

TOWN OF WINDHAM, MAINE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2024

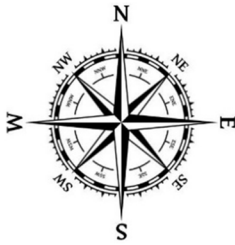
Town of Windham, Maine

Annual financial report

For the fiscal year ended June 30, 2024

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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, 2024, 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, 2024, 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

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 April 7, 2025, 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 provide an

Town of Windham, Maine

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

PETER J HALL CPA LLC

South Portland, Maine

April 7, 2025

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, 2024.

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 \$46,229,671 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$19,128,419.
- The Town's total net position increased \$3,143,164 primarily due to revenues exceeding expenditures in the governmental funds. The Town's governmental fund balance increased by \$1,940,655 during the year. There are certain adjustments to this figure when reporting the change in net position. The largest of those during the year was principal payments on debt. The Town made principal payments on bonds and notes payable of \$3,051,447. This was offset by the reduction in the receivable from Regional School Unit 14 (RSU 14) pertaining to that debt of \$1,645,000.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$27,582,947, an increase of \$1,940,655 in comparison with the prior year. Of this amount, \$16,074,391, or 58%, 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 \$22,834,295, or approximately 43% 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 and the American rescue plan fund, which are

considered to be major funds. Data from the other twelve 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 \$46,229,671, at the close of the most recent fiscal year.

		Governmental activities		
		2024	2023	Change
Assets				
Current and other assets	\$	34,096,112	33,033,227	1,062,885
Capital assets, net		42,618,936	42,304,131	314,805
Total assets		76,715,048	75,337,358	1,377,690
Total deferred outflows of resources		1,919,704	1,631,507	288,197
Liabilities				
Long-term liabilities		27,339,472	28,605,770	(1,266,298)
Other liabilities		4,260,693	4,098,260	162,433
Total liabilities		31,600,165	32,704,030	(1,103,865)
Total deferred inflows of resources		804,916	1,178,328	(373,412)
Net position				
Net investment in capital assets		24,199,000	24,474,121	(275,121)
Restricted		2,902,252	2,069,191	833,061
Unrestricted		19,128,419	16,543,195	2,585,224
Total net position	\$	46,229,671	43,086,507	3,143,164

Current and other assets increased in governmental activities by \$1,062,885 from the prior year due to increases in cash of \$2.6 million and offset by a decrease in the debt service receivable from RSU 14 of \$1.6 million. The increase in cash is due to revenues exceeding expenditures in the general fund and unspent bond proceeds. The bond proceeds will be utilized during the next fiscal year.

Capital assets increased over \$314 thousand 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 \$162 thousand from the previous year due to increases in payables and accrued wages being offset by decreases in site surety and inspection deposits.

Long-term liabilities, which consist of bonds, notes, compensated absences and postemployment benefit obligations, decreased by \$1,266,298 from the previous year. Principal payments and premium amortization amounted to \$3.2 million, which were offset by note issuance of \$580,685 and increases in compensated absences (\$157 thousand), net pension liability (\$848 thousand), and total OPEB liability (\$351 thousand).

By far, the largest portion of the Town's net position, \$24,199,000, 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, \$2,902,252, 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 \$19,128,419.

The Town's overall net position increased \$3,143,164 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.

Governmental activities			
	2024	2023	Change
Revenues			
Program revenues			
Charges for services	\$ 4,550,046	4,383,749	166,297
Operating grants and cont.	1,291,347	1,387,362	(96,015)
Capital grants and cont.	219,652	395,822	(176,170)
General revenues			
Property taxes	47,207,333	42,847,057	4,360,276
Unrestricted grants and cont.	3,896,873	4,263,561	(366,688)
Other	1,357,909	1,321,144	36,765
Total revenues	58,523,160	54,598,695	3,924,465
Expenses			
General government	7,875,905	6,626,499	1,249,406
Public works	7,363,127	6,090,362	1,272,765
Police, fire, and rescue	7,744,839	7,249,127	495,712
Recreation and cultural	1,644,308	1,476,801	167,507
Property and development	1,323,991	1,266,434	57,557
Health and welfare	546,822	559,250	(12,428)
County tax	1,813,946	1,630,848	183,098
Education	25,611,458	24,320,184	1,291,274
All other	1,455,600	578,184	877,416
Total expenses	55,379,996	49,797,689	5,582,307
Increase (decrease) in net position	3,143,164	4,801,006	(1,657,842)
Net position - beginning	43,086,507	38,285,501	
Net position - ending	46,229,671	43,086,507	

