,696,278)	(2,387,192)
Total assets	**$ 281,759**	**2,622,567**	**2,904,326**	**2,390,538**
LIABILITIES				
Deposits held	281,759	2,393,187	2,674,946	2,233,254
Accounts payable and other	-	124,784	124,784	62,237
Accrued wages and related benefits	-	104,596	104,596	95,047
Total liabilities	**$ 281,759**	**2,622,567**	**2,904,326**	**2,390,538**

Exhibit F-2

CITY OF BIDDEFORD, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

SCHOOL ACTIVITY FUNDS	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	$ 220,533	432,817	(371,591)	281,759
Total assets	**$ 220,533**	**432,817**	**(371,591)**	**281,759**
LIABILITIES				
Funds held for student activities	220,533	432,817	(371,591)	281,759
Total liabilities	**$ 220,533**	**432,817**	**(371,591)**	**281,759**
B-S-OOB TRANSIT FUND				
ASSETS				
Cash and cash equivalents	$ 300	2,149,681	(2,149,581)	400
Receivables	199,964	76,248	-	276,212
Inventories	172,769	40,951	-	213,720
Capital assets	4,184,164	702,523	(58,174)	4,828,513
Less accumulated depreciation	(2,387,192)	(355,118)	46,032	(2,696,278)
Total assets	**$ 2,170,005**	**2,614,285**	**(2,161,723)**	**2,622,567**
LIABILITIES				
Deposits held	2,012,721	380,466	-	2,393,187
Accounts payable and other	62,237	62,547	-	124,784
Accrued wages and related benefits	95,047	9,549	-	104,596
Total liabilities	**$ 2,170,005**	**452,562**	**-**	**2,622,567**

STATISTICAL SECTION

STATISTICAL INFORMATION

The following statistical tables are provided to give a historical perspective and to assist in assessing the current financial status of the City. The tables do not provide full financial information for prior years and are provided for supplementary analysis purposes only.

Sources: Unless otherwise indicated, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

CITY OF BIDDEFORD, MAINE
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	$ 29,441,767	$ 41,388,042	$ 40,832,857	$ 43,018,317	$ 39,778,498	$ 40,857,902	$ 41,334,903	$ 39,924,699	$ 36,099,323	$ 44,650,155
Restricted	1,886,821	5,627,132	5,666,312	3,014,394	3,495,199	4,325,930	4,234,908	10,610,056	17,856,062	5,375,965
Unrestricted	6,555,556	(2,696,227)	(2,347,544)	(1,968,917)	(2,375,044)	(3,698,562)	(11,341,779)	(16,468,822)	(19,823,718)	(16,680,283)
Total governmental activities net position	$ 37,884,144	$ 44,318,947	$ 44,151,625	$ 44,063,794	$ 40,898,653	$ 41,485,270	$ 34,228,032	$ 34,065,933	$ 34,131,667	$ 33,345,837
Business-type activities:										
Net investment in capital assets	$ 14,887,937	$ 15,362,984	$ 15,783,583	$ 16,059,846	$ 17,348,594	$ 17,336,048	$ 19,335,460	$ 19,499,730	$ 20,299,264	$ 20,212,104
Unrestricted	(2,407,554)	(2,378,417)	(1,666,579)	(1,210,582)	(2,063,713)	(2,689,520)	(3,302,701)	(3,039,422)	(2,529,952)	(2,135,259)
Total business-type activities net position	$ 12,480,383	$ 12,984,567	$ 14,117,004	$ 14,849,264	$ 15,284,881	$ 14,646,528	$ 16,032,759	$ 16,460,308	$ 17,769,312	$ 18,076,845
Primary government:										
Net investment in capital assets	$ 43,859,011	$ 56,751,026	$ 56,616,440	$ 59,078,163	$ 57,127,092	$ 58,193,950	$ 60,670,363	$ 59,424,429	$ 56,398,587	$ 64,862,259
Restricted	2,357,514	5,627,132	5,666,312	3,014,394	3,495,199	4,325,930	4,234,908	10,610,056	17,856,062	5,375,965
Unrestricted	4,148,002	(5,074,644)	(4,014,123)	(3,179,499)	(4,438,757)	(6,388,082)	(14,644,480)	(19,508,244)	(22,353,670)	(18,815,542)
Total primary government net position	**$ 50,364,527**	**$ 57,303,514**	**$ 58,268,629**	**$ 58,913,058**	**$ 56,183,534**	**$ 56,131,798**	**$ 50,260,791**	**$ 50,526,241**	**$ 51,900,979**	**$ 51,422,682**

Note: The City adopted the GASB Standard No. 68 in fiscal year 2015 and in 2018 GASB Standard No 75 was implmented. Prior periods have not be restated.

CITY OF BIDDEFORD, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	6,361,352	7,182,995	6,965,753	7,133,184	7,135,077	7,213,598	5,689,682	8,488,566	8,045,938	11,349,919
Public services	2,025,787	2,476,355	2,477,752	3,272,942	2,520,933	2,976,842	2,962,241	2,880,101	3,714,079	3,509,145
Public safety	9,631,286	9,787,209	10,630,433	10,700,435	11,334,699	11,675,369	12,520,924	12,318,913	13,220,577	10,369,650
Public works	6,734,356	5,342,414	8,273,532	5,798,250	6,274,135	7,094,651	8,464,269	8,131,429	8,674,146	6,886,005
Education	32,643,628	35,978,299	35,480,151	35,408,497	35,233,475	36,174,680	36,504,972	36,999,526	38,949,458	41,166,826
Debt service - interest	1,872,530	1,303,269	1,297,943	2,395,263	2,476,806	2,306,996	2,439,097	1,950,048	1,171,200	1,516,124
Supplies	817,236	-	-	-	-	-	-	-	-	-
Capital maintenance expenditures	507,174	-	-	-	-	-	-	-	-	-
Program expenses	4,001,883	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	64,595,232	62,070,541	65,125,564	64,708,571	64,975,125	67,442,136	68,581,185	70,768,583	73,775,398	74,797,669
Business-type activities:										
Wastewater Fund	4,191,800	4,012,449	3,627,860	3,840,915	3,884,335	4,509,142	4,002,075	3,629,422	4,125,537	3,850,164
Parking Fund	-	-	-	-	-	-	-	-	7,890	77,042
Total business-type activities expenses	4,191,800	4,012,449	3,627,860	3,840,915	3,884,335	4,509,142	4,002,075	3,629,422	4,133,427	3,927,206
Total primary government expenses	**68,787,032**	**66,082,990**	**68,753,424**	**68,549,486**	**68,859,460**	**71,951,278**	**72,583,260**	**74,398,005**	**77,908,825**	**78,724,875**
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,738,269	824,355	784,557	792,844	752,284	732,172	797,198	955,316	1,750,265	988,880
Public services	12,019	872,750	1,061,824	884,587	946,055	915,415	884,383	780,586	909,199	721,052
Public safety	1,092,969	1,875,003	1,352,136	1,521,859	1,752,360	1,692,299	2,303,884	1,979,822	1,883,108	2,222,497
Public works	426,455	1,511,421	1,478,499	515,158	392,219	391,518	539,411	252,317	253,579	292,489
Education	63,760	2,242,917	940,488	790,266	567,481	674,026	879,150	716,187	808,819	881,099
Program expenses	1,496,488	-	-	-	-	-	-	-	-	-
Operating grants and contributions	19,322,882	19,262,460	18,264,009	17,947,650	16,117,527	16,637,947	17,005,710	17,018,734	17,827,353	19,481,650
Capital grants and contributions	-	2,406,493	910,322	684,421	482,716	432,042	290,837	-	-	673,074
Total governmental activities program revenues	24,152,842	28,995,399	24,791,835	23,136,785	21,010,642	21,475,419	22,700,573	21,702,962	23,432,323	25,260,741
Business-type activities:										
Charges for services:										
Wastewater Fund	3,869,484	3,766,633	4,279,297	3,606,760	3,559,690	3,370,789	3,263,768	3,516,971	3,753,163	3,453,198
Parking Fund	-	-	-	-	-	-	-	-	25,600	38,400
Capital grants and contributions	-	-	-	203,915	220,262	-	1,584,538	-	1,123,668	-
Total business-type activities program revenues	3,869,484	3,766,633	4,279,297	3,810,675	3,779,952	3,370,789	4,848,306	3,516,971	4,902,431	3,491,598
Total primary government program revenues	**28,022,326**	**32,762,032**	**29,071,132**	**26,947,460**	**24,790,594**	**24,846,208**	**27,548,879**	**25,219,933**	**28,334,754**	**28,752,339**
Net (expense)/revenue										
Governmental activities	(40,442,390)	(33,075,142)	(40,333,729)	(41,633,440)	(43,964,483)	(45,966,717)	(45,880,612)	(49,065,621)	(50,343,075)	(49,536,928)
Business-type activities	(322,316)	(245,816)	651,437	(30,240)	(104,383)	(1,138,353)	846,231	(112,451)	769,004	(435,608)
Total primary government net expense	**(40,764,706)**	**(33,320,958)**	**(39,682,292)**	**(41,663,680)**	**(44,068,866)**	**(47,105,070)**	**(45,034,381)**	**(49,178,072)**	**(49,574,071)**	**(49,972,536)**

CITY OF BIDDEFORD, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, interest and costs	$ 35,279,163	$ 35,356,421	$ 35,811,316	$ 37,270,253	$ 40,592,724	$ 41,776,524	$ 42,554,790	$ 44,001,296	$ 44,917,089	$ 46,141,891
Excise taxes	2,537,160	2,411,248	2,416,091	2,460,178	2,598,807	2,757,196	2,907,677	3,085,887	3,337,377	3,466,666
Payments in lieu of taxes	23,915	23,960	36,501	225,178	130,662	137,364	160,917	192,914	201,326	196,460
Unrestricted grants and contributions	2,299,656	2,248,859	2,040,003	2,182,339	2,197,369	1,809,072	1,838,931	1,962,114	2,126,537	2,437,397
Unrestricted investment earnings	282,280	155,911	213,920	143,058	186,709	190,932	114,977	125,731	260,023	262,168
Miscellaneous	58,623	63,547	129,576	88,757	82,076	382,246	82,844	75,580	106,457	93,200
Transfers	(762,500)	(750,000)	(481,000)	(762,500)	(540,000)	(500,000)	(540,000)	(540,000)	(540,000)	(641,141)
Special items	-	-	-	-	(4,449,005)	-	-	-	-	-
Total governmental activities	**$ 39,718,297**	**$ 39,509,946**	**$ 40,166,407**	**$ 41,607,263**	**$ 40,799,342**	**$ 46,553,334**	**$ 47,120,136**	**$ 48,903,522**	**$ 50,408,809**	**$ 51,956,641**
Business-type activities:										
Transfers	762,500	750,000	481,000	762,500	540,000	500,000	540,000	540,000	540,000	641,141
Total business-type activities	**762,500**	**750,000**	**481,000**	**762,500**	**540,000**	**500,000**	**540,000**	**540,000**	**540,000**	**641,141**
Total primary government	**$ 40,480,797**	**$ 40,259,946**	**$ 40,647,407**	**$ 42,369,763**	**$ 41,339,342**	**$ 47,053,334**	**$ 47,660,136**	**$ 49,443,522**	**$ 50,948,809**	**$ 52,597,782**
Change in Net Position										
Governmental activities	(724,093)	6,434,804	(167,322)	(87,831)	(3,165,141)	586,617	1,239,524	(162,099)	65,734	2,419,713
Business-type activities	440,184	504,184	1,132,437	732,260	435,617	(638,353)	1,386,231	427,549	1,309,004	205,533
Total primary government	**$ (283,909)**	**$ 6,938,988**	**$ 965,115**	**$ 644,429**	**$ (2,729,524)**	**$ (51,736)**	**$ 2,625,755**	**$ 265,450**	**$ 1,374,738**	**$ 2,625,246**

