

TOWN OF WINDHAM, MAINE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2025

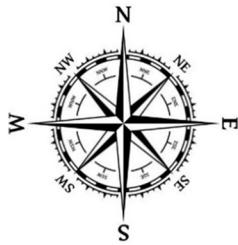
Town of Windham, Maine

Annual financial report

For the fiscal year ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Windham, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windham, Maine ("the Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material

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misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

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provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PETER J HALL CPA LLC

South Portland, Maine

January 26, 2026

DRAFT

Town of Windham, Maine

Management's Discussion and Analysis

As management of the Town of Windham, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025.

Financial highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$50,168,643 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$23,184,405.
- The Town's total net position increased \$4,359,937 primarily due to revenues exceeding expenditures in the governmental funds. The Town's governmental fund balance increased by \$11,022,012 during the year. There are certain adjustments to this figure when reporting the change in net position, the largest of which was the issuance of debt, including premiums, of \$11,183,608. This was offset by capital outlays exceeding depreciation expense and disposed assets by \$3,479,300 and principal payments of debt totaling \$2,968,571.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$38,604,959, an increase of \$11,022,012 in comparison with the prior year. Of this amount, \$14,052,993, or 36%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$26,764,725, or approximately 45% of total general fund expenditures and transfers to other funds.

Overview of the financial statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 Town's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Town'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government, public works, police, fire and rescue, recreation and culture, property and inspection, development and conservation, and health and welfare. It also includes assessments made by RSU 14 for education and Cumberland County for county services. The Town does not have any business-type activities.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also a legally separate economic development agency, Windham Economic Development Corporation, for which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-15 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 Town, 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 Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains fourteen 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 American rescue plan fund, and the 2025 bond issue fund, which are considered to be major funds. Data from the other eleven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor

governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.

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

The Town maintains one type of fiduciary fund. The *private-purpose trust fund* is used to report resources held for scholarships that benefit members of the community.

The fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 43-45.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 46-55 of this report.

Government-wide overall financial analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,168,643 at the close of the most recent fiscal year.

	Governmental activities		
	2025	2024 restated	Change
Assets			
Current and other assets	\$ 44,970,683	34,096,112	10,874,571
Capital assets, net	45,649,638	42,284,836	3,364,802
Total assets	90,620,321	76,380,948	14,239,373
 Total deferred outflows of resources	 2,210,401	 1,919,704	 290,697
Liabilities			
Long-term liabilities	36,707,744	27,426,337	9,281,407
Other liabilities	5,277,350	4,260,693	1,016,657
Total liabilities	41,985,094	31,687,030	10,298,064
 Total deferred inflows of resources	 676,985	 804,916	 (127,931)
Net position			
Net investment in capital assets	23,356,511	23,864,900	(508,389)
Restricted	3,627,727	2,902,252	725,475
Unrestricted	23,184,405	19,041,554	4,142,851
Total net position	\$ 50,168,643	45,808,706	4,359,937

Current and other assets increased in governmental activities by \$10,874,571 which coincides with the increase in fund balance. Cash is up nearly \$10 million due to the issuance of \$10.7 million in bonds, while only spending \$3.3 million of that during the fiscal year. The remaining bond proceeds will be utilized during the next fiscal year. Funds raised in the current year for capital projects that will be spent in a future fiscal year (carried to the next fiscal year as assigned fund balance) also contributed to the increase in cash.

Capital assets increased over \$3.3 million due to capital outlays exceeding depreciation expense during the year. Capital assets are discussed in more detail later in this management's discussion and analysis.

Other liabilities in governmental activities increased \$1 million from the previous year due to increases in payables, accrued wages, site surety and inspection deposits, and accrued interest.

Long-term liabilities, which consist of bonds, notes, compensated absences and postemployment benefit obligations, increased by \$9.3 million from the previous year. Bonds, premium, and notes issued during the year totaled \$11.6 million. This was partially offset by principal payments and premium amortization of \$3.1 million. The net pension and postemployment benefits liabilities also increased \$668 thousand.

By far, the largest portion of the Town's net position, \$23,356,511, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be

noted that the resources used 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 Town's net position, \$3,627,727, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of \$23,184,405.

The Town's overall net position increased \$4,359,937 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.

	Governmental activities		
	2025	2024	Change
Revenues			
Program revenues			
Charges for services	\$ 4,172,317	4,550,046	(377,729)
Operating grants and cont.	2,190,947	1,291,347	899,600
Capital grants and cont.	5,417,817	219,652	5,198,165
General revenues			
Property taxes	52,097,960	47,207,333	4,890,627
Unrestricted grants and cont.	3,960,375	3,896,873	63,502
Other	1,354,390	1,357,909	(3,519)
Total revenues	69,193,806	58,523,160	10,670,646
Expenses			
General government	8,519,938	7,875,905	644,033
Public works	6,686,958	7,363,127	(676,169)
Police, fire, and rescue	8,194,027	7,744,839	449,188
Recreation and cultural	1,872,690	1,644,308	228,382
Property and development	1,319,718	1,323,991	(4,273)
Health and welfare	590,673	546,822	43,851
County tax	2,012,255	1,813,946	198,309
Education	28,096,394	25,611,458	2,484,936
All other	7,541,216	1,455,600	6,085,616
Total expenses	64,833,869	55,379,996	9,453,873
Increase (decrease) in net position	4,359,937	3,143,164	
Net position - beginning, restated	45,808,706	43,086,507	
Net position - ending	50,168,643	46,229,671	

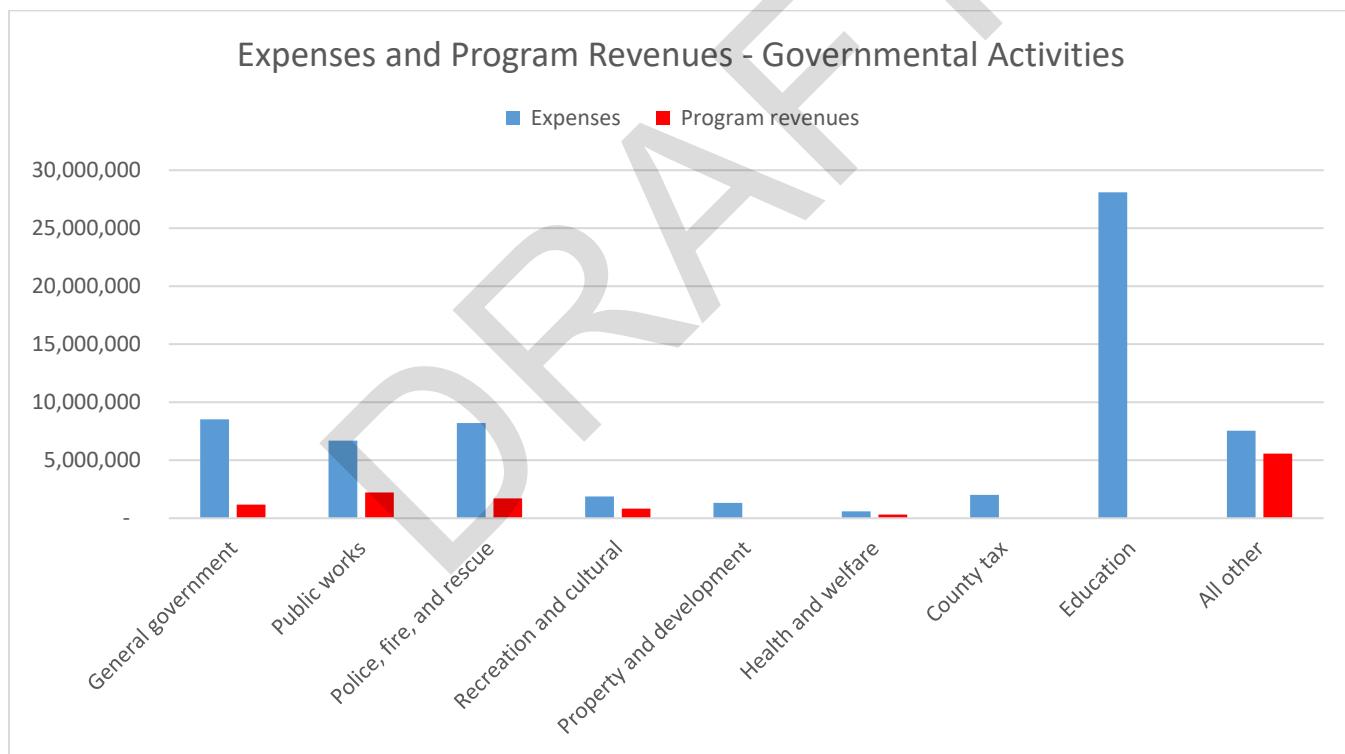
Governmental activities. During the current fiscal year, net position for governmental activities increased \$4,359,937 from the prior fiscal year for an ending balance of \$50,168,643. The increase in the overall net position is primarily due to revenues exceeding expenditures in the governmental funds, reduced by the issuance of debt offset by capital outlays exceeding depreciation expense on capitalized assets.

Revenues increased nearly \$10.7 million or 18% from the prior year, with the largest increases being property taxes and capital grants. The tax commitment was 11% higher than in the prior year. The local

education and county tax appropriations increased over 9.7% and 10.9%, respectively. The large increase in capital grants is due to receiving \$2 million in CDS grant funds and \$2.7 million in Cumberland County addendum grant funds for the sewer project in North Windham.