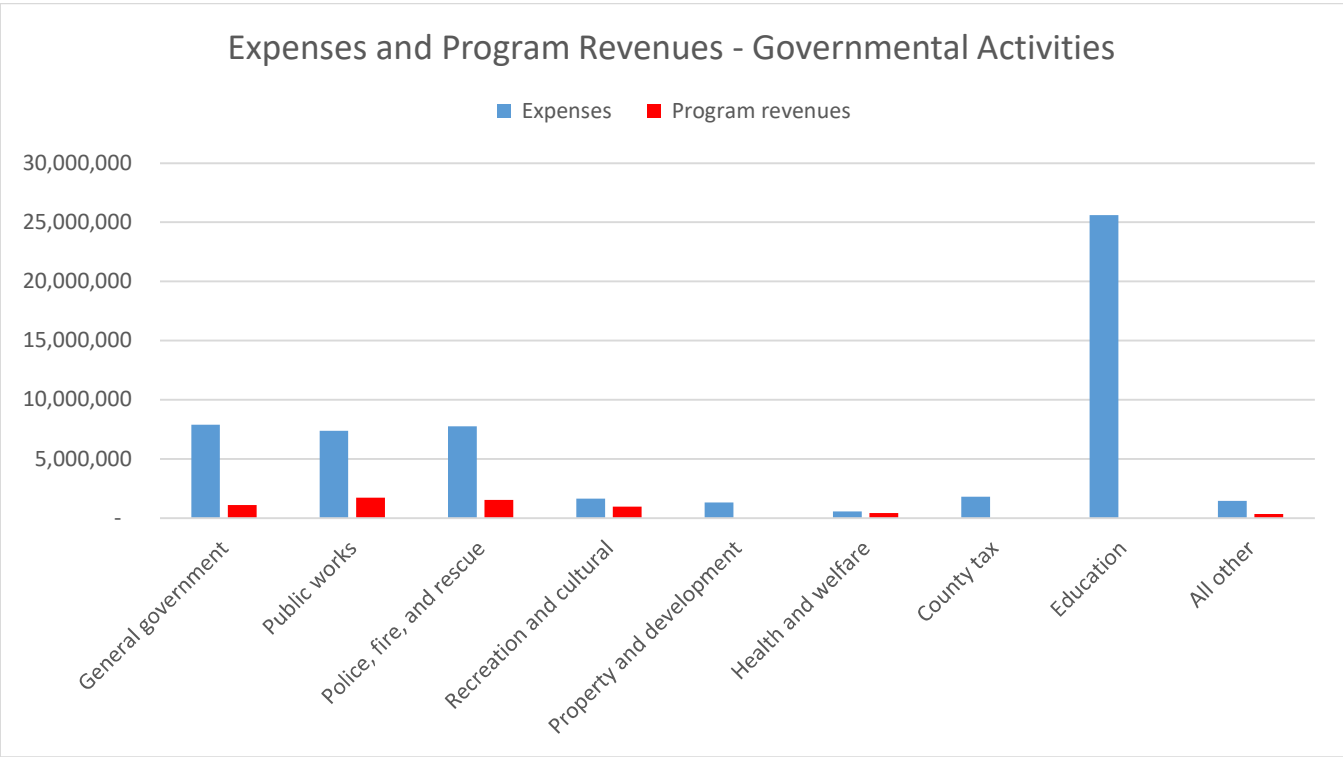
Governmental activities. During the current fiscal year, net position for governmental activities increased \$3,143,164 from the prior fiscal year for an ending balance of \$46,229,671. The increase in the overall net position is primarily due to revenues exceeding expenditures in the governmental funds, combined with principal payments made on bond and note issuances.

Revenues increased over \$3.9 million or 7.2% from the prior year, with the largest increase being property taxes. The tax commitment was 11% higher than in the prior year, although the mil rate decreased over

3.5% due to the revaluation. The local education and county tax appropriations increased over 5.3% and 11.2%, respectively.

Expenses grew 11.2% during the current year, increasing from \$49.8 million in the prior year to \$55.4 million. General government and public works expenses were up \$1.25 million (18.9%) and \$1.27 million (20.9%), respectively, from the prior year; the majority of these increases were related to salaries and employee benefit costs. \$537 thousand of the increase in general government expenses were related to increases in the net pension and other post-employment benefits (OPEB) liabilities. As mentioned in the previous paragraph, local education and county tax appropriations increased over 5.3% and 11.2%, respectively.

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, 2024, the Town's governmental funds reported combined fund balances of \$27,582,947, an increase of \$1,940,655 in comparison with the prior year. Of this amount, \$16,074,391, or 58%, 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, \$41,117; (2) not spendable because it is legally required to be maintained intact, \$41,874; (3) restricted for particular purposes, \$2,860,378; (4) committed for particular purposes, \$3,783,997; or (5) assigned for particular purposes, \$4,781,190.

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 \$17,168,350, while total fund balance increased to \$22,875,412. 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 32% of total general fund expenditures and transfers to other funds, while total fund balance represents 43% of that same amount.

The fund balance of the Town's general fund increased by \$3,802,599 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 \$1.3 million, actual transfers to the general fund were under budget by \$786 thousand, actual expenditures came in under budgeted figures by \$6.1 million, and there was a budgeted use of fund balance of \$2.8 million.

The American Rescue Plan fund increased by \$106,669 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 \$2,016,392 are available for the project.

General fund budgetary highlights

Original budget compared to final budget. The final budget for the general fund includes \$2,309,727 of amounts carried forward from the year ending June 30, 2023. Most of this amount was capital related, \$2,194,059, 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 2023 fiscal year that were assigned at year end. The following function budgets were increased due to these carry forwards: general government \$69,309; police \$6,000; development and conservation \$27,518; and health and welfare \$12,841.

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	\$	3,650,000	4,643,103	993,103
MDOT municipal partnership initiative		1,650,000	-	(1,650,000)
Rescue fees		800,500	1,036,676	236,176
Solid waste		258,424	783,403	524,979
Interest		150,000	1,225,566	1,075,566

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. The rescue fees are budgeted conservatively due to the nature of the revenue and the volatility of collections. Actual revenues increased \$47,600 from the prior year. The Town expected to be utilizing automated trash pickup during the fiscal year and expected the pay as you throw program to be discontinued. Delays in the process extended the use of pay-per trash bags for pickup causing the revenue to come in over budget. Interest revenues came in higher than expected due to increasing interest rates and the Town moving funds to other financial institutions to take advantage of higher interest rates.