CITY OF BIDDEFORD, MAINE
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(dollar amounts expressed in thousands)

Fiscal Year	Property Tax	Excise Tax	Total
2018	$ 46,048	$ 3,467	$ 49,515
2017	44,816	3,337	48,153
2016	43,815	3,087	46,902
2015	42,278	2,908	45,186
2014	41,561	2,757	44,318
2013	40,345	2,599	42,944
2012	37,093	2,460	39,553
2011	35,604	2,416	38,020
2010	35,356	2,411	37,767
2009	35,279	2,537	37,816

Table 4

CITY OF BIDDEFORD, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010*	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable (formerly reserved)	$ 229,856	$ 182,951	$ 104,927	$ 284,925	$ 325,532	$ 362,038	$ 602,379	$ 563,695	$ 594,951	$ 736,672
Restricted (formerly unreserved, designated)	-	2,675,098	2,199,663	1,480,569	1,359,456	2,355,091	2,351,559	2,858,214	2,285,096	2,408,164
Assigned (formerly unreserved, designated)	4,589,189	1,445,191	1,797,403	1,273,171	1,005,523	559,097	580,487	1,129,196	1,316,840	2,387,140
Unassigned (formerly undesignated)	3,429,595	3,686,780	2,931,021	2,544,196	3,136,240	1,915,406	1,723,143	2,310,409	2,983,231	2,222,152
Total general fund	**$ 8,248,640**	**$ 7,990,020**	**$ 7,033,014**	**$ 5,582,861**	**$ 5,826,751**	**5,191,632**	**$ 5,257,568**	**$ 6,861,514**	**$ 7,180,118**	**$ 7,754,128**
All Other Governmental Funds										
Nonspendable (formerly reserved)	$ 826,365	$ 55,024	$ 59,871	$ 61,376	$ 61,812	$ 67,219	$ 65,894	$ 60,613	$ 81,214	$ 68,171
Restricted (formerly reserved)	1,542,656	9,907,792	25,783,066	7,360,124	10,650,412	9,640,377	7,779,582	7,691,229	15,489,752	13,696,861
Committed (formerly unreserved, undesignated)	2,437,700	2,899,833	1,187,935	3,247,610	3,206,386	3,559,643	3,400,029	1,157,321	1,583,042	1,491,054
Unassigned (negative balances only)	-	(1,924,096)	(135,214)	(658,511)	(506,242)	(469,953)	(532,593)	(680,417)	(997,954)	(1,253,551)
Total all other governmental funds	**$ 4,806,721**	**$ 10,938,553**	**$ 26,895,658**	**$ 10,010,599**	**$ 13,412,368**	**$ 12,797,286**	**$ 10,712,912**	**$ 8,228,746**	**$ 16,156,054**	**$ 14,002,535**

* The City is in compliance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," as of June 30, 2010. Earlier categories are noted in parentheses ().
Fund balance types for years prior 2010 have been reclassified to the best extent possible to conform to the new definitions.

Table 4A

CITY OF BIDDEFORD, MAINE
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollar amounts expressed in thousands)

Fiscal Year	Real estate	Personal property	Excise tax	Total
2018	$ 45,253	1,255	3,467	49,974
2017	43,759	1,415	3,337	48,511
2016	42,870	1,531	3,083	47,484
2015	41,097	1,406	2,900	45,403
2014	40,202	1,484	2,757	44,443
2013	38,654	1,507	2,599	42,760
2012	35,935	1,575	2,460	39,970
2011	34,139	1,597	2,416	38,152
2010	33,867	1,542	2,409	37,818
2009	33,711	1,697	2,532	37,940

CITY OF BIDDEFORD, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	$ 37,699,868	$ 37,873,476	$ 38,056,679	$ 39,978,359	$ 43,406,442	$ 44,483,148	$ 45,672,627	$ 47,484,477	$ 48,511,496	$ 49,974,308
Licenses, permits, fees and charges for svcs.	3,160,843	3,282,937	3,453,116	3,663,434	3,550,933	3,576,888	3,980,054	3,862,824	3,715,708	4,090,855
Intergovernmental	21,622,538	23,917,812	21,214,334	20,814,410	18,797,612	18,454,544	19,153,635	18,980,848	19,953,890	22,397,047
Investment earnings	103,506	267,014	377,755	119,876	277,076	190,932	114,977	125,731	260,023	262,168
Other	541,230	1,673,391	727,826	1,235,803	754,995	1,134,349	1,229,823	896,986	1,995,719	1,303,436
Total revenues	$ 63,127,985	$ 67,014,630	$ 63,829,710	$ 65,811,882	$ 66,787,058	$ 67,839,861	$ 70,151,116	$ 71,350,866	$ 74,436,836	$ 78,027,814
Expenditures										
General government	4,186,283	3,664,310	3,842,699	3,948,051	4,233,407	4,454,329	4,417,062	4,556,574	4,700,174	9,158,195
Public services	1,607,850	1,671,692	1,561,041	1,567,639	1,653,722	1,686,415	1,651,031	1,610,272	1,687,658	1,523,494
Public safety	9,252,072	9,543,722	10,016,372	10,076,847	10,675,805	11,085,652	11,866,596	11,742,905	12,474,899	9,756,561
Public works	5,546,485	5,303,478	4,890,603	4,736,391	5,088,601	5,510,515	5,722,488	5,429,610	5,757,532	4,611,914
Education and libraries	32,488,391	30,756,903	30,120,822	29,201,826	30,235,540	30,705,072	31,982,549	32,088,859	33,452,802	35,983,638
County tax	1,215,160	1,213,772	1,274,831	1,281,101	1,303,501	1,896,950	1,250,633	1,228,999	1,217,090	1,235,647
Other	243,688	1,554,029	1,077,692	1,413,925	344,488	503,433	851,523	588,703	134,603	837,272
Debt service (including education debt service):										
Principal	2,226,207	2,243,468	2,570,098	4,121,378	4,180,705	4,197,644	3,921,765	4,321,073	5,448,700	4,430,357
Interest	1,872,530	1,322,016	1,297,943	2,395,263	1,971,850	2,306,996	2,439,097	1,950,048	1,171,200	1,516,124
Capital outlays	507,174	5,869,114	19,339,940	14,648,309	12,502,294	1,771,893	3,939,996	2,833,882	5,467,769	4,905,325
Equipment and Supplies, other than General Fund	817,236	1,281,926	1,023,090	906,405	794,809	896,144	968,394	793,311	906,221	739,071
Program expenditures, other than Gen. Fund	3,599,320	3,888,253	4,261,981	5,274,175	3,641,620	3,330,340	3,584,154	3,411,437	3,426,205	3,359,221
Contracted services, other than Gen. Fund	402,563	421,025	390,696	288,256	295,287	244,678	538,673	1,491,732	1,451,066	1,256,207
Total expenditures	$ 63,964,959	$ 68,733,708	$ 81,667,808	$ 79,859,566	$ 76,921,629	$ 68,590,061	$ 73,133,961	$ 72,047,405	$ 77,295,919	$ 79,313,026
Deficiency of revenues under expenditures	(836,974)	(1,719,078)	(17,838,098)	(14,047,684)	(10,134,571)	(750,200)	(2,982,845)	(696,539)	(2,859,083)	(1,285,212)
Other financing sources (uses)										
Transfers - in	235,766	797,580	194,140	44,384	88,109	105,006	247,077	202,215	466,295	1,929,557
Transfers - out	(985,766)	(1,547,580)	(675,140)	(806,884)	(628,109)	(605,006)	(787,077)	(742,215)	(1,006,295)	(2,570,698)
Use of escrow funds	-	-	-	15,762	-	-	-	-	-	-
Payment to refunding escrow	-	-	-	-	-	-	-	-	(27,256,283)	-
Proceeds from bond/note sales	592,110	12,430,000	32,535,000	-	8,960,205	-	-	-	34,584,462	346,844
Proceeds from bond premium	-	-	84,966	-	106,207	-	600,000	-	3,450,402	-
Payment to refinance lease	-	-	-	-	-	-	-	(1,369,541)	-	-
Proceeds from capital leases	2,067,840	151,200	699,231	381,374	1,331,654	-	577,598	1,725,860	866,414	-
Total other financing sources (uses)	1,909,950	11,831,200	32,838,197	(365,364)	9,858,066	(500,000)	637,598	(183,681)	11,104,995	(294,297)
Net change in fund balances	**$ 1,072,976**	**$ 10,112,122**	**$ 15,000,099**	**$ (14,413,048)**	**$ (276,505)**	**$ (1,250,200)**	**$ (2,345,247)**	**$ (880,220)**	**$ 8,245,912**	**$ (1,579,509)**
Debt service as a percentage of noncapital expenditures	6.5%	5.7%	6.2%	10.0%	9.6%	9.7%	9.2%	9.1%	9.1%	7.9%

CITY OF BIDDEFORD, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Real Property (1) Commercial Property	Real Property (1) Residential Property	Personal Property	Tax Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
2018	$ 452,491	$ 2,120,822	$ 62,526	$ 355,027	$ 2,280,812	$ 20.07	$ 2,288,700	99.7%
2017	417,481	2,102,561	71,258	335,372	2,255,928	19.86	2,263,350	99.7%
2016	401,655	2,081,678	103,735	329,436	2,257,633	19.47	2,226,350	101.4%
2015	389,672	2,075,971	98,620	326,443	2,237,820	18.99	2,228,800	100.4%
2014	411,505	2,247,411	110,305	326,423	2,442,798	17.53	2,252,250	108.5%
2013	464,065	2,212,792	91,073	344,044	2,423,886	16.54	2,290,750	105.8%
2012	466,719	2,241,340	102,126	378,877	2,431,308	15.42	2,407,100	101.0%
2011	463,702	2,221,753	120,522	317,946	2,488,031	14.70	2,446,300	101.7%
2010	457,663	2,201,445	121,691	308,813	2,471,986	14.78	2,513,900	98.3%
2009	453,494	2,167,019	120,118	285,196	2,455,435	14.78	2,537,550	96.8%

SOURCE: Biddeford Assessor's office.

(1) The City implemented a full revaluation for fiscal 2015.

(2) Estimated actual valuation amounts are the state equalized values published by Maine Revenue Services.