Expenses grew 17% during the current year, increasing from \$55.4 million in the prior year to \$64.8 million. 65% of this increase was in all other, which includes interest on debt and the North Windham sewer project. Interest on debt increased due to the issuance of a \$9.5 million bond. The accrued interest for the bond was \$400 thousand. The Town made payments of \$5.5 million to Portland Water District during the year for the project. 26% of this increase is due to the local assessment increase from RSU 14. General government, and police, fire, and rescue expenses were up \$644 thousand (8.1%), and \$449 thousand (5.8%), respectively, from the prior year. The majority of the increases were salary and benefit related. \$250 thousand of the increase in general government expenses were related to increases in the net pension and other post-employment benefits (OPEB) liabilities.

As shown in the chart below, revenues generated by the Town's programs are not sufficient to cover the costs. The Town relies on property taxes, state revenue sharing, homestead and BETE exemptions, investment income and other general revenues to cover the costs associated with the various programs.



Financial analysis of governmental funds

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

Governmental Funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of

a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Council.

At June 30, 2025, the Town's governmental funds reported combined fund balances of \$38,604,959, an increase of \$11,022,012 in comparison with the prior year. Of this amount, \$14,052,993, or 36%, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is (1) not in spendable form, \$39,642; (2) not spendable because it is legally required to be maintained intact, \$41,874; (3) restricted for particular purposes, \$3,585,853; (4) committed for particular purposes, \$9,466,822; (5) assigned for particular purposes, \$5,078,026; or (6) assigned for the subsequent budget, \$6,339,749.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,433,993, while total fund balance increased to \$26,804,367. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers to other funds. Unassigned fund balance represents 24% of total general fund expenditures and transfers to other funds, while total fund balance represents 45% of that same amount.

The fund balance of the Town's general fund increased by \$3,928,955 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to revenues exceeding expenditures. Actual revenues exceeded budgeted amounts by \$639 thousand, actual transfers to the general fund were under budget by \$770 thousand, actual expenditures came in under budgeted figures by \$7.7 million, and there was a budgeted use of fund balance of \$3.9 million.

The American Rescue Plan fund increased by \$92 thousand due to interest earned on the funding received by Town. The Town plans to utilize these funds next fiscal year for the North Windham sewer project. Funds of \$2.1 million are available for the project.

The 2025 bond issue fund had bond and premium proceeds of \$10.7 million and interest revenue of \$390 thousand. Total expenditures were \$3.3 million, which increased fund balance \$7.8 million. These funds will be spent in future fiscal years on capital projects related to the bond issuance.

General fund budgetary highlights

Original budget compared to final budget. The final budget for the general fund includes \$2,513,268 of amounts carried forward from the year ending June 30, 2024. Most of this amount was capital related, \$2,417,225, as projects do not always finish by year end and get extended into the next fiscal year. Other amounts are related to unspent budgeted amounts from the 2024 fiscal year that were assigned at year end. The following function budgets were increased due to these carry forwards: general government \$40,025; public works \$33,500; police \$28,125; and property and inspection \$375.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source		Estimated revenues	Actual revenues	Difference
Excise taxes	\$	4,000,000	4,933,779	933,779
MDOT municipal partnership initiative		2,085,000	602,777	(1,482,223)
Registrations and fees		158,840	268,595	109,755
Rescue fees		850,500	1,112,637	262,137
RSU - officer		264,389	140,486	(123,903)
Interest		550,000	1,175,270	625,270

Excise tax revenue exceeded projections due to the Town expecting less new car purchases with the current economic environment and increases in automobile prices. The project covered by the MDOT municipal partnership initiative will not be completed until a later fiscal year. Subdivision review fees were the main cause of registration and fees exceeding budgeted figures. The rescue fees are budgeted conservatively due to the nature of the revenue and the volatility of collections. Actual revenues increased \$75,961 from the prior year. Less school resource officer time at RSU 14 was the cause of that revenue line coming in under budget. Interest revenues came in higher than expected due to conservative budgeting and the Town moving funds to take advantage of higher interest rates.

Expenditures		Estimated expenditures	Actual expenditures	Difference
Highway maintenance	\$	961,640	859,285	102,355
Dundee Park		126,913	82,921	43,992
Planning		425,433	312,065	113,368
Social services		330,957	163,624	167,333
New bond issuance		773,379	-	773,379
Capital outlay		8,982,809	3,380,334	5,602,475

Savings in wages and less contracted services used caused highway maintenance to come in under budget. Dundee Park was closed for a portion of the year due to lack of staffing. Planning had savings in wages and did not utilize contracted services to the extent expected. Some of these funds have been carried forward to the next fiscal year. Less general assistance costs than anticipated was the largest portion of social services coming in under budget. General assistance revenues were also under budget by \$62,670. The Town was expecting to issue the 2025 bond earlier in the year, which would have included a payment during the fiscal year. A later issuance date moved the first debt payment into the 2025-2026 fiscal year. Unspent budgeted capital projects are carried forward each year until the projects are finished. The Town has assigned over \$3.8 million of this amount for capital purposes in the next fiscal year. Other amounts are related to road work utilizing Maine Department of Transportation funding, which will be completed in future fiscal years.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets as of June 30, 2025, amounts to \$45,649,638 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery,

equipment, vehicles, recreation facilities, and roads. The total increase in capital assets for the current fiscal year was 7%.

Capital assets, net		
	2025	2024
Land	\$ 2,094,564	2,094,564
Construction in progress	6,467,205	3,555,169
Land improvements	1,215,670	945,096
Buildings and improvements	16,355,435	17,003,458
Equipment and furniture	2,759,095	1,500,593
Vehicles	2,919,649	3,160,396
Infrastructure	13,838,020	14,359,660
	45,649,638	42,618,936

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

- Work Route 202 and River Road intersection incurring costs of \$3,117,649.
- Town work on the Morell property totaling \$307,277.
- An MT7 trackless sidewalk machine with accessories was acquired for \$231,651.
- A 2024 freightliner pumper/tanker truck was purchased at a cost of \$586,719.
- A 2024 GMC 3500 Micro Bird commercial bus was purchased for \$107,100.
- Three 2025 Ford Explorer Interceptors were purchased for the police department for \$148,210.
- Three 2021 Hyundai Konas were acquired at a total cost of \$68,447.
- A 2023 Ford E-450 ambulance chassis was purchased for \$214,685.
- 60 MSA G1 fire service SCBA with attachments and batteries were acquired for \$529,625.

Additional information on the Town's capital assets can be found in Note III.D of this report.

Long-term Debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$29,247,090. The remainder of the Town's long-term obligations is comprised of notes payable.

Outstanding debt		
	2025	2024
Bonds payable	\$ 19,340,000	11,775,000
Notes payable	9,907,090	10,009,010
	29,247,090	21,784,010

The Town's total debt increased by \$7,463,080 (34%) during the current fiscal year. The Town issued \$9,535,000 in bonds and \$896,651 in notes during the year. These increases were offset by regular principal payments on bonds (\$1,970,000) and notes (\$998,571) payable.

The Town has an "AA+" rating from Standard & Poor's for general obligation debt. In Standard & Poor's words, "The upgrade reflects our view of the town's improved reserve position over the past two years, supported by positive financial results, while maintaining a manageable debt and contingent liability profile."

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of the average full valuation of taxable property within the jurisdiction. The current debt limitation for the Town is \$615 million, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III.E and III.F of this report.

Economic factors and next year's budget

At the end of the current fiscal year, the fund balance in the general fund was \$26,804,367. The Town has appropriated \$11,417,775 of this amount for spending in the 2025-2026 fiscal year budget. This includes a budgeted \$6,339,749 use of fund balance for the 2025-2026 fiscal year. This action was taken as an additional measure to lessen the burden of the local taxpayers. The amount also includes \$3,854,934 of capital-related projects that were not completed during the fiscal year and \$1,223,092 of other unspent amounts being assigned for future purposes.

In adopting the budget for the ensuing 2025-2026 fiscal year, Town officials considered many factors in making judgments and estimates about the finances for the upcoming year. A primary objective was to continue to provide basic town services to the citizens while attempting to keep the property tax rate steady, while balancing the need for visioning projects and upgrades. The Town Council continued to focus on the tax rate during the 2025-2026 budgeting process. The budget for the fiscal year starting July 1, 2025, was approved by the Town Council with a tax rate of 12.06 mils.

The goal of the FY2026 budget is to maintain the services and programs, while implementing capital improvements to improve the community.

- There was additional staffing budgeted for the Town:
 - Projects Manager
- Excise taxes in this budget year increased by \$600,000 over FY 25
- Building fees in this budget year increased by \$180,000 over FY 25
- Interest on investments in this budget year increased by \$250,000 over FY 25
- COLA of 3.5% to bring town staff near par with competing municipalities
- Utilized \$1,285,000 in reserves to fund FY 26 capital requests

Mill rate:

Tax Commitment

State law mandates that it is the responsibility of the assessor to maintain assessed values according to just value or market value. Real estate sale prices in Windham continued to rise this year, but this was not enough to trigger a large-scale valuation update. Only select neighborhoods and groups of properties experienced valuation adjustments this year based on sales data and review. Most of these adjustments were minor but were necessary to maintain the alignment between assessed and market value to certify a 100% ratio with the State of Maine. Rising cost of construction materials and continued strong development within the Town were the main contributors to higher real estate sales.