Expenditures		Estimated expenditures	Actual expenditures	Difference
Town management	\$	1,064,873	951,112	113,761
Employee benefits		4,313,958	4,149,450	164,508
Highway maintenance		918,741	1,023,673	(104,932)
Traffic safety		190,800	78,462	112,338
Police		3,732,415	3,572,719	159,696
Fire and rescue		3,230,927	3,332,942	(102,015)
Capital outlay		6,776,673	2,082,292	4,694,381

Town management saw savings in salaries and professional services. Positive variances with the workers compensation, social security contributions, HSA accounts, and tuition reimbursements offset an overage in health insurance to cause employee benefits to come in under budget. Road maintenance issues caused contracted services, materials, and tools to be overspent in highway maintenance. Savings were incurred with less usage of contracted services for traffic safety. Police had savings in salaries and training during the year. Fire and rescue had more overtime, vehicle maintenance, and professional services than originally anticipated causing expenditures to exceed the budget. Unspent budgeted capital projects are carried forward each year until the projects are finished. The Town has assigned over \$2.4 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, 2024, amounts to \$42,618,936 (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 0.74%.

		Capital assets, net	
		2024	2023
Land	\$	2,094,564	2,094,564
Construction in progress		3,555,169	1,651,896
Land improvements		945,096	1,011,731
Buildings and improvements		17,003,458	17,651,481
Equipment and furniture		1,500,593	1,634,522
Vehicles		3,160,396	3,378,637
Infrastructure		14,359,660	14,881,300
		<u>42,618,936</u>	<u>42,304,131</u>

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

- The Town secured the four properties for a total cost of \$1,778,443.
- Work continued on the Mountain Division Trail and Route 202 and River Road intersection incurring costs of \$121,376 and \$204,414, respectively.
- The Town rehabilitated its 2001 John Deere wheel loader at a cost of \$99,884 to gain ten more years of useful life.
- Five 2023 Ford Explorers were purchased at a total cost of \$266,151.
- Two 2024 GMC Sierras were purchased for a total cost of \$129,812.
- A 2024 Ford F-250 Super Duty was acquired for \$63,148.

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 \$11,775,000. The remainder of the Town's long-term obligations is comprised of notes payable.

		Outstanding debt	
		2024	2023
Bonds payable	\$	11,775,000	14,120,000
Notes payable		10,009,010	10,134,772
		<u>21,784,010</u>	<u>24,254,772</u>

The Town's total debt decreased by \$2,470,762 (10%) during the current fiscal year. The following are the reasons for the overall decrease.

Regular principal payments were made on bonds (\$2,345,000) and notes (\$706,447) during the year. These decreases were offset by a note issuance of \$580,685 for various vehicle purchases. The Town plans on issuing a new bond during the 2025 fiscal year for various capital projects.

The Town increased to "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 \$547 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 \$22,911,612. The Town has appropriated \$3,936,638 of this amount for spending in the 2024-2025 fiscal year budget. This includes a budgeted \$1,400,000 use of fund balance for the 2024-2025 fiscal year. This action was taken as an additional measure to lessen the burden of the local taxpayers. The amount also includes \$2,417,224 of capital-related projects that were not completed during the fiscal year and \$119,414 of other unspent amounts being assigned for future purposes.

In adopting the budget for the ensuing 2024-2025 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 2024-2025 budgeting process. The budget for the fiscal year starting July 1, 2024, was approved by the Town Council with a tax rate of 11.47 mils.

The goal of the FY2025 budget is to maintain the services and programs, while implementing capital improvements to improve the community.

- There was additional staffing budgeted for the Town:
 - Operations Manager
 - Four Firefighter/EMS Personnel
 - Mental Health Liaison transitioned to Full Time from Part Time
- State Revenue Sharing in this budget year increased by \$100,000 over FY 24
- Excise taxes in this budget year increased by \$350,000 over FY 24
- Interest on investments in this budget year increased by \$400,000 over FY 24
- COLA of 4% to bring town staff near par with competing municipalities
- Increase paving budget - \$366,415 to accomplish a \$1,116,415 annual investment in resurfacing roadways
- Completed transition from pay-as-you-throw (PAYT) bags to trash cart collection system- waste carts FY23 bond - \$600,000, additional carts FY25 bond - \$250,000

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. Continued rising of real estate sales prices this year made it necessary to perform a valuation update 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 contributors to higher real estate sales. Based on sales studies, residential home assessed value ratios increased on average by 8%. Within this segment, single family homes assessed value ratios increased on average by 7% and condos assessed value ratios increased on average by 13%. Valuation updates indicated that residential assessments would increase, but did not significantly impact most tax bills.

Tax rate was set by Town Council for the FY 2024-2025 tax year at 11.47 mills (3.67 municipal, 7.28 School, 0.52 County) with a certified assessment ratio of 100%. Windham has 9,085 real estate accounts and 1,194 personal property accounts with a combined taxable value of \$4,096,923,300, an increase of \$308,523,300 from last year.