Table 7

CITY OF BIDDEFORD, MAINE.
Principal Property Taxpayers
Years Ended June 30, 2018 and 2009
(amounts expressed in thousands)

	2018			2009		
Taxpayer - Type of business	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Market Basket/Demoulas Retail shopping center	$ 42,431	1	1.86%	$		
Central Maine Power Electric utility	21,504	2	0.94%	10,121	9	0.41%
Wal-Mart Retailer	15,648	3	0.69%	18,469	4	0.75%
Maine Water Co. Water utility	12,464	4	0.55%			
Flowers Baking Co. of Biddeford Wholesale bakery	12,243	5	0.54%			
North Dam LLC Retail/Property management	11,837	6	0.52%			
Target Corp. Retailer	11,801	7	0.52%	12,020	6	0.49%
BVH Biddeford LLC Retail shopping center	9,634	8	0.42%	13,230	5	0.54%
HD Development of Maryland Home center	9,624	9	0.42%	11,354	7	0.46%
Alfred Road Properties Property management	9,162	10	0.40%			
Maine Energy Trash to energy plant				61,260	1	2.49%
IBC Corp Wholesale bakery				37,890	2	1.54%
Biddeford Crossing Retail shopping center				37,202	3	1.52%
Biddeford Medical/Primecare Medical				10,952	8	0.45%
Volk Packaging Manufacturer				9,752	10	0.40%
Totals	**$ 156,348**		**6.85%**	**$ 222,250**		**9.05%**

SOURCE: Biddeford Assessor's office

Table 8

CITY OF BIDDEFORD, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Direct Tax rate	Tax Levy Original	Tax Levy Adjusted	Collections/ abatements original tax year	Percent	Subsequent Years' Collections	Cumulative To June 30, Amount	Cumulative To June 30, Percent	Taxes receivable June 30,
2018	$ 20.07	$ 45,775,903	$ 45,750,731	$ 44,907,876	98.16%	$ -	$ 44,907,876	98.16%	$ 842,855
2017	19.86	44,802,728	44,804,509	44,047,317	98.31%	478,174	44,525,491	99.38%	279,018
2016	19.47	43,956,107	43,970,596	43,171,781	98.18%	735,117	43,906,898	99.86%	63,698
2015	18.99	42,496,196	42,627,313	41,338,850	96.98%	1,248,257	42,587,107	99.91%	40,206
2014	17.53	41,687,159	41,720,225	40,329,627	96.67%	1,335,872	41,665,499	99.87%	54,726
2013	16.54	40,091,029	40,160,556	38,587,124	96.08%	1,527,116	40,114,240	99.88%	46,316
2012	15.42	37,490,775	37,510,646	36,059,137	96.13%	1,406,401	37,465,538	99.88%	45,108
2011	14.70	35,719,614	35,752,989	34,577,678	96.71%	1,140,617	35,718,295	99.90%	34,694
2010	14.78	35,496,141	35,522,163	34,326,253	96.63%	1,138,488	35,464,741	99.84%	57,422
2009	14.78	35,379,711	35,407,291	34,273,995	96.80%	1,121,102	35,395,097	99.97%	12,194

Table 8A

CITY OF BIDDEFORD, MAINE
Components of Direct Property Tax Rate
Last Ten Fiscal Years
(rate expressed in tax dollars per thousand dollars of valuation)

Fiscal Year	Education Rate	City Rate	County Rate	Total Direct Rate
2018	$ 9.76	$ 9.74	$ 0.57	$ 20.07
2017	10.03	9.27	0.56	19.86
2016	9.97	8.96	0.54	19.47
2015	9.80	8.61	0.58	18.99
2014	9.17	7.81	0.55	17.53
2013	8.72	7.29	0.53	16.54
2012	8.19	6.71	0.52	15.42
2011	7.19	6.99	0.52	14.70
2010	7.25	7.03	0.50	14.78
2009	7.48	6.80	0.50	14.78

CITY OF BIDDEFORD, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

	Governmental Activities		Business-type Activities		Primary Government				
Fiscal Year	General Obligation Bonds/Notes	Capital Leases	General Obligation Bonds/Notes	Capital Leases	General Obligation Bonds/ Notes	Capital Leases	Total Outstanding Debt	Percentage of Personal Income	Per Capita
2018	$ 56,943	$ 3,526	$ 4,457	$ 46	$ 61,400	$ 3,572	$ 64,972	6.37%	$ 3,024
2017	60,042	4,293	5,014	63	65,056	4,356	69,412	6.92%	3,249
2016	54,197	4,108	5,720	79	59,917	4,187	64,104	6.44%	3,009
2015	57,602	4,431	6,279	100	63,881	4,531	68,412	6.90%	3,206
2014	60,578	4,561	6,963	110	67,541	4,671	72,212	7.41%	3,391
2013	64,106	5,325	7,647	169	71,753	5,494	77,247	8.25%	3,625
2012	58,391	4,670	8,331	114	66,722	4,784	71,506	7.98%	3,344
2011	61,636	5,122	9,015	162	70,651	5,284	75,935	8.62%	3,569
2010	30,952	5,294	9,644	175	40,596	5,469	46,065	5.19%	2,154
2009	24,488	5,882	10,554	214	35,042	6,096	41,138	4.75%	1,918

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 10

CITY OF BIDDEFORD, MAINE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Total General Obligation Bonds/ Notes	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2018	$ 61,400	2.7%	$ 2,857
2017	65,056	2.9%	3,045
2016	59,917	2.7%	2,813
2015	63,881	2.9%	2,994
2014	67,541	3.0%	3,172
2013	71,753	3.1%	3,367
2012	66,722	2.8%	3,120
2011	70,651	2.9%	3,321
2010	40,596	1.6%	1,899
2009	35,042	1.4%	1,634

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF BIDDEFORD, MAINE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Overlapping debt:			
York County	$ 3,900	7.31%	$ 285
Subtotal, overlapping debt			285
City of Biddeford direct debt			61,400
Total direct and overlapping debt			**$ 61,685**

* The City's share of York County debt is calculated on the City's state valuation as a percentage of the entire County's state valuation. The City's share of Transit debt is one third, based on equal ownership among three municipalities.

CITY OF BIDDEFORD, MAINE
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed value per State	$ 2,537,550	$ 2,513,900	$ 2,446,300	$ 2,407,100	$ 2,290,750	$ 2,252,250	$ 2,228,800	$ 2,226,350	$ 2,263,350	$ 2,288,700
Total debt limit - all purposes - 15% of assessed value	$ 380,633	$ 377,085	$ 366,945	$ 361,065	$ 343,613	$ 337,838	$ 334,320	$ 333,953	$ 339,503	$ 343,305
Less outstanding debt applicable to debt limit	35,042	40,726	70,651	66,722	71,753	67,541	63,881	59,917	65,056	61,400
Legal debt margin	$ 345,591	$ 336,359	$ 296,294	$ 294,343	$ 271,860	$ 270,297	$ 270,439	$ 274,035	$ 274,446	$ 281,905
Total outstanding debt applicable to the limit as a percentage of debt limit	9.21%	10.80%	19.25%	18.48%	20.88%	19.99%	19.11%	17.94%	19.16%	17.88%

The debt limit is restricted by State statute based on the assessed value per the State above and the percentages below.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Municipal purposes - 7.5%										
Debt limit	$ 190,316	$ 188,543	$ 183,473	$ 180,533	$ 171,806	$ 168,919	$ 167,160	$ 166,976	$ 169,751	$ 171,653
Less outstanding debt applicable to debt limit	5,947	9,132	13,687	12,862	13,754	13,055	12,906	12,020	18,934	17,559
Debt margin for municipal purposes	$ 184,369	$ 179,411	$ 169,786	$ 167,671	$ 158,052	$ 155,864	$ 154,254	$ 154,956	$ 150,817	$ 154,094
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	3.12%	4.84%	7.46%	7.12%	8.01%	7.73%	7.72%	7.20%	11.15%	10.23%
School purposes - 10%										
Debt limit	$ 253,755	$ 251,390	$ 244,630	$ 240,710	$ 229,075	$ 225,225	$ 222,880	$ 222,635	$ 226,335	$ 228,870
Less outstanding debt applicable to debt limit	18,541	17,087	47,948	45,529	44,610	42,116	39,622	37,127	34,626	33,547
Debt margin for school purposes	$ 235,214	$ 234,303	$ 196,682	$ 195,181	$ 184,465	$ 183,109	$ 183,258	$ 185,508	$ 191,709	$ 195,323
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	7.31%	6.80%	19.60%	18.91%	19.47%	18.70%	17.78%	16.68%	15.30%	14.66%
Storm and sanitary sewer purposes - 7.5%										
Debt limit	$ 190,316	$ 188,543	$ 183,473	$ 180,533	$ 171,806	$ 168,919	$ 167,160	$ 166,976	$ 169,751	$ 171,653
Less outstanding debt applicable to debt limit	10,554	14,507	9,015	8,331	12,249	12,371	11,353	10,770	11,496	10,294
Debt margin for sewer purposes	$ 179,762	$ 174,036	$ 174,458	$ 172,202	$ 159,557	$ 156,548	$ 155,807	$ 156,206	$ 158,255	$ 161,359
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	5.55%	7.69%	4.91%	4.61%	7.13%	7.32%	6.79%	6.45%	6.77%	6.00%
Maximum total debt limit - 15%	$ 380,633	$ 377,085	$ 366,945	$ 361,065	$ 343,613	$ 337,838	$ 334,320	$ 333,953	$ 339,503	$ 343,305

CITY OF BIDDEFORD, MAINE
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (000's)	Per Capita Income (4)	Median Age (1)	Educational Attainment of Population Over 25, Diplomas Achieved (1) High School	Bachelors	Advanced	School Enrollment (2)	Unemployment Rate (3)
2018	21,488	$ 1,019,928	$ 47,465	33.8	88.4%	22.9%	NA	2,440	3.0%
2017	21,362	1,002,732	46,940	34.6	91.6%	29.0%	NA	2,401	3.2%
2016	21,303	994,786	46,697	35.4	89.3%	22.9%	6.6%	2,414	3.3%
2015	21,337	991,338	46,461	35.6	89.0%	22.5%	6.8%	2,457	3.8%
2014	21,294	974,243	45,752	35.3	88.1%	22.3%	6.5%	2,477	4.5%
2013	21,309	936,744	43,960	38.6	86.4%	20.9%	5.5%	2,487	5.2%
2012	21,386	896,095	41,901	38.3	85.2%	19.8%	5.6%	2,568	6.1%
2011	21,277	881,123	41,412	38.3	84.1%	19.3%	5.0%	2,630	6.1%
2010	21,383	887,865	41,522	37.4	81.1%	17.7%	4.4%	2,611	6.4%
2009	21,448	865,491	40,353	36.9	82.2%	18.7%	4.0%	2,740	6.8%

Sources:

(1) U.S. Bureau of Census, Portland/South Portland/Biddeford Metropolitan Area or City of Biddeford, as available (Census 2014 5-year estimate).

(2) Biddeford School Department

(3) Center for Workforce Research and Information

(4) Bureau of Economic Analysis Portland/South Portland/2014.

Table 14

CITY OF BIDDEFORD, MAINE
Principal Private Employers
Years Ended June 30, 2018 and 2009

		2018		2009	
Company	**Type of Business**	**Number of Employees**	**Rank**	**Number of Employees**	**Rank**
Southern Maine Medical Center	Hospital	1,427	1	1,000	1
University of New England	Higher Education	819	2	450	2
Market Basket	Supermarket	300	3		
AVX Tantalum	Capacitor Manufacturer	250	4	260	5
Wal-Mart	Retailer	230	5	248	6
Fiber Materials Inc.	Insulation Manufacturer	185	6		
Hannaford	Supermarket	178	7	220	7
Home Depot	Retailer	150	8		
Maine Behavioral Healthcare	Health Care Agency	150	9		
Southridge Rehab and Living Ctr.	Health Care Facility	112	10		
Biddeford Textile	Textile Manufacturer			380	3
West Point Stevens	Textile Manufacturer			360	4
Shaw's	Supermarket			157	8
Valmet, Inc.	Metal Products			150	9
GrafTech/FMI	Composites Manufacturer			130	10

Source: Biddeford Economic Development Office
Notes: Total local employment is not an available statistic.