Tax rate was set by Town Council for the FY 2025-2026 tax year at 12.06 mills (4.27 municipal, 7.28 School, 0.51 County) with a certified assessment ratio of 100%. Windham has 9,130 real estate parcels and 1,159 personal property accounts with a combined taxable value of \$4,202,792,000, an increase of \$105,868,700 (2.6%) from last year. Approximately \$60M of that increase was due to new growth, \$28M to residential adjustments, and \$18M to commercial adjustments.

			Increase (decrease)
	FY 2025	FY 2024	
Revenues			
Town non-property taxes	16,683,109	15,465,641	1,217,468
Property tax	46,991,710	42,430,080	4,561,630
Fund balance	1,400,000	500,000	900,000
Total revenues	<u>65,074,819</u>	<u>58,395,721</u>	<u>6,679,098</u>
Expenditures			
Municipal	34,966,170	30,970,317	3,995,853
School	28,096,394	25,611,458	2,484,936
County tax	2,012,255	1,813,946	198,309
Total expenditures	<u>65,074,819</u>	<u>58,395,721</u>	<u>6,679,098</u>

New and on-going projects:

Local access roads and sidewalks

Southwest Route 202 intersection and sidewalks - \$3,912,186 to complete the revitalization of the southwest village, to build and/or rebuild sidewalks along Route 202 (Main St) with user-friendly facilities to make it a more attractive location, and also to improve pedestrian mobility and safety, drainage and geometric improvements at the intersection of River Road.

Windham Center Road sidewalk improvements - \$3,500,000 for design, engineering, planning and construction of a sidewalk and other road improvements along Windham Center Road from approximate location of Windham High School to Windham Middle School.

Projects in progress

North Windham Wastewater Treatment System – Land acquisition, site improvements, and construction of a new wastewater treatment facility in North Windham that will improve water quality in the Sebago Lake watershed, ensure protecting of public health through safer drinking water, and encourage business development. Total facility project cost is currently \$49M, which will be paid from TIF funds. Other funding sources include SRF loans (which includes partial principal forgiveness), EPA and ARPA grants. Sewer service connections will be established utilizing \$1.81M of grant funds. The next step of the treatment plant is Phase 1 & 2 of the Windham School Conveyance Project with a total cost estimate of \$13.47M, which will be paid from TIF funds and includes SRF loans (which includes partial principal forgiveness) as a funding source.

Northwest mobility plan (access roads)- recently secured a \$25M Raise Grant and \$3.125M State funding with a required \$3.125M local match to fund the connector roads; legal survey, engineering costs to stem

traffic jams and improve pedestrian access on Route 302, limiting left turns consolidating business entrances and installing sidewalks, including traffic lights.

East Windham Conservation Project - purchased approximately 750 acres from 4 landowners to create open space within the Town. Part of the FY23 Bond (\$2,300,000) to do the design, construction, improvement, landscaping, creating trails and equipping the properties to provide public access for recreational purposes. The Town was awarded a \$495,756 grant from the Land and Water Conservation Fund for the construction of the universal access trails within the conservation area.

New North Windham Fire Station – \$350,000 from fund balance in FY 25 to begin preliminary design & engineering work that will replace the old, outdated fire station in need of significant upgrades and improvements with a new facility on Franklin Drive to be shared with the Cumberland County Sheriff's Department. Additional funding was approved in FY 26 to fully fund and finance construction of this facility including \$2.4 million from fund balance, \$1.1 million from public safety impact fees, and \$6.5 million through a general obligation bond issuance with debt payments being partially repaid by TIF funds.

Community Center development & engineering - \$200,000 from fund balance in FY 25 to begin preliminary design & engineering work on the conversion of the old middle school into a community center that will serve the needs of the Town.

Windham Knight Bridge - \$750,000 - repairs shared with Maine Department of Transportation.

Requests for information

This financial report is designed to provide a general overview of the Town'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, 8 School Road, Windham, Maine 04062.

BASIC FINANCIAL STATEMENTS



Town of Windham, Maine

Statement of net position
June 30, 2025

	Governmental activities	Component Unit - WEDC
Assets		
Cash and cash equivalents	\$ 40,393,180	220,568
Note proceeds held at financial institution	1,012,594	-
Taxes receivable	860,485	-
Accounts receivable	942,975	-
Intergovernmental receivables	1,721,807	-
Prepaid expenses	2,126	-
Inventory	37,516	-
Capital assets, not being depreciated	8,561,769	-
Capital assets, net of accumulated depreciation	37,087,869	2,719
Total assets	<u>90,620,321</u>	<u>223,287</u>
Deferred outflows of resources		
Pension related	1,927,313	-
OPEB related	283,088	-
Total deferred outflows of resources	<u>2,210,401</u>	<u>-</u>
Liabilities		
Accounts payable	1,329,151	-
Accrued wages and benefits	549,549	-
Site surety and inspection deposits	1,058,061	-
Unearned revenue	1,824,369	-
Accrued interest	516,220	-
Noncurrent liabilities:		
Due within one year	3,014,663	-
Due in more than one year	33,693,081	-
Total liabilities	<u>41,985,094</u>	<u>-</u>
Deferred inflows of resources		
Pension related	349,962	-
OPEB related	327,023	-
Total deferred inflows of resources	<u>676,985</u>	<u>-</u>
Net position		
Net investment in capital assets	23,356,511	2,719
Restricted	3,627,727	-
Unrestricted	23,184,405	220,568
Total net position	<u>\$ 50,168,643</u>	<u>223,287</u>

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

Town of Windham, Maine

Statement of activities

For the year ended June 30, 2025

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Component unit
Primary government:						
Governmental activities:						
General government	\$ 8,519,938	1,007,900	155,483	-	(7,356,555)	
Public works	6,686,958	1,034,414	1,176,708	-	(4,475,836)	
Police	4,269,327	168,877	305,127	-	(3,795,323)	
Fire and rescue	3,924,700	1,112,647	121,036	-	(2,691,017)	
Recreation and cultural	1,872,690	636,325	189,353	-	(1,047,012)	
Property and inspection	791,086	-	-	-	(791,086)	
Development and conservation	528,632	-	-	-	(528,632)	
Health and welfare	590,673	62,910	243,240	-	(284,523)	
County tax	2,012,255	-	-	-	(2,012,255)	
Education	28,096,394	-	-	-	(28,096,394)	
Miscellaneous	71,459	-	-	-	(71,459)	
Interest on debt	1,048,595	-	-	-	(1,048,595)	
Capital maintenance	6,421,162	149,244	-	5,417,817	(854,101)	
Total governmental activities	<u>64,833,869</u>	<u>4,172,317</u>	<u>2,190,947</u>	<u>5,417,817</u>	<u>(53,052,788)</u>	
Total primary government	<u>\$ 64,833,869</u>	<u>4,172,317</u>	<u>2,190,947</u>	<u>5,417,817</u>	<u>(53,052,788)</u>	
Component unit						
Windham Economic Development Corp.	75,034	2,340	52,754	-	(19,940)	
	<u>75,034</u>	<u>2,340</u>	<u>52,754</u>	<u>-</u>	<u>(19,940)</u>	
General revenues:						
Property taxes				52,097,960	-	
Grants and contributions not restricted to specific programs				3,960,375	-	
Unrestricted investment earnings				1,175,270	455	
Miscellaneous				179,120	187	
Total general revenues				<u>57,412,725</u>	<u>642</u>	
Change in net position				4,359,937	(19,298)	
Net position - beginning, as previously presented				46,229,671	242,585	
Restatements				(420,965)	-	
Net position - beginning, restated				<u>45,808,706</u>	<u>242,585</u>	
Net position - ending				<u>\$ 50,168,643</u>	<u>223,287</u>	

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

Town of Windham, Maine

Balance sheet

Governmental funds

June 30, 2025

	General	American rescue plan	2025 bond issue	Total nonmajor funds	Total governmental funds
Assets					
Cash and cash equivalents	\$ 40,087,438	-	-	305,742	40,393,180
Taxes receivable	860,485	-	-	-	860,485
Accounts receivable, net	893,256	-	-	48,719	941,975
Intergovernmental receivables	1,721,807	-	-	-	1,721,807
Due from other funds	429,706	2,108,521	7,439,671	4,837,503	14,815,401
Prepaid expenditures	2,126	-	-	-	2,126
Inventory	37,516	-	-	-	37,516
Total assets	\$ 44,032,334	2,108,521	7,439,671	5,191,964	58,772,490
Liabilities					
Accounts payable	642,003	-	299,138	388,010	1,329,151
Accrued wages and benefits	549,549	-	-	-	549,549
Site surety and inspection deposits	1,058,061	-	-	-	1,058,061
Unearned revenue	659	1,823,710	-	-	1,824,369
Due to other funds	14,385,695	-	-	428,706	14,814,401
Total liabilities	16,635,967	1,823,710	299,138	816,716	19,575,531
Deferred inflows of resources					
Unavailable revenue - property taxes	592,000	-	-	-	592,000
Total deferred inflows of resources	592,000	-	-	-	592,000
Fund balances					
Nonspendable	39,642	-	-	41,874	81,516
Restricted	-	284,811	-	3,301,042	3,585,853
Committed	912,957	-	7,140,533	1,413,332	9,466,822
Assigned	11,417,775	-	-	-	11,417,775
Unassigned	14,433,993	-	-	(381,000)	14,052,993
Total fund balances	26,804,367	284,811	7,140,533	4,375,248	38,604,959
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,032,334	2,108,521	7,439,671	5,191,964	
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.					45,649,638
Note proceeds held at financial institution					1,012,594
Other long-term assets are not available to pay for current expenditures and are deferred in the funds					
Unavailable revenue - property taxes					592,000
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.					
Bonds payable					(19,340,000)
Premium on bonds					(1,727,405)
Notes payable					(9,907,090)
Accrued interest on long-term debt					(516,220)
Compensated absences					(1,239,977)
Net pension liability with related deferred inflows and outflows					(1,599,207)
Total OPEB liability with related deferred inflows and outflows					(1,360,649)
Net position of governmental funds					50,168,643