	FY 2024	FY 2023	Increase (decrease)
Revenues			
Town non-property taxes	15,465,641	16,694,680	(1,229,039)
Property tax	42,430,080	38,227,466	4,202,614
Fund balance	500,000	750,000	(250,000)
Total revenues	58,395,721	55,672,146	2,723,575
Expenditures			
Municipal	30,970,317	29,721,114	1,249,203
School	25,611,458	24,320,184	1,291,274
County tax	1,813,946	1,630,848	183,098
Total expenditures	58,395,721	55,672,146	2,723,575

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.

Maintenance paving at Collin Circle, Running Brook and Montgomery Road - \$315,233.

Projects in process

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 project cost is currently \$47.8M, which will be paid from TIF funds. Other funding sources include SRF loans (which includes partial principal forgiveness), EPA and ARPA grants.

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 - purchasing 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 design & engineering – \$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.

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 - \$700,000 - 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, 2024

	Governmental activities	Component Unit - WEDC
Assets		
Cash and cash equivalents	\$ 30,474,385	162,350
Note proceeds held at financial institution	588,979	-
Taxes receivable	785,677	-
Accounts receivable	544,943	84,694
Intergovernmental receivables	358,637	-
Prepaid expenses	68,659	-
Inventory	39,832	-
Receivable for RSU 14 debt service	1,235,000	-
Capital assets, not being depreciated	5,649,733	-
Capital assets, net of accumulated depreciation	36,969,203	3,625
Total assets	76,715,048	250,669
Deferred outflows of resources		
Pension related	1,605,940	-
OPEB related	313,764	-
Total deferred outflows of resources	1,919,704	-
Liabilities		
Accounts payable	912,342	8,084
Accrued wages and benefits	455,967	-
Site surety and inspection deposits	955,157	-
Unearned revenue	1,824,720	-
Accrued interest	112,507	-
Noncurrent liabilities:		
Due within one year	3,502,814	-
Due in more than one year	23,836,658	-
Total liabilities	31,600,165	8,084
Deferred inflows of resources		
Pension related	434,838	-
OPEB related	370,078	-
Total deferred inflows of resources	804,916	-
Net position		
Net investment in capital assets	24,199,000	3,625
Restricted	2,902,252	-
Unrestricted	19,128,419	238,960
Total net position	\$ 46,229,671	242,585

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, 2024

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	\$ 7,875,905	984,756	117,647	-	(6,773,502)	
Public works	7,363,127	1,412,653	310,490	-	(5,639,984)	
Police	4,023,673	211,544	185,785	-	(3,626,344)	
Fire and rescue	3,721,166	1,036,696	89,211	-	(2,595,259)	
Recreation and cultural	1,644,308	675,314	285,414	-	(683,580)	
Property and inspection	726,007	-	-	-	(726,007)	
Development and conservation	597,984	-	-	-	(597,984)	
Health and welfare	546,822	111,278	302,800	-	(132,744)	
County tax	1,813,946	-	-	-	(1,813,946)	
Education	25,611,458	-	-	-	(25,611,458)	
Miscellaneous	64,418	-	-	-	(64,418)	
Interest on debt	540,609	-	-	-	(540,609)	
Capital maintenance	850,573	117,805	-	219,652	(513,116)	
Total governmental activities	55,379,996	4,550,046	1,291,347	219,652	(49,318,951)	
Total primary government	\$ 55,379,996	4,550,046	1,291,347	219,652	(49,318,951)	
Component unit						
Windham Economic Development Corp.	138,254	57,669	43,492	-		(37,093)
	138,254	57,669	43,492	-		(37,093)
General revenues:						
Property taxes					47,207,333	-
Grants and contributions not restricted to specific programs					3,896,873	-
Unrestricted investment earnings					1,225,566	433
Miscellaneous					132,343	-
Total general revenues					52,462,115	433
Change in net position					3,143,164	(36,660)
Net position - beginning					43,086,507	279,245
Net position - ending					\$ 46,229,671	242,585

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

Town of Windham, Maine

Balance sheet

Governmental funds

June 30, 2024

	General	American rescue plan	Total nonmajor funds	Total governmental funds
Assets				
Cash and cash equivalents	\$ 30,188,579	-	285,806	30,474,385
Taxes receivable	785,677	-	-	785,677
Accounts receivable, net	510,897	-	34,046	544,943
Intergovernmental receivables	335,381	-	23,256	358,637
Due from other funds	1,036,180	2,016,392	5,403,544	8,456,116
Prepaid expenditures	1,285	-	67,374	68,659
Inventory	39,832	-	-	39,832
Receivable for RSU 14 debt service	1,235,000	-	-	1,235,000
Total assets	\$ 34,132,831	2,016,392	5,814,026	41,963,249
Liabilities				
Accounts payable	649,349	-	262,993	912,342
Accrued wages and benefits	455,967	-	-	455,967
Site surety and inspection deposits	955,157	-	-	955,157
Unearned revenue	1,010	1,823,710	-	1,824,720
Due to other funds	7,419,936	-	1,036,180	8,456,116
Total liabilities	9,481,419	1,823,710	1,299,173	12,604,302
Deferred inflows of resources				
Unavailable revenue - property taxes	541,000	-	-	541,000
Unavailable revenue - RSU 14 debt service	1,235,000	-	-	1,235,000
Total deferred inflows of resources	1,776,000	-	-	1,776,000
Fund balances				
Nonspendable	41,117	-	41,874	82,991
Restricted	-	192,682	2,667,696	2,860,378
Committed	884,755	-	2,899,242	3,783,997
Assigned	4,781,190	-	-	4,781,190
Unassigned	17,168,350	-	(1,093,959)	16,074,391
Total fund balances	22,875,412	192,682	4,514,853	27,582,947
Total liabilities, deferred inflows of resources, and fund balances	\$ 34,132,831	2,016,392	5,814,026	