CITY OF BIDDEFORD, MAINE
Full-time Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
City Clerk	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	5.00
Assessing	4.00	4.00	4.00	3.50	3.50	3.50	3.07	3.00	3.00	3.00
Finance and Tax	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Information Technology	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources	2.00	2.00	2.00	1.00	1.30	1.30	1.30	1.30	1.30	1.30
Planning and Development	5.00	5.00	4.50	3.56	3.56	3.56	3.56	5.00	5.00	5.00
Code Enforcement	6.00	6.00	6.00	6.10	6.10	6.10	6.10	5.00	5.00	5.00
Public Services										
Facilities Maintenance	5.00	6.00	6.00	6.13	6.25	6.25	4.30	3.00	3.00	3.00
Recreation	7.00	7.00	7.00	6.13	6.13	6.13	6.10	5.00	5.00	5.00
Health and Welfare	3.00	3.00	2.00	2.00	2.00	3.00	3.00	2.00	2.00	2.00
Airport	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Access Television	2.00	2.00	3.50	3.00	3.93	3.93	3.88	3.00	3.00	3.00
Environmental Officer	1.00	1.00	1.00	0.70	0.70	0.10	0.10	0.00	0.00	0.00
Public Safety										
Fire Department	45.00	45.00	45.00	45.00	45.00	45.00	45.00	44.00	44.00	44.00
Police Department	53.00	54.00	54.00	50.00	49.00	50.00	51.00	56.00	56.00	56.00
Communications	14.00	14.00	14.00	16.00	16.00	17.00	17.00	15.00	15.00	15.00
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parking Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works										
Administration	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fleet Maintenance	11.00	11.00	11.00	11.00	11.00	11.00	11.00	9.00	9.00	9.00
Street Maintenance	20.00	20.00	20.00	20.00	19.00	19.00	19.00	20.00	20.00	20.00
Solid Waste	10.00	10.00	10.00	10.00	10.00	10.00	7.40	7.00	7.00	7.00
Parks Maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
Engineering	4.00	4.00	4.00	3.38	3.35	2.75	3.65	4.00	4.00	4.00
Education	368.00	368.00	354.00	335.00	328.00	327.00	329.00	337.20	380.00	385.00
Wastewater Treatment	18.00	18.00	18.00	18.13	17.95	18.44	18.84	18.00	18.00	18.00

Note: Neither the municipal nor the education departments have maintained their employment numbers on a full-time equivalent (FTE) basis. Many seasonal and part-time positions have not been included or converted to FTEs. The above represents the departments' best estimates of full-time positions for the various fiscal years. All of the positions may or may not have been filled as of June 30 of any given year.

Source: Biddeford Finance Department and School Business Office

CITY OF BIDDEFORD, MAINE
Assets and Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Code Enforcement										
Residential permits issued	491	496	444	374	337	339	386	451	447	366
Commercial/Industrial permits issued	19	11	15	7	23	2	3	31	75	196
Fire Department										
Stations	2	2	2	2	2	2	2	2	2	2
Emergency vehicles	14	14	14	14	14	14	14	14	14	14
Requests for service - fire	1,056	905	948	940	1,200	1,176	1,163	1,164	1,076	1,481
Requests for service - emergency medical	3,032	3,172	3,214	3,412	3,410	3,500	3,786	3,993	4,139	3,914
Police Department										
Patrol units	9	9	5	5	5	5	5	5	5	5
Requests for service (includes fire & EMS)	48,549	48,397	48,465	42,329	47,868	48,292	49,103	53,347	50,701	49,730
Public Works										
Miles of streets	131	131	131	131	131	131	131	131	131	131
Miles of streets improved	2	8	4	6	3	2	2	2	5	5
Solid waste trucks	3	3	3	3	3	3	3	3	3	3
Recyclables collected, tons	1,081	1,066	1,021	972	1,011	2,321	2,433	2,527	2,555	549
Recreation										
Parks	12	13	13	13	13	13	13	18	18	18
Park acreage	203	207	261	261	261	261	261	261	261	261
Public beaches, river	1	1	1	1	1	1	1	1	1	1
Public beaches, ocean	3	3	3	3	3	3	3	3	3	3
Skating rinks	2	2	2	2	2	2	2	2	2	2
Tennis courts	5	5	5	5	5	5	5	5	5	5
Education										
Schools	5	5	5	5	5	5	5	5	5	5
School buses	30	30	30	30	30	30	30	30	31	31
School students	2,740	2,611	2,630	2,568	2,487	2,477	2,457	2,414	2,401	2,440
Instructors	247	246	232	219	209	209	208	209	209	211
Wastewater Treatment										
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Miles of storm and sanitary sewers	93	93	93	94	94	94	94	94	94	94
Number of service connections	4,155	4,155	4,154	4,142	4,139	4,125	4,140	4,150	4,200	4,210
Maximum daily capacity x 1,000 gallons	10,042	10,042	10,042	10,042	10,042	10,042	10,042	10,042	10,042	10,042
Average daily treatment x 1,000 gallons	3,220	3,530	3,650	2,882	2,718	2,594	2,696	2,200	2,504	2,441

Source: Biddeford Finance Office and School Business Office

Runyon Kersteen Ouellette

Certified Public Accountants and Business Consultants

December 28, 2018

To the City Council and School Committee
City of Biddeford, Maine

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, Maine as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Biddeford, Maine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Biddeford, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Biddeford, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

During our audit, we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. They have been identified in the Schedule of Comments and Responses as "Other Comments".

We wish to express our appreciation for the cooperation and assistance we received from the officials and employees of the City of Biddeford, Maine during the course of our audit. We will review the status of these comments during our next audit engagement. We have already discussed them with various City and School personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The City of Biddeford Maine's responses to the other comments identified in our audit are described in the accompanying Schedule of Comments and Responses. The City of Biddeford, Maine's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, School Committee, and others within the City of Biddeford, Maine, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Runyon Kersteen Ouellette

OTHER COMMENTS

Gift Card Usage

As part of our control testing, we reviewed all of the credit card disbursements for the month of December 2017 to ensure that management is following the established controls. It was noted that several gift cards were purchased using credit cards without any documentation of who received them. As gift cards are treated like cash, they are highly susceptible to abuse. We suggest that management avoid the use of gift cards; however, if gift cards are purchased, management should ensure that a receipt form is signed by the gift card recipient to ensure they are being used and given out for their intended purpose.

Management response/corrective action plan: During the fire that displaced many citizens, we rushed out to get gift cards for Walmart and Hannaford to hand out for urgent essentials. We did not keep a log during the process of giving them out to the citizens. There are a few left, and General Assistance will keep a log of remaining cards, and any future cards that get purchased.

School Lunch Claims

During our testing of the School Nutrition Cluster, we found that management over reported 43 adult meals and 9 free meals for the January 2018 school lunch claim form. These errors did not cause a material effect on the reimbursement for the month, however accurate reporting is important to ensuring that all meals served are accounted for. We suggest that in the future, management assigns a second individual to compare the internal meal counts to the claim form prior to finalizing the claim. This will ensure that all meals are accurately reported to the State of Maine.

Management response/corrective action plan: The Business Manager will meet with the Food Service Director and devise a plan on how we can better maintain accurate meal counts for both staff and students.

RKO
Runyon Kersteen Ouellette

Certified Public Accountants and Business Consultants

December 28, 2018

City Council and School Committee
City of Biddeford, Maine

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, Maine for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting with the Mayor on June 19, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and the Uniform Guidance

As stated in our engagement letter dated June 18, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City of Biddeford, Maine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the City of Biddeford, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the City of Biddeford, Maine's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City of Biddeford, Maine's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City of Biddeford, Maine's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Biddeford, Maine are described in the notes to the financial statements. As described in the notes to the financial statements, the City of Biddeford, Maine adopted Statement of Governmental Accounting Standards (GASB Statement) No. 75. *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position. No other new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the City of Biddeford, Maine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were management's estimate of depreciation expense (which is based on estimated useful lives), allowance for uncollectible accounts (based on historical collection rates), other postemployment benefits obligation (based upon actuarial studies and other calculations), and net pension liability (based on actuarial studies). We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, some of which were material to the financial statements. See attached adjusting journal entries.

The attached report entitled "Passed Adjusting Journal Entries" lists the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated December 28, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Biddeford, Maine's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Biddeford, Maine's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of changes in total health plan OPEB liability and related ratios, schedule of City's proportionate share of net OPEB liability, schedule of City OPEB contributions, schedule of proportionate share of the net pension liability, and the schedule of City pension plan contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. We are also engaged to report on the schedule of expenditures of federal awards, which is included in a separate report and is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the information and use of the City Council, School Committee, and management of the City of Biddeford, Maine and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Runyon Kersteen Ouellette

Biddeford, City of
Adjusting Journal Entries Report
6/30/2018

Account		Debit	Credit
Adjusting Journal Entries JE # 1			
To bring current Sewer user fees to actual.			
601-1601-11601-994-996-10169	A/R-Sewer User Fee Current	23,404.19	
601-6001-35102-994-997-40249	Sewer User Fee Revenue		23,404.19
Total		**23,404.19**	**23,404.19**
Adjusting Journal Entries JE # 2			
To unwind prepaid lease account and bring amounts to actual at June 30, 2018.			
001-1001-11001-998-996-10153	Prepaid Equipment to be Leased	1,546.35	
001-4010-24105-998-979-40592	Lease Proceeds Revenue	168,480.05	
001-4098-24151-998-957-60602	Equipment Purchase Cap	957,240.40	
001-1001-11001-998-996-10100	Cash-Genl Acct-TD Bank		1,127,266.80
Total		**1,127,266.80**	**1,127,266.80**
Adjusting Journal Entries JE # 3			
PPAJE - To correct beginning balance of waste water 2017 refunding bond amount to actual based on new amortization schedules.			
601-2601-11601-994-998-20734	Bond Pay - 2017 Refunding	102,000.00	
601-3601-11601-994-999-30100	Unassigned Fund Balance		102,000.00
Total		**102,000.00**	**102,000.00**
Adjusting Journal Entries JE # 4			
To recognize depreciation expense on asset transferred from GF.			
601-6001-35102-994-997-60700	Depreciation Expense	8,742.02	
601-3601-11601-994-999-30600	Invested in Fixed Assets-City		8,742.02
Total		**8,742.02**	**8,742.02**
Adjusting Journal Entries JE # 5			
To move TIF payment to developer out of revenues and into expenditures.			
247-5011-31233-997-951-60757	TIF Expenditures	47,212.12	
247-5011-31233-997-951-40100	Current Property Tax Revenue		47,212.12
Total		**47,212.12**	**47,212.12**
Adjusting Journal Entries JE # 6			
To add a CIP amount improperly excluded from AP.			
402-5009-31153-999-954-60306	Other Prof/Consult Srvs Exp	217,354.90	
999-1999-11999-998-996-10805	Construction in Progress-City	217,354.90	
402-2402-11402-999-998-20100	A/P-City		217,354.90
999-3999-11999-998-999-30600	Invested in Fixed Assets-City		217,354.90
Total		**434,709.80**	**434,709.80**

Adjusting Journal Entries JE # 7			
To clear out PY balance in dog spay/neuter account as balance should be zero at year end.			
207-2207-11207-997-998-20202	D/T State-Dog Spay/Neut	3,539.50	
207-5001-31107-997-952-40225	Dog Spay/Neuter Lic Rev		3,539.50
Total		**3,539.50**	**3,539.50**

Adjusting Journal Entries JE # 8			
To remove 5% local portion for AIP per FAA contract.			
216-5002-31132-997-952-40431	Federal Share Grants Revenue	7,351.16	
216-1216-11216-997-996-10162	A/R-Miscellaneous		7,351.16
Total		**7,351.16**	**7,351.16**

City of Biddeford

Finance Department - (207) 284-9333
205 Main Street, P O Box 586
Biddeford, ME 04005
Fax (207) 571-0667

December 28, 2018

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, Maine 04106

This representation letter is provided in connection with your audit of the financial statements of the City of Biddeford, Maine, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 28, 2018, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 18, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.