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

Town of Windham, Maine

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

For the year ended June 30, 2025

	General	American rescue plan	2025 bond issue	Total nonmajor funds	Total governmental funds
Revenues					
Property taxes	\$ 52,046,960	-	-	-	52,046,960
Intergovernmental	5,345,121	-	-	5,284,758	10,629,879
Licenses and permits	1,366,944	-	-	-	1,366,944
Charges for services	1,817,883	-	-	987,490	2,805,373
Interest	1,175,270	92,129	390,003	115,843	1,773,245
Miscellaneous	312,763	-	-	207,642	520,405
Total revenues	62,064,941	92,129	390,003	6,595,733	69,142,806
Expenditures					
Current:					
General government	7,477,652	-	-	650,365	8,128,017
Public works	4,935,973	-	-	473,064	5,409,037
Police	3,948,440	-	-	78,131	4,026,571
Fire and rescue	3,392,642	-	-	81,101	3,473,743
Recreation and cultural	1,202,852	-	-	542,214	1,745,066
Property and inspection	789,061	-	-	-	789,061
Development and conservation	538,218	-	-	-	538,218
Health and welfare	447,240	-	-	140,179	587,419
County tax	2,012,255	-	-	-	2,012,255
Education	28,096,394	-	-	-	28,096,394
Miscellaneous	71,459	-	-	-	71,459
Debt service	2,418,003	-	71,417	-	2,489,420
Capital outlay	2,590,260	-	3,264,152	6,083,330	11,937,742
Total expenditures	57,920,449	-	3,335,569	8,048,384	69,304,402
Excess (deficiency) of revenues over (under) expenditures	4,144,492	92,129	(2,945,566)	(1,452,651)	(161,596)
Other financing sources (uses)					
Transfers in	574,537	-	-	1,263,110	1,837,647
Transfers out	(1,263,110)	-	-	(574,537)	(1,837,647)
Bonds, notes, and premium issued	473,036	-	10,710,572	-	11,183,608
Total other financing sources (uses)	(215,537)	-	10,710,572	688,573	11,183,608
Net change in fund balances	3,928,955	92,129	7,765,006	(764,078)	11,022,012
Fund balances - beginning, restated	22,875,412	192,682	(624,473)	5,139,326	27,582,947
Fund balances - ending	\$ 26,804,367	284,811	7,140,533	4,375,248	38,604,959

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

Town of Windham, Maine

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2025

Net change in fund balances - total governmental funds \$ 11,022,012

Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

Capital outlays	5,689,925
Depreciation expense	(2,210,625)
Book value of disposed capital assets	(114,498)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable taxes	51,000
------------------------------	--------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bonds, notes, and premium issued	(11,183,608)
Principal paid on bonds	1,970,000
Principal paid on notes	998,571
Amortization of bond premium	110,967

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

Accrued interest on long-term debt	(403,713)
Compensated absences	(85,281)
Changes in pension liabilities and related deferred outflows and inflows of resources	(207,838)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(41,975)

The Town has bonds that were originally issued for School purposes. These amounts are funded by RSU 14 when the debt service payments are due. This is the amount of principal paid by RSU 14 during the year.

(1,235,000)

Change in net position of governmental activities \$ 4,359,937

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

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 51,116,015	51,116,015	52,046,960	930,945
Intergovernmental	6,371,800	6,371,800	5,161,277	(1,210,523)
Licenses and permits	898,811	898,811	1,007,989	109,178
Charges for services	1,688,463	1,688,463	1,794,556	106,093
Interest	550,000	550,000	1,175,270	625,270
Miscellaneous	101,300	101,300	179,120	77,820
Total revenues	60,726,389	60,726,389	61,365,172	638,783
Expenditures				
Current:				
General government	7,815,439	7,855,464	7,477,652	377,812
Public works	5,166,044	5,199,544	4,933,614	265,930
Police	3,884,830	3,912,955	3,864,383	48,572
Fire and rescue	3,374,183	3,374,183	3,390,498	(16,315)
Recreation and cultural	1,241,631	1,241,631	1,173,607	68,024
Property and inspection	818,712	819,087	789,061	30,026
Development and conservation	688,912	682,930	538,218	144,712
Health and welfare	521,307	521,307	426,540	94,767
County tax	2,012,255	2,012,255	2,012,255	-
Education	28,096,394	28,096,394	28,096,394	-
Overlay/abatements	205,790	205,790	70,531	135,259
General and emergency contingency	200,004	200,004	928	199,076
Debt service	3,197,359	3,197,359	2,418,003	779,356
Capital outlay	5,302,474	7,719,699	2,117,224	5,602,475
Total expenditures	62,525,334	65,038,602	57,308,908	7,729,694
Excess (deficiency) of revenues over (under) expenditures	(1,798,945)	(4,312,213)	4,056,264	8,368,477
Other financing sources (uses)				
Transfers in	1,662,055	1,662,055	891,609	(770,446)
Transfers out	(1,263,110)	(1,263,110)	(1,263,110)	-
Use of fund balance	1,400,000	3,913,268	-	(3,913,268)
Total other financing sources (uses)	1,798,945	4,312,213	(371,501)	(4,683,714)
Net change in fund balance - budgetary basis	-	-	3,684,763	3,684,763
Reconciliation to GAAP				
Change in committed and assigned balances			244,192	
Net change in fund balance - GAAP basis			3,928,955	
Fund balance - beginning			22,875,412	
Fund balance - end	\$		26,804,367	

Town of Windham, Maine

Statement of fiduciary net position

Fiduciary funds

June 30, 2025

Private-purpose trust funds

Assets

Cash and cash equivalents	\$ 74,944
Total assets	<u>74,944</u>

Liabilities

Due to other funds	1,000
Total liabilities	<u>1,000</u>

Net position

Restricted	73,944
Total net position	<u>73,944</u>

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

Town of Windham, Maine

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2025

	Private-purpose trust funds
Additions	
Contributions	\$ -
Investment earnings:	
Interest	3,279
Total additions	<u>3,279</u>
Deductions	
Scholarships	1,000
Total deductions	<u>1,000</u>
Net increase (decrease) in fiduciary net position	2,279
Net position - beginning	<u>71,665</u>
Net position - ending	<u>\$ 73,944</u>

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

Town of Windham, Maine

Notes to the financial statements

June 30, 2025

I. Summary of significant accounting policies

The financial statements of the Town of Windham, Maine (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The Town is a municipal corporation governed by an elected seven-member Governing Council (Town Council). The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Discretely presented component unit

The Windham Economic Development Corporation (WEDC) was created to promote economic development in the Town. WEDC is governed by three members who are appointed by the Town Council. The Town provides funding for the operation of WEDC. WEDC is reported in a separate column in the government-wide financial statements and does not issue separate financial statements.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds,

while business-type activities incorporate data from the Town's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the general fund and the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The Town does not report any enterprise funds.

The Town reports the following major governmental funds:

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

The *American rescue plan fund* accounts for federal funds received through the American Rescue Plan Act.

The *2025 bond issue fund* accounts for capital projects funded through a bond issuance.

Additionally, the Town reports the following fund type:

The *private-purpose trust fund* accounts for scholarships that benefit members of the community.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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 Town 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, charges for service, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

F. Budgetary information

Budgetary basis of accounting

An annual budget of the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The capital project funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The appropriated budget is prepared by department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Excess of expenditures over appropriations

For the year ended June 30, 2025, expenditures exceeded appropriations for fire and rescue by \$16,315 in the general fund.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

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

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel. 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.

Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$25,000 for land, buildings, and improvements; \$5,000 for equipment and vehicles; and \$100,000 for infrastructure projects; and an estimated useful life in excess of two years.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs,

which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	10-50
Equipment and vehicles	5-20
Infrastructure	15-40

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category, deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has four items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and debt service payments from Regional School Unit 14 (RSU 14). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension and OPEB.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an order committing fund balance for a specified purpose by the Town's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.

Assigned fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Council approves carry forward amounts presented by the finance director to assign fund balance. The Town 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 appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the Town considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

H. Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes were committed on August 20, 2024, on the assessed value listed as of the previous April 1. Taxes are due in two installments, on October 1, 2024, and April 1, 2025. Taxes unpaid by the due date are assessed interest. Tax liens are placed on real property of delinquent tax accounts within twelve months following the date taxes are committed for collection.

The Town is permitted by the laws of the State of Maine to levy taxes up to 5% 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 \$205,790 for the year ended June 30, 2025.

The following summarized the 2025, 2024, and 2023 tax levies:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assessed value	\$4,096,923,300	3,788,400,000	3,292,632,700
<u>Tax rate (per \$1,000)</u>	<u>11.47</u>	<u>11.20</u>	<u>11.61</u>
Commitment	46,991,710	42,430,080	38,227,466
Supplemental taxes assessed	36,423	42,671	11,274
Abatements	(54,195)	(63,718)	(23,896)
Total taxes assessed less abatements	46,973,938	42,409,033	38,214,844
<u>Collections</u>	<u>(46,410,846)</u>	<u>(41,885,429)</u>	<u>(37,827,728)</u>
<u>Receivable at June 30</u>	<u>\$563,092</u>	<u>523,604</u>	<u>387,116</u>

Compensated absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The Town's policy permits employees to accumulate earned but unused vacation and sick leave, which are eligible for payment upon separation from government service. A portion of sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination. The sick leave accrual also contains an estimate of the amount of sick time that is "more likely than not" to be used as time off (\$87,922). The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2025.