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.	42,618,936
Note proceeds held at financial institution	588,979
Other long-term assets are not available to pay for current expenditures and are deferred in the funds	
Unavailable revenue - property taxes	541,000
Unavailable revenue - RSU 14 debt service	1,235,000
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Bonds payable	(11,775,000)
Premium on bonds	(662,800)
Notes payable	(10,009,010)
Accrued interest on long-term debt	(112,507)
Compensated absences	(1,067,831)
Net pension liability with related deferred inflows and outflows	(1,391,369)
Total OPEB liability with related deferred inflows and outflows	(1,318,674)
Net position of governmental funds	46,229,671

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, 2024

	General	American rescue plan	Total nonmajor funds	Total governmental funds
Revenues				
Property taxes	\$ 47,086,333	-	-	47,086,333
Intergovernmental	4,344,729	-	524,851	4,869,580
Licenses and permits	1,402,501	-	-	1,402,501
Charges for services	2,338,360	-	809,185	3,147,545
Interest	1,225,566	106,669	226,662	1,558,897
Miscellaneous	275,939	-	61,365	337,304
Total revenues	56,673,428	106,669	1,622,063	58,402,160
Expenditures				
Current:				
General government	6,938,841	-	273,975	7,212,816
Public works	4,674,591	-	1,412,217	6,086,808
Police	3,723,327	-	67,090	3,790,417
Fire and rescue	3,342,216	-	-	3,342,216
Recreation and cultural	1,136,435	-	524,177	1,660,612
Property and inspection	704,252	-	-	704,252
Development and conservation	600,385	-	-	600,385
Health and welfare	422,740	-	121,262	544,002
County tax	1,813,946	-	-	1,813,946
Education	25,611,458	-	-	25,611,458
Miscellaneous	64,418	-	-	64,418
Debt service	2,119,878	-	-	2,119,878
Capital outlay	1,181,236	-	1,846,767	3,028,003
Total expenditures	52,333,723	-	4,245,488	56,579,211
Excess (deficiency) of revenues over (under) expenditures	4,339,705	106,669	(2,623,425)	1,822,949
Other financing sources (uses)				
Transfers in	400,150	-	1,213,351	1,613,501
Transfers out	(1,054,962)	-	(558,539)	(1,613,501)
Bonds, notes, and premium issued	117,706	-	-	117,706
Total other financing sources (uses)	(537,106)	-	654,812	117,706
Net change in fund balances	3,802,599	106,669	(1,968,613)	1,940,655
Fund balances - beginning	19,072,813	86,013	6,483,466	25,642,292
Fund balances - ending	\$ 22,875,412	192,682	4,514,853	27,582,947

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, 2024

Net change in fund balances - total governmental funds	\$	1,940,655
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		2,495,921
Depreciation expense		(2,080,413)
Book value of disposed capital assets		(100,703)
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		121,000
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		(117,706)
Principal paid on bonds		2,345,000
Principal paid on notes		706,447
Amortization of bond premium		152,004
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		20,818
Compensated absences		(157,334)
Changes in pension liabilities and related deferred outflows and inflows of resources		(529,810)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		(7,715)
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.		
		(1,645,000)
Change in net position of governmental activities	\$	<u>3,143,164</u>

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, 2024

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 46,201,480	46,201,480	47,086,333	884,853
Intergovernmental	5,776,285	5,776,285	4,285,578	(1,490,707)
Licenses and permits	896,811	896,811	1,031,939	135,128
Charges for services	1,563,026	1,563,026	2,310,818	747,792
Interest	150,000	150,000	1,225,566	1,075,566
Miscellaneous	172,525	172,525	132,343	(40,182)
Total revenues	54,760,127	54,760,127	56,072,577	1,312,450
Expenditures				
Current:				
General government	7,279,508	7,348,817	6,936,760	412,057
Public works	4,668,469	4,668,469	4,582,501	85,968
Police	3,726,415	3,732,415	3,572,719	159,696
Fire and rescue	3,230,927	3,230,927	3,332,942	(102,015)
Recreation and cultural	1,195,215	1,195,215	1,100,507	94,708
Property and inspection	777,635	777,635	704,252	73,383
Development and conservation	645,545	673,063	598,540	74,523
Health and welfare	386,535	399,376	360,392	38,984
County tax	1,813,946	1,813,946	1,813,946	-
Education	25,611,458	25,611,458	25,611,458	-
Overlay/abatements	190,870	190,870	63,718	127,152
General and emergency contingency	200,004	200,004	700	199,304
Debt service	2,358,205	2,358,205	2,119,878	238,327
Capital outlay	3,563,851	5,757,910	1,063,530	4,694,380
Total expenditures	55,648,583	57,958,310	51,861,843	6,096,467
Excess (deficiency) of revenues over (under) expenditures	(888,456)	(3,198,183)	4,210,734	7,408,917
Other financing sources (uses)				
Transfers in	1,407,219	1,407,219	620,920	(786,299)
Transfers out	(1,018,763)	(1,018,763)	(1,054,962)	(36,199)
Use of fund balance	500,000	2,809,727	-	(2,809,727)
Total other financing sources (uses)	888,456	3,198,183	(434,042)	(3,632,225)
Net change in fund balance - budgetary basis	-	-	3,776,692	3,776,692
Reconciliation to GAAP				
Change in committed and assigned balances			25,907	
Net change in fund balance - GAAP basis			3,802,599	
Fund balance - beginning			19,072,813	
Fund balance - end			\$ 22,875,412	