9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

11) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
    d) Minutes of the meetings of the City Council and School Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the City and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.

17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.

22) We have a process to track the status of audit findings and recommendations.

23) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or fund balance or net position.

26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

27) We have identified and disclosed to you all instances which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

29) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

30) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

31) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

32) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

33) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

34) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

35) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.

36) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

37) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

38) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

39) Provisions for uncollectible receivables have been properly identified and recorded.

40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

45) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

46) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

47) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

48) With respect to the supplementary information other than RSI (schedule of expenditures of federal awards, introductory section, combining and individual fund financial statements and statistical section):

    a) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards, introductory section, combining and individual fund financial statements and statistical section in accordance with accounting principles generally accepted in the United States of America, and we believe the schedule of expenditures of federal awards, introductory section, combining and individual fund financial statements and statistical section, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the schedule of expenditures of federal awards, introductory section, combining and individual fund financial statements and statistical section have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the schedule of expenditures of federal awards, introductory section, combining and individual fund financial statements and statistical section are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

49) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards OR confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments, if applicable.*

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t) We have charged costs to federal awards in accordance with applicable cost principles.

u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Cheryl Fournier, City Finance Director

Terry A Gauvin

Terry Gauvin, School Business Manager

CITY OF BIDDEFORD
SCHOOL DEPARTMENT

Financial Statements

For the Year Ended June 30, 2018

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Financial Statements
For the Year Ended June 30, 2018

Table of Contents

RKO
Runyon Kersteen Ouellette
Certified Public Accountants and Business Consultants

Independent Auditor's Report

Biddeford School Committee
City of Biddeford, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Biddeford, Maine School Department as of and for the year ended June 30, 2018, and the related notes to the 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.

Auditor's 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 from 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.

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 each major fund, and the aggregate remaining fund information of the City of Biddeford, Maine School Department, as of June 30, 2018, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the notes to the financial statements, the financial statements of the City of Biddeford, Maine School Department are intended to present the financial position and the changes in financial position of only that portion of each major fund, and the aggregate remaining fund information of the City of Biddeford, Maine that is attributable to the transactions of the City of Biddeford, Maine School Department. They do not purport to, and do not present fairly the financial position of the City of Biddeford, Maine as of June 30, 2018, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Biddeford, Maine School Department's basic financial statements. The combining and individual fund financial statements and schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the City of Biddeford, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 the 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 Biddeford, Maine's internal control over financial reporting and compliance.

Runyon Kersteen Ouellette

December 28, 2018
South Portland, Maine

Statement 1

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Balance Sheet
Governmental Funds
June 30, 2018

		General	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$	65,614	-	65,614
Receivables:				
Due from City of Biddeford		6,670,424	-	6,670,424
Interfund loans receivable		-	353,193	353,193
Due from other governments		154,273	497,795	652,068
Accounts receivable		8,805	13,357	22,162
Inventory		-	28,299	28,299
Total assets	**$**	**6,899,116**	**892,644**	**7,791,760**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		602,789	35,482	638,271
Accrued wages and benefits payable		3,818,951	33,847	3,852,798
Interfund loans payable		69,212	283,982	353,194
Total liabilities		4,490,952	353,311	4,844,263
Fund balances:				
Nonspendable		-	28,299	28,299
Restricted		-	389,453	389,453
Committed		48,182	128,528	176,710
Assigned		1,350,678	-	1,350,678
Unassigned		1,009,304	(6,947)	1,002,357
Total fund balances		2,408,164	539,333	2,947,497
Total liabilities and fund balances	**$**	**6,899,116**	**892,644**	**7,791,760**

See accompanying notes to basic financial statements.

Statement 2

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Local appropriation	$ 22,257,816	-	22,257,816
Intergovernmental revenue	13,049,311	2,607,044	15,656,355
Maine PERS on-behalf payments	2,501,035	-	2,501,035
Charges for services	281,714	390,564	672,278
Contributions	55,885	177,498	233,383
Contributed commodities	-	51,314	51,314
Other	177,176	195,950	373,126
Total revenues	38,322,937	3,422,370	41,745,307
Expenditures:			
Current:			
Regular instruction	15,579,715	859,796	16,439,511
Special education instruction	5,563,039	716,901	6,279,940
Career and technical instruction	2,300,187	-	2,300,187
Other instruction	592,546	-	592,546
Student and staff support services	2,076,843	153,934	2,230,777
System administration	985,204	-	985,204
School administration	1,518,048	-	1,518,048
Transportation	1,511,774	-	1,511,774
Facilities maintenance	4,780,725	-	4,780,725
All other costs	29,112	-	29,112
Adult education	568,081	91,023	659,104
Program expenditures	-	258,445	258,445
Food service expenditures	-	1,194,215	1,194,215
Capital expenditures	346,844	811	347,655
Debt service	2,742,462	-	2,742,462
Total expenditures	38,594,580	3,275,125	41,869,705
Excess (deficiency) of revenues over (under) expenditures	(271,643)	147,245	(124,398)
Other financing sources:			
Note payable proceeds	346,844	-	346,844
Total other financing sources	346,844	-	346,844
Net change in fund balances	75,201	147,245	222,446
Fund balances, beginning of year, as restated	2,332,963	392,088	2,725,051
Fund balances, end of year	**$ 2,408,164**	**539,333**	**2,947,497**

See accompanying notes to basic financial statements.

CITY OF BIDDEFORD SCHOOL DEPARTMENT
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			Variance with final budget positive
		Original	Final	Actual	(negative)
Revenues:					
Local appropriation	$	22,792,816	22,257,816	22,257,816	-
Intergovernmental revenue		11,777,670	12,679,127	13,049,311	370,184
Charges for services		273,932	273,932	281,714	7,782
Contributions		55,870	55,870	55,885	15
Other		147,358	147,358	177,176	29,818
Total revenues		35,047,646	35,414,103	35,821,902	407,799
Expenditures:					
Current:					
Regular instruction		13,339,845	13,339,845	13,078,680	261,165
Special education instruction		5,933,933	5,933,933	5,563,039	370,894
Career and technical instruction		2,302,954	2,302,954	2,300,187	2,767
Other instruction		598,549	598,549	592,546	6,003
Student and staff support services		2,257,726	2,257,726	2,076,843	180,883
System administration		1,032,592	1,032,592	985,204	47,388
School administration		1,545,228	1,545,228	1,518,048	27,180
Transportation		1,525,176	1,525,176	1,511,774	13,402
Facilities maintenance		3,182,706	4,724,983	4,780,725	(55,742)
All other costs		11,999	11,999	29,112	(17,113)
Adult education		734,033	734,033	568,081	165,952
Debt service		3,919,282	2,743,462	2,742,462	1,000
Total expenditures		36,384,023	36,750,480	35,746,701	1,003,779
Excess (deficiency) of revenues over (under) expenditures		(1,336,377)	(1,336,377)	75,201	1,411,578
Other financing sources:					
Budgeted utilization of surplus		1,336,377	1,336,377	-	(1,336,377)
Total other financing sources		1,336,377	1,336,377	-	(1,336,377)
Net change in fund balance		-	-	75,201	75,201
Fund balance, beginning of year, as restated				2,332,963	
Fund balance, end of year	**$**			**2,408,164**	

See accompanying notes to basic financial statements.

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Private-purpose trust - scholarships	Agency funds
ASSETS			
Cash and cash equivalents	$	70,022	281,759
Investments		358,713	-
Total assets		428,735	281,759
LIABILITIES			
Amounts held for students		-	281,759
Total liabilities		-	281,759
NET POSITION			
Held in trust for scholarships	**$**	**428,735**	**-**

See accompanying notes basic to financial statements.

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2018

		Private-purpose trust - scholarships
ADDITIONS		
Investment income	$	14,220
Contributions		24,725
Total additions		38,945
DEDUCTIONS		
Scholarships		28,143
Total deductions		28,143
Change in net position		10,802
Net position, beginning of the year		417,933
Net position, end of the year	**$**	**428,735**

See accompanying notes to basic financial statements.

THE REPORTING ENTITY

The City of Biddeford School Department operates as a department of the City of Biddeford, Maine, the financial statements of which have been issued in a separate report dated December 28, 2018 for the year ended June 30, 2018.

The accompanying financial statements present only the City of Biddeford School Department's operations and are not intended to present fairly the financial position and results of operations of the City of Biddeford, Maine in conformity with accounting principles generally accepted in the United States of America. Certain disclosures relevant to both the City of Biddeford, Maine and the City of Biddeford School Department are omitted herein and have been disclosed in the City's financial statements. This would include, deposits, capital assets, pension liabilities, investments, and other post-employment benefit liabilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Biddeford School Department conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Basis of Presentation

The accounts of the City of Biddeford School Department are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is operated and accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. The various funds are grouped by type in the fund financial statements. The City of Biddeford School Department uses the following fund categories and fund types:

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following is the School Department's major governmental fund:

General Fund - The General Fund is the general operating fund of the School Department. All revenues not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid through other funds.

The School Department also reports the following types of nonmajor governmental funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Project Funds - Capital project funds are used to account for resources obtained and expended for the acquisition of capital facilities. 160

Fiduciary and Agency Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension-trust funds, investment-trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School Department's agency funds account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Private purpose trust funds are used to account for assets held by the School under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School's own programs. The School Department's private purpose trusts account for scholarship programs for students of the School Department

B. Basis of Accounting

The modified accrual basis of accounting is followed by the City of Biddeford School Department. Under the modified accrual basis of accounting, revenues are recorded when received in cash unless susceptible to accrual, i.e., measurable and available to finance the School Department's operations. Expenditures, are recorded when the liability is incurred. However, debt service expenditures, as well as expenditures related to accrued compensated absences, pension liabilities, and claims and judgments, are recorded only when payment is due. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School Department, available means expected to be received within one year of the fiscal year-end.

Nonexchange transactions, in which the School Department receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School Department must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School Department on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

2. Expenditure Recognition:

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt which has not matured are recognized when paid. Allocation of costs, such as depreciation, is not recognized in the governmental funds. However, principal and interest on long-term debt which has not matured are recognized when paid.

C. Budgetary Accounting

A budget is adopted by referendum vote for the General Fund which includes Adult Ed, and is prepared on a basis consistent with generally accepted accounting principles (GAAP) except as described in the Budgetary Accounting footnote on page 10. The level of control (level at which expenditures may not exceed budget) is the budget categories. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year.

D. Interfund Transactions

During the course of normal operations, the School Department has several transactions between funds, including expenditures and transfers of resources to provide services. These transactions are reported as transfers. Transactions between funds which represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable or payable.

E. Inventories

School Lunch inventories are valued at cost and use the first in first out method. Inventories include the value of U.S. Department of Agriculture commodities donated to the School Lunch Program.

F. Capital Assets

School Department capital assets are reported in the City's Statement of Net Position. In the governmental funds, expenditures for property and equipment are charged to departmental operations whenever such items are purchased.