B. Deficit fund balance

At June 30, 2025, the following funds had deficit balances:

Little falls sewer operation	\$117,457	Be the influence grant	1,318
Justice assistance grant	20	Depot Street TIF	261,428
Caregiver arts and crafts	6	Alfond training fund	771

These deficits will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers from the general fund).

III. Detailed notes on activities and funds

A. Cash and investments

It is the policy of the Town to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and confirming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield. The Town is not invested in any obligations typically known as derivatives.

B. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank's failure, the Town's deposits may not be returned to it. The Town minimizes custodial credit risk by obtaining collateral for all uninsured amounts on deposit. Time deposits are insured up to \$250,000 by the F.D.I.C. The Town's custodian agrees to provide safekeeping services and to hold the securities (in book entry) pledged by a financial institution in a custodial account established for the benefit of the Town as a secured party. This account shall be kept separate and apart from the general assets of the custodian, and will not, under any circumstances, be commingled with or become part of, the backing for any other deposit or liability of the Town. The Town minimizes custodial credit risk by limiting cash held by a broker to certificates of deposit protected up to full value by a combination of coverage provided by the Securities Investor Protection Corporation (SIPC) and excess coverage purchased from a private insurer. Certificates of deposit which exceed the F.D.I.C. insured amount are collateralized in accordance with Title 30-A, Section 5706 of the Maine Revised Statutes.

As of June 30, 2025, the Town's bank balance was \$41,964,087, all of which was covered by F.D.I.C. or collateral held by the financial institution. As of June 30, 2025, WEDC's bank balance was \$228,317, all of which was covered by the F.D.I.C.

C. Receivables

Amounts other than leases receivable are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Below are the details of receivables for the general fund in the aggregate, including the applicable allowances for doubtful accounts:

	Accounts	Ambulance	Total
Receivable	\$722,250	194,892	917,142
Allowance	-	(23,886)	(23,886)
<u>Total receivable, net</u>	<u>\$722,250</u>	<u>171,006</u>	<u>893,256</u>

D. Capital assets

Capital assets activity for the year ended June 30, 2025, was as follows:

	Restated balance beginning of year	Additions	Deletions	Balance end of year
Governmental activities				
Capital assets, not being depreciated				
Land	\$2,094,564	-	-	2,094,564
Construction in progress	3,221,069	3,812,080	565,944	6,467,205
Total capital assets, not being depreciated	5,315,633	3,812,080	565,944	8,561,769
Capital assets, being depreciated				
Buildings and improvements	24,461,052	351,259	-	24,812,311
Machinery and equipment	5,734,881	1,623,662	2,180	7,356,363
Vehicles	7,777,030	468,868	324,608	7,921,290
Infrastructure	27,169,253	-	-	27,169,253
Total capital assets, being depreciated	65,142,216	2,443,789	326,788	67,259,217
Less accumulated depreciation for				
Buildings and improvements	6,512,498	728,708	-	7,241,206
Machinery and equipment	4,234,288	365,160	2,180	4,597,268
Vehicles	4,616,634	595,117	210,110	5,001,641
Infrastructure	12,809,593	521,640	-	13,334,233
Total accumulated depreciation	28,173,013	2,210,625	212,290	30,171,348
Total capital assets, being depreciated, net	36,969,203	233,164	114,498	37,087,869
Total governmental activities capital assets	\$42,284,836	4,045,244	680,442	45,649,638

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

General government	\$88,792
Public works	1,290,200
Police	376,381
Fire and rescue	335,878
Recreation and cultural	119,374
Total depreciation expense	\$2,210,625

Component unit capital assets

Capital assets for WEDC consists of a sign with a historical cost of \$9,064. As of June 30, 2025, accumulated depreciation was \$6,345 and the net book value was \$2,719. Depreciation expense was \$907 for the year ended June 30, 2025.

E. Changes in long-term liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2025, are as follows:

	Restated balance beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Bonds payable	\$11,775,000	9,535,000	1,970,000	19,340,000	1,390,000
Bond premium	662,800	1,175,572	110,967	1,727,405	322,908
Notes payable	10,009,010	896,651	998,571	9,907,090	972,027
Compensated absences	1,154,696	85,281*	-	1,239,977	329,728
Net pension (asset) liability	2,562,471	614,087	-	3,176,558	-
Total OPEB liability	1,262,360	54,354	-	1,316,714	-
Total governmental activities	\$27,426,337	12,360,945	3,079,538	36,707,744	3,014,663

* Net change in compensated absences.

F. Bonds and notes payable

The Town issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Bonds and notes payable at June 30, 2025:

	Original borrowing	Interest rates	Final maturity	Outstand- ing at year end
Governmental activities				
Bonds payable				
Public safety building and infrastructure	\$4,450,000	1.0%-5.0%	2041	\$3,210,000
Infrastructure and fire pumper truck	4,790,000	2.0%-4.0%	2042	3,935,000
Property acquisition and refunding	5,815,000	4.0%-5.0%	2044	2,660,000
Infrastructure and equipment	9,535,000	4.0%-5.0%	2045	9,535,000
Total bonds payable				19,340,000
Notes payable				
Shared maintenance facility	1,668,000	0.25%-3.5%	2037	1,000,800
Public safety building	9,300,000	2.2%-4.227%	2039	6,510,000
Cardiac monitors	93,899	1.82%	2027	38,580
Sidewalk tractor	157,996	2.12%	2029	93,009
Plow truck and sweeper	415,343	2.84%	2029	246,874
Trucks and compression units	131,434	4.45%	2030	97,677
Dump truck with plow	170,919	4.45%	2030	127,382
Ambulance and truck	229,000	4.45%	2031	200,815
ATV and trailer	36,442	4.45%	2031	31,921
Freightliner and trucks	362,496	4.52%	2031	310,711
Vehicles	580,685	5.50%	2031	497,730
Public works vehicles	896,651	4.36%	2032	751,591
Total notes payable				9,907,090
Total governmental activities				\$29,247,090

The debt service requirements for the Town's bonds and notes are as follows:

Year ending <u>June 30</u>	<u>Bonds payable</u>		<u>Notes payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$1,390,000	1,080,348	972,027	357,653	3,800,028
2027	1,355,000	700,660	982,848	325,191	3,363,699
2028	1,355,000	640,010	974,283	291,679	3,260,972
2029	1,330,000	579,985	985,623	257,497	3,153,105
2030	1,330,000	519,885	906,639	221,938	2,978,462
2031-2035	6,180,000	1,793,250	3,058,870	678,874	11,710,994
2036-2040	5,135,000	713,210	2,026,800	160,051	8,035,061
2041-2045	1,265,000	86,180	-	-	1,351,180
Totals	\$19,340,000	6,113,528	9,907,090	2,292,883	37,653,501

G. Overlapping debt

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town, is summarized as follows:

	<u>Total debt</u>	<u>Town %</u>	<u>Town share</u>
Cumberland County	\$27,686,649	4.76%	1,318,926
Regional School Unit 14	105,163,692	67.47%	70,953,943
Portland Water District - water	65,168,606	7.05%	4,594,386
Portland Water District - sewer	63,979,391	19.50%	12,477,252

H. Pension plan

Plan description

The Town participates in the Participating Local District (PLD) Consolidated Plan, which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

Benefit terms are established in Maine statute; in the case of the PLD plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MPERS retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (the prior ten-year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is age 60 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 with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MPERS Board of Trustees and is currently 3.88%.

Contributions

Retirement benefits are funded by contributions from employees and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Employee and employer contribution rates are each a percentage of applicable employee compensation. Employee contribution rates are defined by law, or by the MPERS Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Employees were required to contribute 6.75%, 7.5%, and 9.2% of their annual pay for the age 65 AC Plan, the age 60 AC Plan, and the Special 3C Plan, respectively. The Town's contractually required rate for the year ended June 30, 2025, was 9.9% and 12.8% of annual pay for the AC Plan and 3C Plan, respectively. The Town made contributions to the pension plan of \$840,165 for the year ended June 30, 2025.

Proportionate share of the net pension (asset) liability

At June 30, 2025, the Town reported a liability of \$3,176,558 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the pension liability was based on the Town's contributions recognized by the plan during the measurement period, adjusted for contributions for employer-specific and employer-paid employee contributions. The Town's proportionate share was 0.7936% at the end of the measurement period and 0.803% for the beginning of the period, which represents a decrease of 0.0094%.

Actuarial assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.75%-11.48%
Cost of living adjustments	1.91%

Mortality rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used for the year ended June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

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 class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	5.6%
U.S. government	2.2%
Private equity	7.2%
Real assets:	
Real estate	5.8%
Infrastructure	5.3%
Natural resources	5.1%
Traditional credit	2.7%
Alternative credit	6.4%
Diversifiers	4.8%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Proportionate share net pension (asset) liability	\$7,937,080	3,176,558	(745,565)

Pension expense and deferred items summary

For the year ended June 30, 2025, the Town recognized pension expense of \$1,062,029 for its proportionate share of the pension expense. At June 30, 2025, the Town reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$942,788	-
Differences between expected and actual investment earnings	-	330,280
Changes of assumptions	-	-
Changes in proportion	144,360	19,682
Contributions paid subsequent to the measurement date	840,165	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$1,927,313</u>	<u>349,962</u>

Deferred outflows of resources reported \$840,165 related to pensions resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	
<u>June 30</u>	
2026	\$84,703
2027	760,505
2028	(44,022)
2029	(64,000)

Pension plan fiduciary net position

The MPERS fiduciary net position has been determined using the same basis used to determine the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

I. Other postemployment benefit (OPEB) obligations – health insurance

Plan description

The Town sponsors a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town 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*.