Town of Windham, Maine

Statement of fiduciary net position

Fiduciary funds

June 30, 2024

		Private-purpose trust funds
Assets		
Cash and cash equivalents	\$	71,665
Due from other funds		-
Total assets		<u>71,665</u>
Liabilities		
Accounts payable		-
Total liabilities		<u>-</u>
Net position		
Restricted		<u>71,665</u>
Total net position	\$	<u><u>71,665</u></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, 2024

	Private-purpose trust funds
Additions	
Contributions	\$ -
Investment earnings:	
Interest	903
Total additions	<u>903</u>
Deductions	
Scholarships	<u>1,000</u>
Total deductions	<u>1,000</u>
Net increase (decrease) in fiduciary net position	(97)
Net position - beginning	<u>71,762</u>
Net position - ending	\$ <u><u>71,665</u></u>

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

Town of Windham, Maine

Notes to the financial statements

June 30, 2024

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.

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, 2024, expenditures exceeded appropriations for fire and rescue by \$102,015 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 15, 2023, on the assessed value listed as of the previous April 1. Taxes are due in two installments, on October 2, 2023, and April 1, 2024. 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 \$190,870 for the year ended June 30, 2024.

The following summarized the 2024, 2023, and 2022 tax levies:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assessed value	\$3,788,400,000	3,292,632,700	2,734,905,300
Tax rate (per \$1,000)	11.20	11.61	12.60
Commitment	42,430,080	38,227,466	34,459,807
Supplemental taxes assessed	42,671	11,274	21,987
Abatements	(63,718)	(23,896)	(226,015)
Total taxes assessed less abatements	42,409,033	38,214,844	34,255,779
Collections	(41,885,429)	(37,827,728)	(33,976,784)
Receivable at June 30	<u>\$523,604</u>	<u>387,116</u>	<u>278,995</u>

Compensated absences

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. 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 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, 2024.

B. Deficit fund balance

At June 30, 2024, the following funds had deficit balances:

Little Falls sewer operations	\$160,587	Be the influence grant	1,318
Justice assistance grant	20	Depot Street TIF	289,918
Bullet proof vest grant	1,652	Mountain Trail Division	15,690
Alfond training fund	301	2025 bond issue	624,473

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, 2024, the Town’s bank balance was \$30,874,134, all of which was covered by F.D.I.C. or collateral held by the financial institution. As of June 30, 2024, WEDC’s bank balance was \$163,138, 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 is the detail of receivables for the general fund in the aggregate, including the applicable allowances for doubtful accounts:

	<u>Accounts</u>	<u>Ambulance</u>	<u>Total</u>
Receivable	\$341,357	204,521	545,878
Allowance	-	(34,981)	(34,981)
<u>Total receivable, net</u>	<u>\$341,357</u>	<u>169,540</u>	<u>510,897</u>

D. Capital assets

Capital assets activity for the year ended June 30, 2024, was as follows:

	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	1,651,896	1,960,335	57,062	3,555,169
Total capital assets, not being depreciated	3,746,460	1,960,335	57,062	5,649,733
Capital assets, being depreciated				
Buildings and improvements	24,461,052	-	-	24,461,052
Machinery and equipment	5,601,344	133,537	-	5,734,881
Vehicles	7,782,348	459,111	464,429	7,777,030
Infrastructure	27,169,253	-	-	27,169,253
Total capital assets, being depreciated	65,013,997	592,648	464,429	65,142,216
Less accumulated depreciation for				
Buildings and improvements	5,797,840	714,658	-	6,512,498
Machinery and equipment	3,966,822	267,466	-	4,234,288
Vehicles	4,403,711	576,649	363,726	4,616,634
Infrastructure	12,287,953	521,640	-	12,809,593
Total accumulated depreciation	26,456,326	2,080,413	363,726	28,173,013
Total capital assets, being depreciated, net	38,557,671	(1,487,765)	100,703	36,969,203
Total governmental activities capital assets	\$42,304,131	472,570	157,765	42,618,936

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

General government	\$85,716
Public works	1,265,330
Police	372,533
Fire and rescue	256,968
Recreation and cultural	99,866
Total depreciation expense	\$2,080,413

Component unit capital assets

Capital assets for WEDC consists of a sign with a historical cost of \$9,064. As of June 30, 2024, accumulated depreciation was \$5,439 and the net book value was \$3,625. Depreciation expense was \$907 for the year ended June 30, 2024.