G. Accrued Compensated Absences

Employees earn vacation time and sick leave in varying amounts based upon their years of service. At June 30, 2018, it was determined that total accrued vacation and sick leave was $757,333. This amount is recorded as a liability in the City's Statement of Net Position. A liability for these amounts would only be reported in the governmental funds if they have matured, for example, as a result of employee resignations or retirements.

H. Fund Equity

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the School Department is bound to honor constraints on the specific purposes for which those funds can be spent

H. Fund Equity, Continued

The five classifications of fund balance for the Governmental Funds are as follows:

- *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 which 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.
- *Committed* – resources which are subject to limitations the School Department imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the School Department's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The School Committee, through the budget process, has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the School Committee, or a body or official delegated by the School Committee may assign unspent budgeted amounts to specific purposes in the General Fund at year end.

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

I. Use of Estimates

Preparation of the School Department's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

J. Comparative Data

Certain prior year data has been reclassified in order to be consistent with the current year presentation.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary vs GAAP Basis of Accounting

As required by U.S. generally accepted accounting principles (GAAP), the School Department has recorded a revenue and an expenditure for Maine Public Employees Retirement System contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under U.S. generally accepted accounting principles of $2,501,035. These amounts have been included as revenue and as a regular instruction expenditure in the General Fund on Statement 2 (GAAP basis). There is no effect on the fund balance at the end of the year. Similarly, the value of commodities contributed by the USDA to the School Lunch program equal to $51,314 has been added to both revenues and expenditures on Exhibit B-2 and Exhibit C-2.

B. Deficit Fund Balances and Overspent Appropriations

The following funds had deficit balances at June 30, 2018:

Title IA – Disadvantaged	$ 4	Title VII – McKinney Homeless	1,676
Local Entitlement	882	Embracement	4,385

For the year ended June 30, 2018, expenditures exceeded appropriations in the following categories:

Facilities maintenance	$ 55,742
All other costs	17,113

These over expenditures lapsed to fund balance at year end.

STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine currently reimburses the City of Biddeford School Department for a portion of financing costs for the Biddeford Middle School bonds. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

CONTINGENCIES

The School Department participates in a number of federally assisted grant programs. Although the programs have been audited in compliance with the Single Audit Act, these programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the School Department's compliance with applicable grant requirements will be established at some future date. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School Department expects such amounts, if any, to be immaterial.

LONG-TERM DEBT

The following is a summary of long-term debt transactions of the School Department for the year ended June 30, 2018.

Balance as of July 1, 2017	$ 35,962,868
Additions	346,844
Debt retired	(1,582,473)
Balance as of June 30, 2018	**$ 34,727,239**

General obligation bonds and capital leases payable at June 30, 2018 are comprised of the following individual issues:

	Original amount issued	School portion	Date of maturity	Interest rate	Balance
2004 Middle School construction	$ 22,830,000	22,830,000	2024	2.00-6.00%	7,974,050
2011 High School renovation	32,000,000	32,000,000	2036	2.00-5.00%	3,840,000
2013 High School renovation 2	1,500,000	1,500,000	2032	2.00-2.50%	1,125,000
2017 Bus #16 note payable	83,170	83,170	2021	2.56%	49,989
2017 Bus #20 note payable	85,122	85,122	2021	2.56%	51,098
2017 bond refunding	26,950,000	19,768,000	2037	2.50-4.00%	20,035,000
2018 Bus #13 note payable	93,490	93,490	2022	2.70%	73,852
2018 Bus #19 note payable	83,459	83,459	2022	3.19%	65,868
2018 Bus #21 note payable	82,659	82,659	2022	3.19%	65,237
2018 Bus #17 note payable	87,236	87,236	2022	2.70%	68,911
2017 BEU equipment purchase	330,000	330,000	2021	2.20%	198,309
Energy upgrades lease	1,560,728	1,560,728	2025	2.35%	1,179,925
Total					**$ 34,727,239**

The annual requirements to amortize all debt outstanding as of June 30, 2018 are reported in the City's financial statements.

RISK MANAGEMENT

The School Department is exposed to various risks of loss related to tort, theft, damage to and destruction of assets, errors, omissions, and natural disasters for which the department either carries commercial insurance, or is self-insured. Currently, the School Department is self-insured for unemployment compensation, thereby retaining the full liability of these risks.

Based on the coverage provided by commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

FUND BALANCE

As of June 30, 2018, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory	$ -	28,299	28,299
Total nonspendable	-	28,299	28,299
Restricted:			
School lunch program	-	23,698	23,698
Adult education	-	50,898	50,898
School categorical programs	-	31,065	31,065
Capital projects	-	283,792	283,792
Total restricted	-	389,453	389,453
Committed:			
Donations	-	18,745	18,745
School insurance claims	-	1,431	1,431
School categorical programs	-	108,352	108,352
Unemployment claims	48,182	-	48,182
Total committed	48,182	128,528	176,170
Assigned:			
Subsequent budget – K-12	1,177,631	-	1,177,631
Subsequent budget – Adult Education	173,047	-	173,047
Total assigned	1,350,678	-	1,350,678
Unassigned	1,009,304	(6,947)	1,002,357
Total fund balance	**$ 2,408,164**	**539,333**	**2,947,497**

RESTATEMENT OF FUND BALANCE

In the prior periods, the School Unemployment Fund was considered a special revenue fund for financial reporting, however, in the School Department's accounting system this fund was being reported as part of the General Fund. In the current period, both the General Fund and the non-major special revenue funds were restated to match external reporting with the internal accounting structure of the School Department.

The School Department has restated amounts as follows:

	General Fund	Nonmajor Special Revenue Funds
Fund balance, as previously reported	$ 2,285,096	352,752
Restatement of School Unemployment Fund	47,867	(47,867)
Net position, as restated	**$ 2,332,963**	**304,885**

CITY OF BIDDEFORD SCHOOL DEPARTMENT
General Fund
Comparative Balance Sheets
June 30, 2018 and 2017

		2018	Restated 2017
ASSETS			
Cash and cash equivalents	$	65,614	65,515
Due from City of Biddeford		6,670,424	6,562,854
Due from other governments		154,273	-
Accounts receivable		8,805	70,941
Total assets	**$**	**6,899,116**	**6,699,310**
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable		602,789	614,424
Accrued wages and benefits payable		3,818,951	3,691,854
Interfund loans payable		69,212	60,069
Total liabilities		4,490,952	4,366,347
Fund balance:			
Committed		48,182	47,867
Assigned		1,350,678	1,336,377
Unassigned		1,009,304	948,719
Total fund balance		2,408,164	2,332,963
Total liabilities and fund balance	**$**	**6,899,116**	**6,699,310**

CITY OF BIDDEFORD SCHOOL DEPARTMENT
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the year ended June 30, 2018

		School Operations			Adult Education			Totals
		Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	2018 Actual
Revenues:								
Property taxes	$	21,981,758	21,981,758	-	276,058	276,058	-	22,257,816
State education allocation		12,490,595	12,493,595	3,000	158,532	158,223	(309)	12,651,818
State agency clients		30,000	27,618	(2,382)	-	-	-	27,618
Medicaid reimbursement		-	369,875	369,875	-	-	-	369,875
Tuition and fees		71,037	154,160	83,123	147,482	75,997	(71,485)	230,157
Transportation		55,413	40,830	(14,583)	-	-	-	40,830
Contributions		55,870	55,885	15	-	-	-	55,885
Rentals		-	10,727	10,727	-	-	-	10,727
Other		147,358	177,176	29,818	-	-	-	177,176
Total revenues		34,832,031	35,311,624	479,593	582,072	510,278	(71,794)	35,821,902
Expenditures:								
Current:								
Regular instruction		13,339,845	13,078,680	261,165	-	-	-	13,078,680
Special education instruction		5,933,933	5,563,039	370,894	-	-	-	5,563,039
Career and technical instruction		2,302,954	2,300,187	2,767	-	-	-	2,300,187
Other instruction		598,549	592,546	6,003	-	-	-	592,546
Student and staff support services		2,257,726	2,076,843	180,883	-	-	-	2,076,843
System administration		1,032,592	985,204	47,388	-	-	-	985,204
School administration		1,545,228	1,518,048	27,180	-	-	-	1,518,048
Transportation		1,525,176	1,511,774	13,402	-	-	-	1,511,774
Facilities maintenance		4,724,983	4,780,725	(55,742)	-	-	-	4,780,725
All other costs		11,999	29,112	(17,113)	-	-	-	29,112
Adult education		-	-	-	734,033	568,081	165,952	568,081
Debt service		2,743,462	2,742,462	1,000	-	-	-	2,742,462
Total expenditures		36,016,447	35,178,620	837,827	734,033	568,081	165,952	35,746,701
Excess (deficiency) of revenues over (under) expenditures		(1,184,416)	133,004	1,317,420	(151,961)	(57,803)	94,158	75,201
Other financing sources:								
Budgeted utilization of surplus		1,184,416	-	(1,184,416)	151,961	-	(151,961)	-
Total other financing sources		1,184,416	-	(1,184,416)	151,961	-	(151,961)	-
Net change in fund balances		-	133,004	133,004	-	(57,803)	(57,803)	75,201
Fund balances, beginning of year, as restated			2,159,918			173,045		2,332,963
Fund balances, end of year	$		**2,292,922**			**115,242**		**2,408,164**

Exhibit B-1

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Other Governmental Funds
Combining Balance Sheet
June 30, 2018

		Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
ASSETS				
Due from other governments	$	497,795	-	497,795
Accounts receivable		12,757	600	13,357
Interfund loans receivable		69,611	283,582	353,193
Inventory		28,299	-	28,299
Total assets	**$**	**608,462**	**284,182**	**892,644**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		35,092	390	35,482
Accrued wages and benefits payable		33,847	-	33,847
Interfund loans payable		283,982	-	283,982
Total liabilities		352,921	390	353,311
Fund balances:				
Nonspendable:				
Inventory		28,299	-	28,299
Restricted:				
Capital		-	283,792	283,792
Education		105,661	-	105,661
Committed		128,528	-	128,528
Unassigned		(6,947)	-	(6,947)
Total fund balances		255,541	283,792	539,333
Total liabilities and fund balances	**$**	**608,462**	**284,182**	**892,644**

Exhibit B-2

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Other Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Special Revenue Funds	Capital Project Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	$	2,607,044	-	2,607,044
Charges for services		390,564	-	390,564
Contributions		-	177,498	177,498
Contributed commodities		51,314	-	51,314
Other		176,048	19,902	195,950
Total revenues		3,224,970	197,400	3,422,370
Expenditures:				
Current:				
Regular instruction		859,796	-	859,796
Special education instruction		716,901	-	716,901
Student and staff support		153,934	-	153,934
Program expenditures		258,445	-	258,445
Adult education		91,023	-	91,023
Food service expenditures		1,194,215	-	1,194,215
Capital expenditures		-	811	811
Total expenditures		3,274,314	811	3,275,125
Net change in fund balances		(49,344)	196,589	147,245
Fund balances, beginning, as restated		304,885	87,203	392,088
Fund balances, ending	**$**	**255,541**	**283,792**	**539,333**