Plan membership

At January 1, 2024, membership consisted of:

Inactive members currently receiving benefits	4
Inactive members entitled to but not yet receiving benefits	-
<u>Active members</u>	<u>114</u>
<u>Total</u>	<u>118</u>

Benefits provided

Healthcare and life insurance benefits are provided for retirees and their dependents. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for postretirement benefits. The retiree pays 100% of the premium equivalent rate for coverage elected. The non-Medicare retirees are offered the same plans that are available to the active employees. Medicare retirees are assumed to be enrolled in Medicare Parts A and B, which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage. Medical benefits are provided for the life of the retiree and surviving spouses. The \$3,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$3,000 life insurance benefit as well.

Net OPEB liability

At June 30, 2025, the Town reported a total OPEB liability of \$1,316,714. The OPEB liability was measured as of January 1, 2025, and was determined by an actuarial valuation as of January 1, 2024.

Actuarial assumptions

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	January 1, 2024
Measurement date	January 1, 2025
Actuarial cost method	Entry age normal

Assumptions

Inflation rate	2.38%
Annual salary increases	2.75%
Healthcare cost trend rates - non-Medicare	10.14% in 2024
decreasing to	3.81% in 2044
Healthcare cost trend rates - Medicare	7.66% in 2024
decreasing to	3.81% in 2044

Rates of mortality are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females.

Actuarial assumptions used for the January 1, 2024, valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020.

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liability was 4.08%. These rates are assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in total OPEB liability

Balances beginning of year	\$1,262,360
Changes for the period	
Service cost	80,238
Interest	43,457
Changes of benefits	-
Differences between expected and actual experience	-
Changes of assumptions	(50,088)
Benefit payments	(19,253)
Net changes	54,354
Balances end of year	\$1,316,714

Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 4.08% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$1,546,713	1,316,714	1,131,123

The table below presents the total OPEB liability of the Town calculated using the healthcare rates disclosed above as well as what the total OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$1,099,639	1,316,714	1,598,512

OPEB expense and deferred items summary

For the year ended June 30, 2025, the Town recognized OPEB expense of \$64,646. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$71,143	186,511
Changes of assumptions	198,900	140,512
<u>Contributions paid subsequent to the measurement date</u>	13,045	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$283,088</u>	<u>327,023</u>

Deferred outflows of resources reported \$13,045 related to OPEB resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending <u>June 30</u>	
2026	(\$48,418)
2027	(33,387)
2028	(33,385)
2029	7,270
2030	669
Thereafter	50,271

J. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$39,642	-	-	-
Impact fee projects	-	-	912,957	-
Capital projects and equipment	-	-	-	3,854,934
Police related activities and projects	-	-	-	313,034
Health and welfare	-	-	-	695,153
Other	-	-	-	214,905
Budget appropriation	-	-	-	6,339,749
American rescue plan	-	284,811	-	-
2025 bond issue fund	-	-	7,140,533	-
Special revenue funds				
Recreation	-	-	273,505	-
Tax incremental financing districts	-	2,771,030	-	-
Other	-	266,144	-	-
Capital projects - bond issuances	-	-	1,139,827	-
Permanent funds				
Held in perpetuity	41,874	-	-	-
Cemetery upkeep	-	263,868	-	-
<u>Total</u>	<u>\$81,516</u>	<u>3,585,853</u>	<u>9,466,822</u>	<u>11,417,775</u>

K. Interfund balances

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund. The composition of interfund balances as of June 30, 2025, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Special revenue funds	\$428,706
General fund	Fiduciary fund	1,000
American rescue plan	General fund	2,108,521
2025 bond issue fund	General fund	7,439,671
Special revenue funds	General fund	3,697,676
<u>Capital project funds</u>	<u>General fund</u>	<u>1,139,827</u>
<u>Total</u>		<u>\$14,815,401</u>

L. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

	<u>Transfers in</u>		
	<u>General fund</u>	<u>Special Revenue funds</u>	<u>Total</u>
Transfers out			
General fund	\$ -	1,263,110	1,263,110
Special revenue funds	208,122	-	208,122
Capital project funds	366,415	-	366,415
Total	\$574,537	1,263,110	1,837,647

During the year, transfers are used to move revenues from the fund with collection authorization to the tax incremental financing funds (\$1,263,110) for approved activities and projects. Transfers are also used to move funds accumulated in the tax incremental financing funds to the general fund (\$91,604) to cover approved activities and projects that are accounted for in the general fund, i.e., economic development.

Further, during the year ended June 30, 2025, the Town made the following one-time transfers:

Transfers of \$10,182, \$201,531, and \$154,702 from the 2021, 2022, and 2023 bond issue funds, respectively, to the general fund to close out finished projects

Transfer of \$1,518 from the special revenue funds to the general fund to cover costs accounted for in the general fund that were covered by grant funds.

Transfer of \$115,000 from recreational programs fund to the general fund for recreational costs incurred in the general fund.

M. Risk management

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial insurance and participates in public entity risk pools sponsored by the Maine Municipal Association. Based on the coverages provided, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2025.

N. Contingencies

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

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

O. Tax abatements

The Town has entered into property tax abatement agreements (credit enhancement agreements) with individual organizations under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2025, the Town abated property taxes totaling \$12,375 through these credit enhancement agreements. Avesta New Marblehead One LP received a 100% property tax abatement on all new value created with the development of affordable housing. The abatement amounted to \$12,375.

P. Construction and other significant commitments

The Town has active construction projects as of June 30, 2025. These projects include Route 202 sidewalk and intersection construction. At year end, the Town's commitments are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining commitment</u>
Route 202 sidewalks and intersection	\$3,191,997	853,276

Q. Adjustments and restatements of beginning balances

During fiscal year 2025, the Town has adopted Governmental Accounting Standards Board Statement No. 101 *Compensated Absences*. Under this new standard, the Town is required to record a liability for sick time that is "more likely than not" to be used for time off. The Town removed construction in progress (CIP) related to the North Windham sewer project as it was determined that Portland Water District will own and operate the infrastructure at the end of the project. Also, the 2025 bond issue fund is now being reported as a major fund. It was a nonmajor fund in the prior year. The following accounts were restated as of July 1, 2024:

	<u>For the year ended June 30, 2024</u>		
	<u>Original amount</u>	<u>Adjustments</u>	<u>Restated amount</u>
<u>Adopting GASB 101 and CIP restatement</u>			
Accrued compensated absences	\$1,067,831	86,865	1,154,696
Construction in progress	3,555,169	(334,100)	3,221,069
Net position, beginning	46,229,671	(420,965)	45,808,706
 <u>New major fund</u>			
2025 bond issue fund	-	(624,473)	(624,473)
Nonmajor funds	4,514,853	624,473	5,139,326

Town of Windham, Maine

Required supplementary information

Schedule of Town's proportionate share of the net pension liability

Maine Public Employees Retirement System

Last ten fiscal years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PLD plan										
Town's proportion of the net pension liability	0.7936%	0.8030%	0.6450%	0.5627%	0.5196%	0.5168%	0.4279%	0.3447%	0.3467%	0.3902%
Town's proportionate share of the net pension liability	\$ 3,176,558	2,562,471	1,714,672	(180,842)	2,064,363	1,579,721	1,171,079	1,411,252	1,842,379	1,244,764
Town's covered payroll	6,479,044	5,726,840	4,089,285	2,954,352	2,595,191	2,312,849	2,306,612	2,087,654	1,908,722	2,043,137
Town's proportionate share of the net pension liability as a percentage of its covered payroll	49.03%	44.74%	41.93%	-6.12%	79.55%	68.30%	50.77%	67.60%	96.52%	60.92%
Plan fiduciary net position as a percentage of the total pension liability	91.06%	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%

Schedule of Town's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PLD plan										
Contractually determined contribution	\$ 840,165	764,874	702,215	519,731	381,111	332,125	293,732	247,799	176,664	162,710
Contributions in relation to the contractually required contribution	(840,165)	(764,874)	(702,215)	(519,731)	(381,111)	(332,125)	(293,732)	(247,799)	(176,664)	(162,710)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Town's covered payroll	7,185,302	6,479,044	5,726,840	4,089,285	2,954,352	2,595,191	2,312,849	2,306,612	2,087,654	1,908,722
Contributions as a percentage of covered payroll	11.69%	11.81%	12.26%	12.71%	12.90%	12.80%	12.70%	10.74%	8.46%	8.52%

Town of Windham, Maine

Required supplementary information

Schedule of changes in the Town's total OPEB liability and related ratios

Last ten fiscal years (only eight years available)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 80,238	45,598	54,500	57,126	49,600	41,443	46,754	41,139
Interest	43,457	35,254	20,890	22,689	26,302	52,982	47,513	53,779
Changes of benefits	-	-	-	-	-	(23,450)	-	-
Differences between expected and actual experience	-	86,953	-	(114,150)	-	(354,061)	-	(22,665)
Changes of assumptions	(50,088)	201,553	(108,572)	12,656	59,401	(11,841)	(120,234)	(62,413)
Benefit payments	(19,253)	(18,023)	(30,562)	(33,140)	(31,865)	(58,867)	(56,603)	(57,285)
Net change in total OPEB liability - MMEHT plan	54,354	351,335	(63,744)	(54,819)	103,438	(353,794)	(82,570)	(47,445)
Total OPEB liability - beginning	\$ 1,262,360	911,025	974,769	1,029,588	926,150	1,279,944	1,362,514	1,409,959
Total OPEB liability - ending	\$ 1,316,714	1,262,360	911,025	974,769	1,029,588	926,150	1,279,944	1,362,514
Covered-employee payroll	\$ 7,495,250	7,495,520	5,299,494	5,299,494	4,816,048	4,816,048	4,728,753	4,728,753
Total OPEB liability as a percentage of covered-employee payroll	17.57%	16.84%	17.19%	18.39%	21.38%	19.23%	27.07%	28.81%

Town of Windham, Maine

Notes to required supplementary information

Pension plans

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Discount rate	6.50%	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75-11.48%	2.75-11.48%	2.75-11.48%	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	1.91%	1.91%	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%

Mortality rates - **2015**: RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016**: RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021**: 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table

Other postemployment benefit (OPEB) obligations - health insurance

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Discount rate	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

Valuation method - In 2018, changed from the projected unit credit funding method to the entry age normal funding method.