Exhibit C-1

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

		School Lunch Program	Adult Education Grants/Contracts	School Insurance Claims	School Donations	School Categorical Programs	Totals
ASSETS							
Due from other governments	$	44,781	-	-	-	453,014	497,795
Accounts receivable		-	12,757	-	-	-	12,757
Interfund loans receivable		10,478	38,957	1,431	18,745	-	69,611
Inventory		28,299	-	-	-	-	28,299
Total assets	**$**	**83,558**	**51,714**	**1,431**	**18,745**	**453,014**	**608,462**
LIABILITIES AND FUND BALANCES							
Liabilities:							
Interfund loans payable		-	-	-	-	283,982	283,982
Accounts payable		4,822	399	-	-	29,871	35,092
Accrued wages and benefits payable		26,739	417	-	-	6,691	33,847
Total liabilities		31,561	816	-	-	320,544	352,921
Fund balances:							
Nonspendable:							
Inventory		28,299	-	-	-	-	28,299
Restricted		23,698	50,898	-	-	31,065	105,661
Committed		-	-	1,431	18,745	108,352	128,528
Unassigned		-	-	-	-	(6,947)	(6,947)
Total fund balances		51,997	50,898	1,431	18,745	132,470	255,541
Total liabilities and fund balances	**$**	**83,558**	**51,714**	**1,431**	**18,745**	**453,014**	**608,462**

Exhibit C-2

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		School Lunch Program	Adult Education Grants/Contracts	School Insurance Claims	School Donations	School Categorical Programs (Schedule 1)	Totals
Revenues:							
Intergovernmental	$	787,349	42,673	-	-	1,777,022	2,607,044
Charges for services		333,367	45,017	-	-	12,180	390,564
Contributed commodities		51,314	-	-	-	-	51,314
Other		107	-	67,120	500	108,321	176,048
Total revenues		1,172,137	87,690	67,120	500	1,897,523	3,224,970
Expenditures:							
Current:							
Regular instruction		-	-	-	-	859,796	859,796
Special education instruction		-	-	-	-	716,901	716,901
Student and staff support		-	-	-	-	153,934	153,934
Adult education		-	91,023	-	-	-	91,023
Program expenditures		-	-	65,689	-	192,756	258,445
Food service expenditures		1,188,024	-	-	6,191	-	1,194,215
Total expenditures		1,188,024	91,023	65,689	6,191	1,923,387	3,274,314
Net change in fund balances		(15,887)	(3,333)	1,431	(5,691)	(25,864)	(49,344)
Fund balances, beginning of year, as restated		67,884	54,231	-	24,436	158,334	304,885
Fund balances, end of year	**$**	**51,997**	**50,898**	**1,431**	**18,745**	**132,470**	**255,541**

Exhibit D-1

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2018
(with comparative totals for June 30, 2017)

		Minor Capital Projects	High School Renovation	Totals 2018	Totals 2017
ASSETS					
Accounts receivable	$	600	-	600	7,190
Interfund loans receivable		282,490	1,092	283,582	80,013
Total assets	**$**	**283,090**	**1,092**	**284,182**	**87,203**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		390	-	390	-
Total liabilities		390	-	390	-
Fund balances:					
Restricted		282,700	1,092	283,792	87,203
Total fund balances		282,700	1,092	283,792	87,203
Total liabilities and fund balances	**$**	**283,090**	**1,092**	**284,182**	**87,203**

Exhibit D-2

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

	Minor Capital Projects	High School Renovation	Totals 2018	Totals 2017
Revenues:				
Investment income	$ 2,317	-	2,317	425
Contributions	177,498	-	177,498	-
Other	17,575	10	17,585	47,019
Total revenues	197,390	10	197,400	47,444
Expenditures:				
Capital expenditures	696	115	811	14,858
Total expenditures	696	115	811	14,858
Net change in fund balances	196,694	(105)	196,589	32,586
Fund balances, beginning	86,006	1,197	87,203	54,617
Fund balances, ending	**$ 282,700**	**1,092**	**283,792**	**87,203**

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Fiduciary Funds - Agency Funds
Combining Statement of Net Position
June 30, 2018

		Student Activity Funds (Schedules 3-5)
ASSETS		
Cash	$	281,759
Total assets	**$**	**281,759**
LIABILITIES		
Amounts held for students - High School		144,199
Amounts held for students - Middle School		36,868
Amounts held for students - Vocational Center		100,692
Total liabilities	**$**	**281,759**

Schedule 1

CITY OF BIDDEFORD SCHOOL DEPARTMENT
School Categorical Programs
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Balances (deficits) June 30, 2017	Revenues	Expenditures	Balances (deficits) June 30, 2018
Federal programs:					
Title IA - disadvantaged	$	(6)	729,660	729,658	(4)
Title I - program improvement		214	1,635	1,849	-
Title IV - SSAE		-	9,856	9,856	-
Local entitlement		-	699,467	700,349	(882)
Pre-school handicapped		-	16,552	16,552	-
Title VII - McKinney Homeless		-	-	1,676	(1,676)
21st century		-	17,782	17,782	-
Title III - ESL		-	17,082	17,082	-
Title IIA - supporting effective instruction		-	153,934	153,934	-
Rural education achievement program		-	93,426	93,425	1
Total federal programs		208	1,739,394	1,742,163	(2,561)
State programs:					
Federal jobs training (PAL)		16	-	-	16
CTE program improvement		375	36,191	35,454	1,112
National Board scholoarship		-	950	950	-
Transition proficiency		34,534	-	11,000	23,534
PEPG grant		4,077	-	2,500	1,577
Embracement		-	-	4,385	(4,385)
DHHS - H1N1 vaccine		3,325	-	-	3,325
Advanced placement for all		56	-	-	56
Communities for children		768	-	472	296
Catholic Charity of Maine		-	1,438	1,438	-
NSTA grant		1,148	-	-	1,148
Total state programs		44,299	38,579	56,199	26,679
Other programs:					
Professional education services		956	-	-	956
MELMAC		3,443	12,600	11,048	4,995
Let's go		216	150	-	366
Nellie Mae education fund		8,292	-	8,292	-
York County fine arts program		1,439	12,180	11,076	2,543
Cultural enrichment		72,500	57,245	76,137	53,608
Alumni		10,725	37,233	18,472	29,486
Cohen foundation		3,468	-	-	3,468
BPS playground fund		30	-	-	30
Fast track		1,039	-	-	1,039
STEM/guitar		12	-	-	12
JFK playground fund		11,688	142	-	11,830
BIS playground fund		19	-	-	19
Total other programs		113,827	119,550	125,025	108,352
Totals	**$**	**158,334**	**1,897,523**	**1,923,387**	**132,470**

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Scholarship Funds
Combining Schedule of Additions, Deductions, and Changes in Net Position
For the year ended June 30, 2018

		Balances June 30, 2017	Investment income	Contributions	Withdrawals / Scholarships	Balances June 30, 2018
Albert "Bruce" Brunelle scholarship	$	2,050	17	-	-	2,067
Cheryl D'Amico		4,542	-	-	4,542	-
Aguiar Family scholarship		32,808	595	-	-	33,403
Hayes Family scholarship fund		8,029	88	-	-	8,117
Combined scholarships		31,091	261	-	-	31,352
Ruth Dearborn scholarship		3,605	30	-	-	3,635
Ruth E. Bailey memorial fund		4,085	36	-	-	4,121
Alumni Fund		33,394	825	-	-	34,219
Guy Boucher		10,399	257	-	-	10,656
Saco Lodge		34,898	863	-	-	35,761
Thursday Club		30,464	738	-	1,000	30,202
Vocational scholarship		10,643	(194)	-	-	10,449
BHS trust fund		43,349	1,881	-	301	44,929
Mike Landry		27,313	3,644	-	2,500	28,457
AHEPA Chapter 252		23,649	1,850	-	500	24,999
Kerry Anton scholarship		57,740	1,857	-	-	59,597
Subtotal		**358,059**	**12,748**	**-**	**8,843**	**361,964**
Additional scholarships (held in activity funds)		59,874	1,472	24,725	19,300	66,771
Totals	**$**	**417,933**	**14,220**	**24,725**	**28,143**	**428,735**

CITY OF BIDDEFORD SCHOOL DEPARTMENT
High School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2018

		Balances (deficits) June 30, 2017	Cash receipts	Cash disbursements	Balances (deficits) June 30, 2018
Art club	$	349	-	216	133
Athletic department		7,063	44,792	27,250	24,605
BASS club		200	1,355	-	1,555
Band		8,226	1,866	1,419	8,673
Boys baseball		5,217	1,543	2,966	3,794
Boys basketball		196	13,148	13,341	3
BHS -- the abyss		481	-	446	35
BHS environmental		825	-	-	825
Biddeford hoops		3,370	4,775	6,472	1,673
Biddeford robotics		1,056	3,749	524	4,281
BHS treasurer		270	-	-	270
Biddeford tiger outlet		110	300	-	410
Boys state/girl state		1,745	-	-	1,745
Challenge day		409	1,994	1,281	1,122
Cheering		679	5,186	5,798	67
Civil rights team		1,125	-	-	1,125
Class of 2009		150	-	-	150
Class of 2010		83	-	-	83
Class of 2011		1,456	-	-	1,456
Class of 2012		4,484	-	-	4,484
Class of 2017		4,608	-	1,999	2,609
Class of 2018		9,416	14,856	19,265	5,007
Class of 2019		3,553	19,695	7,979	15,269
Class of 2020		1,381	3,938	2,233	3,086
Class of 2021		-	1,659	699	960
Community day		(128)	-	-	(128)
Cousen's essay		4,053	190	-	4,243
Cross country		1,390	472	2,027	(165)
Debate team		-	961	883	78
English Department (City Theatre)		(15)	-	-	(15)
English Department		721	-	-	721
English (Portland Stage)		150	-	-	150
Field hockey		(709)	7,765	7,276	(220)
Football		684	6,459	5,071	2,072
G.S.T.A.		1,125	-	-	1,125
Gifted and talented		927	12,806	10,658	3,075
Girls basketball		640	2,511	1,894	1,257
Global studies		218	-	-	218
Golf		(47)	-	-	(47)
Graduation		669	1,212	244	1,637
Guidance department		373	100	64	409
Industrial arts department		1,233	-	-	1,233
Interact		438	956	1,091	303

CITY OF BIDDEFORD SCHOOL DEPARTMENT
High School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2018

		Balances (deficits) June 30, 2017	Cash receipts	Cash disbursements	Balances (deficits) June 30, 2018
International club	$	655	600	-	1,255
J.M.G. opportunity aware		1,134	516	773	877
Journalism - The Roar		204	-	-	204
Lacrosse		346	6,554	7,143	(243)
Making the grade caterers		60	-	-	60
Math department		133	-	-	133
Media center		941	135	99	977
MLTI		9,538	365	2,670	7,233
Mock trial		258	-	-	258
Musical theatre		(700)	13,500	6,938	5,862
National Honor Society		(67)	1,449	1,342	40
Natural helpers		(443)	-	-	(443)
Odyssey of the Mind		441	21,839	20,748	1,532
Office		3,402	9,024	6,555	5,871
Other		(3,601)	-	93	(3,694)
Outing club		87	-	-	87
Photography		171	-	-	171
Physical education dept.		282	-	-	282
Retirement fund		(22)	-	-	(22)
Robert J. Desjardins		-	4,759	-	4,759
Scholarship fund		59,874	26,197	19,300	66,771
Science club		2,069	2,405	3,463	1,011
Soccer-girls		166	-	-	166
Softball		13	2,363	2,198	178
Student council		1,629	408	2,001	36
Swim team		4,441	-	-	4,441
Swimming and diving 2009		(2,399)	-	-	(2,399)
Ted X		97	-	-	97
Tennis-boys		24	-	-	24
Tennis-girls		80	1,320	1,320	80
Tiger town		983	64	372	675
Track-indoor / outdoor		2,637	1,405	3,742	300
Theatre cass project		784	1,320	1,320	784
Visual fine arts		(731)	-	-	(731)
Vocal arts		2,108	37,966	36,258	3,816
Volleyball		929	4,907	3,960	1,876
Wrestling		573	630	1,010	193
Yearbook olympian		602	24,588	23,489	1,701
Unclassified		7,304	631	549	7,386
Subtotal		**162,176**	**315,233**	**266,439**	**210,970**
Less: Scholarship Fund (See Schedule 2)		(59,874)	(26,197)	(19,300)	(66,771)
Totals	**$**	**102,302**	**289,036**	**247,139**	**144,199**