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025			Variance positive (negative)	2024 actual
	Original budget	Final budget	Actual		
Revenues					
Property taxes					
Real estate and personal property	\$ 46,991,715	46,991,715	46,946,867	(44,848)	42,286,215
Supplemental taxes	6,000	6,000	39,757	33,757	42,617
Tax lien fees	20,000	20,000	17,192	(2,808)	13,855
Payments in lieu of taxes	8,000	8,000	10,777	2,777	10,649
Interest on taxes	50,300	50,300	62,529	12,229	51,871
Excise taxes	4,000,000	4,000,000	4,933,779	933,779	4,643,103
Boat excise	40,000	40,000	36,059	(3,941)	38,023
Total property taxes	51,116,015	51,116,015	52,046,960	930,945	47,086,333
Intergovernmental					
State revenue sharing	2,600,000	2,600,000	2,626,992	26,992	2,611,234
Homestead exemption	1,144,760	1,144,760	1,144,770	10	1,113,634
Veterans exemption	7,800	7,800	6,612	(1,188)	6,300
Business equipment tax reimbursement	144,060	144,060	144,366	306	128,562
Tree growth	30,180	30,180	37,635	7,455	37,143
Local road assistance program (LRAP)	260,000	260,000	307,356	47,356	303,480
MDOT municipal partnership initiative	2,085,000	2,085,000	602,777	(1,482,223)	-
FEMA disaster recovery	-	-	253,439	253,439	-
General assistance	100,000	100,000	37,330	(62,670)	85,225
Total intergovernmental	6,371,800	6,371,800	5,161,277	(1,210,523)	4,285,578
Licenses and permits					
Registrations and fees	158,840	158,840	268,595	109,755	219,315
Building permits	377,500	377,500	388,251	10,751	382,958
Plumbing permits	45,000	45,000	49,503	4,503	39,038
Clerk fees	65,220	65,220	63,841	(1,379)	95,437
Marijuana applications and education	29,251	29,251	48,650	19,399	86,600
Cable television franchise fees	223,000	223,000	189,149	(33,851)	208,591
Total licenses and permits	898,811	898,811	1,007,989	109,178	1,031,939
Charges for services					
Dundee Park	65,200	65,200	19,502	(45,698)	50,392
Rescue fees	850,500	850,500	1,112,637	262,137	1,036,676
Solid waste	259,024	259,024	269,805	10,781	783,403
RSU - officer	264,389	264,389	140,486	(123,903)	183,432
RSU - maintenance facility	238,750	238,750	235,788	(2,962)	241,057
Police	7,500	7,500	10,891	3,391	10,812
Fire	100	100	10	(90)	20
Library	3,000	3,000	5,437	2,437	5,026
Total charges for services	1,688,463	1,688,463	1,794,556	106,093	2,310,818

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025			2024 actual
	Original budget	Final budget	Actual	
Revenues				
Interest	550,000	550,000	1,175,270	625,270
Miscellaneous	101,300	101,300	179,120	77,820
Total revenues	60,726,389	60,726,389	61,365,172	638,783
				56,072,577
Expenditures				
Current:				
General government				
Town council	278,598	278,598	258,635	19,963
Town management	1,153,189	1,153,189	1,066,765	86,424
Collection and registration	231,972	231,972	213,233	18,739
Information services	706,643	711,643	695,261	16,382
Boards and commissions	87,866	112,891	79,044	33,847
Communication and e-government	177,227	177,227	157,649	19,578
Town clerk	310,744	310,744	289,882	20,862
Insurance	191,361	191,361	197,882	(6,521)
Employee benefits	4,677,839	4,687,839	4,519,301	168,538
Total general government	7,815,439	7,855,464	7,477,652	377,812
				6,936,760
Public works				
Administration	392,246	425,746	355,052	70,694
Highway maintenance	961,640	961,640	859,285	102,355
Traffic safety	208,580	208,580	218,595	(10,015)
Snow removal	575,000	575,000	507,728	67,272
Building maintenance	785,729	785,729	802,903	(17,174)
Grounds maintenance	278,173	278,173	228,956	49,217
Vehicle maintenance	733,246	733,246	668,235	65,011
Waste management	1,231,430	1,231,430	1,292,860	(61,430)
Total public works	5,166,044	5,199,544	4,933,614	265,930
				4,582,501
Police				
Administration	3,128,025	3,156,150	3,103,174	52,976
Communications	539,853	539,853	554,143	(14,290)
Animal control	91,458	91,458	92,514	(1,056)
Vehicle maintenance	125,494	125,494	114,552	10,942
Total police	3,884,830	3,912,955	3,864,383	48,572
				3,572,719
Fire and rescue				
Administration	3,045,335	3,045,335	3,070,430	(25,095)
Water	128,000	128,000	121,525	6,475
Emergency management	1,400	1,400	-	1,400
Vehicle maintenance	199,448	199,448	198,543	905
Total fire and rescue	3,374,183	3,374,183	3,390,498	(16,315)
				3,332,942

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025			2024 actual
	Original budget	Final budget	Actual	
Expenditures				
Current:				
Recreation and culture				
Administration	357,446	357,446	346,941	10,505
Parks and trails	89,920	89,920	84,972	4,948
Dundee Park	126,913	126,913	82,921	43,992
Summerfest	13,630	13,630	13,630	-
Public library	653,722	653,722	645,143	8,579
Total recreation and culture	1,241,631	1,241,631	1,173,607	68,024
Property and inspection				
Code enforcement	445,743	445,743	421,349	24,394
Assessing	372,969	373,344	367,712	5,632
Total property and inspection	818,712	819,087	789,061	30,026
Development and conservation				
Planning	458,433	425,433	312,065	113,368
Comprehensive planning	2,500	29,518	11,618	17,900
WEDC	227,979	227,979	214,535	13,444
Total development and inspection	688,912	682,930	538,218	144,712
Health and welfare				
Social services	330,957	330,957	163,624	167,333
Agency funding	30,350	30,350	28,850	1,500
Property tax assistance program	160,000	160,000	234,066	(74,066)
Total health and welfare	521,307	521,307	426,540	94,767
County tax	2,012,255	2,012,255	2,012,255	-
Education	28,096,394	28,096,394	28,096,394	-
Overlay/abatements	205,790	205,790	70,531	135,259
General and emergency contingency	200,004	200,004	928	199,076
Debt service				
Principal	2,518,400	2,518,400	2,518,400	-
Interest	604,785	604,785	635,281	(30,496)
New bond issuance	773,379	773,379	-	773,379
RSU 14 share of debt service	(1,286,375)	(1,286,375)	(1,286,375)	-
Lease payments	587,170	587,170	550,697	36,473
Debt service	3,197,359	3,197,359	2,418,003	779,356

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025			2024
	Original budget	Final budget	Actual	Variance positive (negative)
Expenditures				
Capital outlay				
Capital equipment	608,200	1,495,936	247,446	1,248,490
Road improvements	3,201,518	4,049,682	1,611,864	2,437,818
Building and facilities improvements	997,000	1,614,770	244,359	1,370,411
TIF transfer (transfer out)	1,263,110	1,263,110	1,263,110	-
Recreation improvements	495,756	559,311	13,555	545,756
Total capital outlay	6,565,584	8,982,809	3,380,334	5,602,475
Total expenditures	63,788,444	66,301,712	58,572,018	7,729,694
Excess (deficiency) of revenues over (under) expenditures	(3,062,055)	(5,575,323)	2,793,154	8,368,477
Other financing sources (uses)				
Transfers in	1,662,055	1,662,055	891,609	(770,446)
Transfers out	-	-	-	-
Use of fund balance	1,400,000	3,913,268	-	(3,913,268)
Total other financing sources (uses)	3,062,055	5,575,323	891,609	(4,683,714)
Net change in fund balance - budgetary basis	-	-	3,684,763	3,684,763
Reconciliation to GAAP				
Change in committed and assigned balances			244,192	25,907
Net change in fund balance - GAAP basis			3,928,955	3,802,599
Fund balance - beginning			22,875,412	19,072,813
Fund balance - end	\$	26,804,367		22,875,412

Town of Windham, Maine

Combining statement of revenues, expenditures, and changes in fund balances

General fund committed and assigned balances

For the year ended June 30, 2025

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Seized/safekept funds	\$ 29,044	31,595	-	-	60,639
State forfeited assets	14,421	-	8,000	-	6,421
DARE	13,498	4,125	8,461	-	9,162
Federal equitable sharing	52,270	175,201	41,652	-	185,819
Police donations	6,575	4,601	4,395	-	6,781
Opiod funds	22,260	8,643	4,149	-	26,754
Summerfest	5,373	24,205	40,552	13,630	2,656
Fire benevolence fund	4,028	2,240	2,144	-	4,124
Canada Hill subdivision	20,168	-	-	-	20,168
Fuel system maintenance	26,153	3,132	-	-	29,285
Rio Drive utilities	(3,192)	-	-	-	(3,192)
Wellness incentives	828	-	-	-	828
Heating assistance	(1,587)	1,000	5,082	10,000	4,331
BTI - donation account	6,352	-	1,114	-	5,238
Library donations	4,543	3,076	2,323	-	5,296
Diesel exhaust fuel	(1,040)	2,695	2,359	-	(704)
PS memorial fund	(2,471)	131	-	-	(2,340)
Recreation donations	6,270	439	-	-	6,709
Marijuana education	5,062	14,260	13,775	-	5,547
Rt 302 crossing guards	-	17,500	17,400	-	100
Homeless/affordable housing	210,452	-	-	-	210,452
Impact fees - recreation	43,215	75,440	-	(119,234)	(579)
Impact fees route 302 north	80,914	765	-	-	81,679
Impact fees sidewalk - north	56,661	-	-	-	56,661
Impact fees sidewalk - south	10,434	-	-	-	10,434
Impact fees - open space	217,174	71,450	-	(197,838)	90,786
Public safety bldg impact fee	267,634	148,479	-	-	416,113
Town hall impact fees	208,723	48,561	-	-	257,284
Windham human services	417,255	62,231	729	(10,000)	468,757
	\$ 1,721,017	699,769	152,135	(303,442)	1,965,209

Town of Windham, Maine

Combining balance sheet

Nonmajor governmental funds

June 30, 2025

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	\$ -	-	305,742	305,742
Accounts receivable	48,719	-	-	48,719
Due from other funds	3,697,676	1,139,827	-	4,837,503
Total assets	\$ 3,746,395	1,139,827	305,742	5,191,964
Liabilities				
Accounts payable	388,010	-	-	388,010
Due to other funds	428,706	-	-	428,706
Total liabilities	816,716	-	-	816,716
Fund balances				
Nonspendable	-	-	41,874	41,874
Restricted	3,037,174	-	263,868	3,301,042
Committed	273,505	1,139,827	-	1,413,332
Unassigned	(381,000)	-	-	(381,000)
Total fund balances	2,929,679	1,139,827	305,742	4,375,248
Total liabilities and fund balances	\$ 3,746,395	1,139,827	305,742	5,191,964

Town of Windham, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Nonmajor governmental funds

For the year ended June 30, 2025

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Revenues				
Intergovernmental	\$ 5,284,758	-	-	5,284,758
Charges for services	980,690	-	6,800	987,490
Interest	-	102,707	13,136	115,843
Miscellaneous	207,642	-	-	207,642
Total revenues	<u>6,473,090</u>	<u>102,707</u>	<u>19,936</u>	<u>6,595,733</u>
Expenditures				
Current:				
General government	650,365	-	-	650,365
Public works	473,064	-	-	473,064
Police	78,131	-	-	78,131
Fire and rescue	81,101	-	-	81,101
Recreation and cultural	542,214	-	-	542,214
Health and welfare	140,179	-	-	140,179
Capital outlay	4,925,107	1,158,223	-	6,083,330
Total expenditures	<u>6,890,161</u>	<u>1,158,223</u>	<u>-</u>	<u>8,048,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(417,071)</u>	<u>(1,055,516)</u>	<u>19,936</u>	<u>(1,452,651)</u>
Other financing sources (uses)				
Transfers in	1,263,110	-	-	1,263,110
Transfers out	(208,122)	(366,415)	-	(574,537)
Total other financing sources (uses)	<u>1,054,988</u>	<u>(366,415)</u>	<u>-</u>	<u>688,573</u>
Net change in fund balances	637,917	(1,421,931)	19,936	(764,078)
Fund balances - beginning, restated	<u>2,291,762</u>	<u>2,561,758</u>	<u>285,806</u>	<u>5,139,326</u>
Fund balances - ending	<u>\$ 2,929,679</u>	<u>1,139,827</u>	<u>305,742</u>	<u>4,375,248</u>

Town of Windham, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Special revenue funds

For the year ended June 30, 2025

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Little falls sewer operations	\$ (160,587)	516,194	473,064	-	(117,457)
Recreation programs	337,484	464,496	413,475	(115,000)	273,505
Be the influence grant	(1,318)	140,179	140,179	-	(1,318)
Justice assistance grant	(20)	28,224	28,224	-	(20)
Community development block grant	60,000	195,107	195,107	-	60,000
Tax increment financing districts:					
Pipeline development TIF	663,400	-	597,630	72,940	138,710
Marblehead manor TIF	-	-	12,375	12,376	1
Roosevelt promenade TIF	490,503	-	-	284,537	775,040
Gateway north A TIF	238,801	-	-	224,778	463,579
Gateway north B TIF	359,284	-	-	192,519	551,803
Boody's TIF	368,293	-	-	142,869	511,162
Depot Street TIF	(289,918)	-	-	28,490	(261,428)
Enterprise development TIF	65,060	-	-	44,599	109,659
SW Industrial TIF	10,568	-	-	13,451	24,019
Boody's Corner B TIF	42,110	-	-	79,223	121,333
Boody's Corner C TIF	-	-	-	73,827	73,827
Gateway south TIF	-	-	-	1,897	1,897
Miscellaneous grants:	4,866	-	-	-	4,866
AARP grant	-	10,000	10,000	-	-
Pedestrian safety grant	-	2,807	2,807	-	-
Ed MacDonald enhancement grant	-	5,940	5,940	-	-
Bullet proof vest	(1,652)	3,442	1,790	-	-
Distracted driving enforcement	-	6,959	6,959	-	-
NHTSA speed enforcement	-	10,755	10,755	-	-
Maine Community Foundation	5,000	-	5,000	-	-
Impaired driving	-	1,314	1,314	-	-
DEA education foundation	100	-	-	-	100
Caregiver arts and crafts	63	-	69	-	(6)
COPS grant	-	1,518	-	(1,518)	-
MMA safety grant	-	3,081	3,081	-	-
ARP - Childcare	1,403	-	1,403	-	-
Mountain Trail Division	(15,690)	35,972	5,271	-	15,011
Southern Maine Agency Aging ARPA	712	-	712	-	-
Bingham Foundation grant	-	5,000	4,593	-	407
ADA picnic tables	10,000	-	10,000	-	-
Maine Community Foundation - other	2,500	2,123	-	-	4,623
Alfond training fund	(301)	11,127	11,597	-	(771)
MMA - MLEAP	-	2,500	-	-	2,500
Enforce underage drinking law	-	8,745	8,745	-	-
Maine EMS stabilization	81,101	113,796	81,101	-	113,796
Community library grant	10,000	-	10,000	-	-
Blue card - incident control	10,000	-	-	-	10,000
Outdoor recreation grant	-	63,176	49,738	-	13,438
Enbridge grant	-	5,000	-	-	5,000
Community park basketball lighting	-	24,985	16,910	-	8,075
Walmart grant	-	3,500	-	-	3,500
Chef's grant - age friendly	-	7,500	6,446	-	1,054
Community connector	-	37,150	13,846	-	23,304
Nook solo pad - GPCOG	-	7,500	7,030	-	470
EPA Grant - CDS	-	2,000,000	2,000,000	-	-
Cumberland County addendum grant	-	2,730,000	2,730,000	-	-
Land for Maine's future	-	25,000	25,000	-	-
	\$ 2,291,762	6,473,090	6,890,161	1,054,988	2,929,679

Town of Windham, Maine

Combining balance sheet

Capital project funds

June 30, 2025

	2021 bond issue	2022 bond issue	2023 bond issue	Total capital project funds
Assets				
Due from other funds	\$ 68,509	678,106	393,212	1,139,827
Total assets	\$ 68,509	678,106	393,212	1,139,827
Liabilities				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances				
Committed	68,509	678,106	393,212	1,139,827
Total fund balances	68,509	678,106	393,212	1,139,827
Total liabilities and fund balances	\$ 68,509	678,106	393,212	1,139,827

Town of Windham, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Capital project funds

For the year ended June 30, 2025

	2021 bond issue	2022 bond issue	2023 bond issue	Total capital project funds
Revenues				
Interest	\$ 3,409	69,907	29,391	102,707
Total revenues	3,409	69,907	29,391	102,707
Expenditures				
Current:				
Capital outlay	-	871,931	286,292	1,158,223
Total expenditures	-	871,931	286,292	1,158,223
Excess (deficiency) of revenues over (under) expenditures	3,409	(802,024)	(256,901)	(1,055,516)
Other financing sources (uses)				
Transfers out	(10,182)	(201,531)	(154,702)	(366,415)
Total other financing sources (uses)	(10,182)	(201,531)	(154,702)	(366,415)
Net change in fund balances	(6,773)	(1,003,555)	(411,603)	(1,421,931)
Fund balances - beginning	75,282	1,681,661	804,815	2,561,758
Fund balances - ending	\$ 68,509	678,106	393,212	1,139,827