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Middle School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2018

		Balances (deficits) June 30, 2017	Cash receipts	Cash disbursements	Balances June 30, 2018
7 habits	$	11	-	-	11
T4 - Acadia		510	4,021	3,760	771
Heart defibrillator		100	-	-	100
Alternative education		277	20	131	166
Athletics		57	1,147	1,203	1
Band		1,372	50	-	1,422
T5 - baxter		988	4,747	4,828	907
Books		14	16	-	30
Cheering		16	-	-	16
Chorus		89	600	600	89
Civil rights		43	-	-	43
Computer		3,542	11,158	8,679	6,021
Culture club		74	-	70	4
DI Global/twisted 7		206	-	206	-
Drama club		326	2,436	1,327	1,435
Foreign language		-	-	-	-
Fortunes rocks T2		299	2,408	1,833	874
G & T		29	-	-	29
Hills Beach T1		392	4,444	3,706	1,130
T7 - Katahdin		159	894	600	453
Library		65	68	40	93
Literacy		24	-	1	23
Music		7,698	8,463	9,500	6,661
Office		7,968	18,109	16,056	10,021
Officials		(60)	1,855	1,295	500
Peer		248	108	303	53
Persson fund		153	100	-	253
PTO-for field trips		328	1,171	1,169	330
Sewing		2	-	-	2
Ski Club		905	7,725	6,710	1,920
Spanish club		417	180	180	417
Special education		678	-	160	518
Student council		109	922	550	481
T6 - Sugarloaf		697	207	683	221
Swim team		1,594	-	-	1,594
Unified arts		2	-	-	2
Washington trip		1	6,578	6,576	3
Yearbook		247	1,295	1,268	274
Totals	**$**	**29,580**	**78,722**	**71,434**	**36,868**

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Vocational School Student Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2018

		Balances June 30, 2017	Cash receipts	Cash disbursements	Balances (deficits) June 30, 2018
Office	$	324	2,635	2,963	(4)
Draft account		43,349	19,513	17,020	45,842
SAC		1,589	7,282	3,532	5,339
Building trades		1,136	1,261	441	1,956
Auto body		5,352	8,551	8,680	5,223
Auto mechanics		4,894	6,166	8,099	2,961
Comp. in bus.		426	-	-	426
Drafting		5	294	-	299
Electrical		4,814	567	74	5,307
Health account		10	-	-	10
Medical assistant		1,664	360	480	1,544
Machine trade		15,695	1,066	1,912	14,849
Child care		4,685	6,965	6,393	5,257
Student of the month		115	500	475	140
Accounting		2,542	-	-	2,542
Welding		2,051	553	39	2,565
Plumbing		-	30	-	30
Skill USA		-	9,316	2,910	6,406
Totals	**$**	**88,651**	**65,059**	**53,018**	**100,692**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH MAINE STATE STATUTE REQUIREMENTS

Biddeford School Committee
City of Biddeford School Department

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, 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 Biddeford, Maine's basic financial statements. We issued our report thereon dated December 28, 2018, which contained unmodified opinions on those financial statements.

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

In connection with that audit we:

1. Considered whether the Biddeford School Department has complied with budget content requirements of section 15693.
2. Considered whether the Biddeford School Department has complied with transfer limitations between budget cost centers pursuant to section 1485.
3. Considered whether the Biddeford School Department has exceeded its authority to expend funds.
4. Considered whether the Biddeford School Department has complied with the applicable provisions of the unexpended balances requirements established under section 15004.
5. Reviewed the annual financial data submitted to the Maine Department of Education and reconciled it to the audited financial statement totals (see attached *Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements*).
6. Considered whether the Biddeford School Department was in compliance with applicable provisions of the Essential Programs and Services Funding Act.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Other known matters of noncompliance relating to the above listed items (items #1 - #6) are as follows:

- The School Department did not vote to make budgetary transfers of up to 5% as allowed by section 1485 and, as a result, did have individual cost centers with actual expenditures in excess of budgeted amounts. However, in total, the School Department did not exceed its authority to expend funds.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying *Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements* is presented for purposes of additional analysis as required by regulation of the Maine Department of Education and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Runyon Kersteen Ouellette

December 28, 2018
South Portland, Maine

CITY OF BIDDEFORD SCHOOL DEPARTMENT
Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements
For the year ended June 30, 2018

		General Fund	Capital Projects	School Lunch	Adult Ed Grants	School Donations	School Insurance Claims	School Categorical Programs
Revenues and other financing sources:								
Per NEO:	$	37,158,279.40	197,400.65	1,120,823.22	87,691.09	500.00	67,120.43	1,897,521.33
Differences:								
School Lunch commodities received (not reported on NEO)		-	-	51,314.00	-	-	-	-
Budgeted use of carryover (not a revenue on Financial Statements)		(1,336,377.58)	-	-	-	-	-	-
Adjusted NEO balance		35,821,901.82	197,400.65	1,172,137.22	87,691.09	500.00	67,120.43	1,897,521.33
Per School Department financial statements (Exhibits A-2, C-2 and D-2)		35,821,902.00	197,400.00	1,172,137.00	87,690.00	500.00	67,120.00	1,897,523.00
Variances - immaterial	**$**	**(0.18)**	**0.65**	**0.22**	**1.09**	**-**	**0.43**	**(1.67)**

		General Fund	Capital Projects	School Lunch	Adult Ed Grants	School Donations	School Insurance Claims	School Categorical Programs
Expenditures and other financing uses:								
Per NEO:	$	35,751,659.02	830.00	1,134,664.80	91,023.45	6,190.95	65,688.96	1,923,385.02
Differences:								
Change in school lunch inventory (recorded directly to fund balance in NEO)		-	-	2,045.00	-	-	-	-
Release of restricted FSA funds (recorded directly to fund balance in NEO)		(5,959.00)	-	-	-	-	-	-
General Fund fund balance correction (recorded directly to fund balance in NEO)		1,000.00	-	-	-	-	-	-
School Lunch commodities received (not reported on NEO)		-	-	51,314.00	-	-	-	-
Adjusted NEO balance		35,746,700.02	830.00	1,188,023.80	91,023.45	6,190.95	65,688.96	1,923,385.02
Per School Department financial statements (Exhibits A-2, C-2 and D-2)		35,746,701.00	811.00	1,188,024.00	91,023.00	6,191.00	65,689.00	1,923,387.00
Variances - immaterial	**$**	**(0.98)**	**19.00**	**(0.20)**	**0.45**	**(0.05)**	**(0.04)**	**(1.98)**

See accompanying auditors report.

Note: This schedule excludes the following which were also excluded from NEO data:

- Agency funds (student activities)
- Private-purpose trust (scholarships)

CITY OF BIDDEFORD, MAINE

Reports Required by *Government Auditing Standards* and the Uniform Guidance

For the Year Ended June 30, 2018

CITY OF BIDDEFORD, MAINE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the Year Ended June 30, 2018

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

City Council and School Committee
City of Biddeford, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, 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 Biddeford, Maine's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Runyon Kersteen Ouellette

December 28, 2018
South Portland, Maine

Runyon Kersteen Ouellette

Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council and School Committee
City of Biddeford, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Biddeford, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Biddeford, Maine's major federal programs for the year ended June 30, 2018. The City of Biddeford, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Biddeford, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Biddeford, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Biddeford, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Biddeford, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Report on Internal Control over Compliance

Management of the City of Biddeford, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Biddeford, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Biddeford, Maine's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, 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 Biddeford, Maine's basic financial statements. We issued our report thereon dated December 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Runyon Kersteen Ouellette

December 28, 2018
South Portland, Maine

CITY OF BIDDEFORD, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Number		Federal Expenditures	CFDA/ Cluster Totals	Passed through to Subrecipients
U.S. Department of Education,						
Passed through Maine Department of Education:						
Adult Basic Education	84.002	6296	$	30,198		-
Title IA, Disadvantaged	84.010	3107		729,658		-
Title IA, Program Improvement	84.010	3106		1,849		-
Total Title IA					731,507	
Special Education Cluster						
Special Education State Grants Individuals with Disabilities Act	84.027	3046		700,349		-
Preschool	84.173	6247		16,552		-
Total Special Education Cluster					716,901	
Rural Education Achievement Program (REAP)	84.358	3305		93,425		-
Title III ESL	84.365	3115		17,082		-
Title IIA, Supporting Effective Instruction	84.367	3042		153,934		-
Title VII McKinney Homeless	84.196	3104		1,676		-
Title IV Student Support and Academic Enrichment	84.424	3345		9,856		-
Passed through Learning Works:						
Title IV 21st Century Grants	84.287	N/A		17,782		-
Total U.S. Department of Education				1,772,361		-
U.S. Department of Agriculture, passed through the Maine Dept. of Education:						
Child Nutrition Cluster:						
National School Lunch Program	10.555	3022/3024		535,700		-
School Breakfast Program	10.553	3014		172,929		-
Summer Food Service Program	10.559	3016/3018		34,483		-
Food Donation Program	10.555	N/A		51,314		-
Total Child Nutrition Cluster					794,426	
Fresh Fruit and Vegetable Program	10.582	3028		26,791		-
Total U.S. Department of Agriculture				821,217		-
U.S. Department of Housing and Urban Development,						
Direct:						
CDBG - Entitlement Grants Cluster						
CDBG - Entitlement Community	14.218	N/A		463,425		-
Total CDBG - Entitlement Grants Cluster					463,425	
Neighborhood Stabilization Program	14.228	N/A		4,411		-
Total U.S. Department of Housing and Urban Development				467,836		-

CITY OF BIDDEFORD, MAINE
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Number		Federal Expenditures	CFDA/ Cluster Totals	Passed through to Subrecipients
U.S. Department of Transportation,						
Direct:						
Airport Improvement Program	20.106	N/A	$	234,658		-
Passed through the Maine Bureau of Highway Safety:						
Highway Safety Cluster:						
Speed Enforcement	20.600	PT18-059		550		-
Total Highway Safety Cluster					550	
Total U.S. Department of Transportation				235,208		-
Environmental Protection Agency,						
Passed through the Maine Department of Environmental Protection:						
Clean Water State Revolving Fund Cluster						
Clean Water State Revolving Loan	66.458	N/A		63,903		-
Total Clean Water State Revolving Fund Cluster					63,903	
Total Environmental Protection Agency				63,903		-
Totals			**$**	**3,360,525**		**-**

See accompanying notes to schedule of expenditures of federal awards.

PURPOSE OF THE SCHEDULE

Title 2 U.S. *Code of Federal Regulators* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Biddeford, Maine for the fiscal year ended June 30, 2018. The reporting entity is defined in the notes to basic financial statements of the City of Biddeford, Maine.

B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance.

   1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

   2. Major Programs - the Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Biddeford, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.

C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

D. Indirect Cost Rate - The City of Biddeford, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section I - Summary of Auditor's Results

Basic Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	None reported

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Findings Required to be Reported Under *Government Auditing Standards*

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards

None