E. Changes in long-term liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2024, are as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Bonds payable	\$14,120,000	-	2,345,000	11,775,000	1,970,000
Bond premium	814,804	-	152,004	662,800	110,967
Notes payable	10,134,772	580,685	706,447	10,009,010	853,512
Compensated absences	910,497	157,334	-	1,067,831	568,335
Net pension (asset) liability	1,714,672	847,799	-	2,562,471	-
Total OPEB liability	911,025	351,335	-	1,262,360	-
Total governmental activities	\$28,605,770	1,937,153	3,203,451	27,339,472	3,502,814

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, 2024, are as follows:

	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	\$3,520,000
Infrastructure and fire pumper truck	4,790,000	2.0%-4.0%	2042	4,220,000
Property acquisition and refunding*	5,815,000	4.0%-5.0%	2044	4,035,000
Total bonds payable				11,775,000
Notes payable				
Shared maintenance facility	1,668,000	0.25%-3.5%	2037	1,084,200
Public safety building	9,300,000	2.2%-4.227%	2039	6,975,000
Cardiac monitors	93,899	1.82%	2027	57,357
Sidewalk tractor	157,996	2.12%	2029	115,041
Plow truck and sweeper	415,343	2.84%	2029	304,305
Trucks and compression units	131,434	4.45%	2030	114,788
Dump truck with plow	170,919	4.45%	2030	149,696
Ambulance and truck	229,000	4.45%	2031	229,000
ATV and trailer	36,442	4.45%	2031	36,442
Freightliner and trucks	362,496	4.52%	2031	362,496
Vehicles	580,685	5.50%	2031	580,685
Total notes payable				10,009,010
Total governmental activities				\$21,784,010

* As of July 1, 2009, the Windham School Department joined Regional School Unit (RSU) 14. RSU 14 reimburses the Town for all bonds payable related to the Windham High School project when the debt service payments are due. The Town has recorded a receivable for \$1,235,000, which is the outstanding amount of bonds payable related to the Windham High School project.

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

<u>Year ending</u> <u>June 30</u>	<u>Bonds payable</u>		<u>Notes payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$1,970,000	367,910	853,512	353,532	3,544,954
2026	735,000	305,260	859,737	324,883	2,224,880
2027	700,000	276,485	865,661	297,318	2,136,464
2028	700,000	248,585	851,987	268,915	2,069,487
2029	675,000	221,310	857,996	240,065	1,994,371
2030-2034	3,105,000	743,970	3,144,917	790,708	7,784,595
2035-2039	2,565,000	363,250	2,575,200	252,227	5,755,677
2040-2044	1,325,000	88,655	-	-	1,413,655
Totals	\$11,775,000	2,615,425	10,009,010	2,527,648	26,927,083

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	\$29,875,598	4.46%	1,333,892
Regional School Unit 14	87,913,688	67.92%	59,710,977
Portland Water District - water	65,451,334	7.04%	4,607,774
Portland Water District - sewer	61,217,563	12.31%	7,538,069

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 6.95%, 7.7%, and 9.3% 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, 2024, was 10.2% and 12.8% of annual pay for the AC Plan and 3C Plan, respectively. The Town made contributions to the pension plan of \$764,874 for the year ended June 30, 2024.

Proportionate share of the net pension (asset) liability

At June 30, 2024, the Town reported a liability of \$2,562,471 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2023, 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 0.803% at the end of the measurement period and 0.645% for the beginning of the period, which represents an increase of 0.158%.

Actuarial assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
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, 2023 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, 2023, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.6%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.0%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2023. 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	\$7,021,356	2,562,471	(1,115,747)

Pension expense and deferred items summary

For the year ended June 30, 2024, the Town recognized pension expense of \$1,331,962 for its proportionate share of the pension expense. At June 30, 2024, 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	\$475,726	-
Differences between expected and actual investment earnings	-	434,838
Changes in proportion	365,340	-
<u>Contributions paid subsequent to the measurement date</u>	<u>764,874</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$1,605,940</u>	<u>434,838</u>

Deferred outflows of resources reported \$764,874 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending

June 30

2025	\$189,447
2026	(244,475)
2027	441,043
2028	20,213

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 \$2,000 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 \$2,000 life insurance benefit as well.

Net OPEB liability

At June 30, 2024, the Town reported a total OPEB liability of \$1,262,360. The OPEB liability was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date.

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, 2024

Actuarial cost method	Entry age normal
Assumptions	
Inflation rate	2.38%
Annual salary increases	2.75%
Healthcare cost trend rates - non-Medicare	7.72% in 2024
decreasing to	3.81% in 2044
Healthcare cost trend rates - Medicare	10.77% 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 3.26%. 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	\$911,025
Changes for the period	
Service cost	45,598
Interest	35,254
Changes of benefits	-
Differences between expected and actual experience	86,953
Changes of assumptions	201,553
Benefit payments	(18,023)
Net changes	351,335
Balances end of year	\$1,262,360

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 3.26% 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	\$1,495,459	1,262,360	1,075,191

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	\$1,052,295	1,262,360	1,535,833

OPEB expense and deferred items summary

For the year ended June 30, 2024, the Town recognized OPEB expense of \$26,354. At June 30, 2024, 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	\$79,048	240,100
Changes of assumptions	225,089	129,978
Contributions paid subsequent to the measurement date	9,627	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$313,764</u>	<u>370,078</u>

Deferred outflows of resources reported \$9,627 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending

June 30

2025	\$(54,496)
2026	(43,865)
2027	(28,834)
2028	(28,832)
2029	11,823
Thereafter	78,263

J. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$41,117	-	-	-
Impact fee projects	-	-	884,755	-
Capital projects and equipment	-	-	-	2,417,224
Police related activities and projects	-	-	-	138,068
Health and welfare	-	-	-	639,949
Other	-	-	-	185,949
Budget appropriation	-	-	-	1,400,000
American rescue plan	-	192,682	-	-
Special revenue funds				
Recreation	-	-	337,484	-
Tax incremental financing districts	-	2,238,019	-	-
Other	-	185,745	-	-
Capital projects - bond issuances	-	-	2,561,758	-
Permanent funds				
Held in perpetuity	41,874	-	-	-
Cemetery upkeep	-	243,932	-	-
Total	\$82,991	2,860,378	3,783,997	4,781,190

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, 2024, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Special revenue funds	\$577,888
General fund	Capital project funds	458,292
American rescue plan	General fund	2,016,392
Special revenue funds	General fund	2,841,786
Capital project funds	General fund	2,561,758
Total		\$8,456,116

L. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

	Transfers in		
	General fund	Special Revenue funds	Total
Transfers out			
General fund	\$ -	1,054,962	1,054,962
Special revenue funds	142,150	158,389	300,539
Capital project funds	258,000	-	258,000
Total	\$400,150	1,213,351	1,613,501

During the year, transfers are used to move revenues from the fund with collection authorization to the tax incremental financing funds for approved activities and projects. Transfers are also used to move funds accumulated in the tax incremental financing funds to the general fund (\$83,149) 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, 2024, the Town made the following one-time transfers:

Transfer of \$58,949 and \$199,051 from the 2021 bond issue fund and 2022 bond issue fund, respectively, to the general fund to close out finished projects

Transfer of \$36,079 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 \$53,532 and \$104,857 from the gateway north A TIF and Depot Street TIF, respectively, to the little falls sewer operations fund to cover a portion of the deficit.

Transfer of \$36,200 from the general fund to the little falls sewer operations fund to move sewer related revenues that were previously recorded 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, 2024.

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, the Town believes 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, 2024, the Town abated property taxes totaling \$10,730 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 \$10,730.

P. Construction and other significant commitments

The Town has active construction projects as of June 30, 2024. 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	\$166,181	3,345,554

Q. Subsequent events

In August 2024 the Town issued its 2024 General Obligation Bonds with a face value of \$9,535,000 for purposes of financing various capital projects. These bonds were issued at a price of \$111.35 per \$100 of face value resulting in premium proceeds received of \$1,082,395 for total proceeds from this issuance of \$10,617,395. These bonds mature in November 2044 and are repayable in annual installments of principal starting November 1, 2025 with such installments initially set at \$655,000 and then trending downward to \$550,000 by 2039, subsequently falling to between \$65,000 and \$70,000 for the final five years of the 20-year term. Interest is payable semi-annually commencing May 1, 2025 at a coupon rate of 5% through 2039, falling to 4% for the final five years’ payments.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan										
Town's proportion of the net pension liability	0.8030%	0.6450%	0.5627%	0.5196%	0.5168%	0.4279%	0.3447%	0.3467%	0.3902%	0.4077%
Town's proportionate share of the net pension liability \$	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	627,369
Town's covered payroll	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	1,896,934
Town's proportionate share of the net pension liability as a percentage of its covered payroll	44.74%	41.93%	-6.12%	79.55%	68.30%	50.77%	67.60%	96.52%	60.92%	33.07%
Plan fiduciary net position as a percentage of the total pension liability	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

Schedule of Town's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan										
Contractually determined contribution \$	764,874	702,215	519,731	381,111	332,125	293,732	247,799	176,664	162,710	157,620
Contributions in relation to the contractually required contribution	(764,874)	(702,215)	(519,731)	(381,111)	(332,125)	(293,732)	(247,799)	(176,664)	(162,710)	(157,620)
Contribution deficiency (excess) \$	-	-	-	-	-	-	-	-	-	-
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
Contributions as a percentage of covered payroll	11.81%	12.26%	12.71%	12.90%	12.80%	12.70%	10.74%	8.46%	8.52%	7.71%

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 seven years available)

		2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$	45,598	54,500	57,126	49,600	41,443	46,754	41,139
Interest		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		201,553	(108,572)	12,656	59,401	(11,841)	(120,234)	(62,413)
Benefit payments		(18,023)	(30,562)	(33,140)	(31,865)	(58,867)	(56,603)	(57,285)
Net change in total OPEB liability - MMEHT plan		351,335	(63,744)	(54,819)	103,438	(353,794)	(82,570)	(47,445)
Total OPEB liability - beginning		911,025	974,769	1,029,588	926,150	1,279,944	1,362,514	1,409,959
Total OPEB liability - ending	\$	1,262,360	911,025	974,769	1,029,588	926,150	1,279,944	1,362,514
Covered-employee payroll	\$	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		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:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	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%	3.50-9.50%
Cost of living increases	1.91%	1.91%	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%	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:

	2023	2022	2021	2020	2019	2018	2017	2016
Discount rate	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, 2024

(with comparative totals for the year ended June 30, 2023)

		2024				
		Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Revenues						
Property taxes						
Real estate and personal property	\$	42,430,080	42,430,080	42,286,215	(143,865)	38,317,262
Supplemental taxes		400	400	42,617	42,217	11,274
Tax lien fees		20,000	20,000	13,855	(6,145)	19,884
Payments in lieu of taxes		8,000	8,000	10,649	2,649	8,932
Interest on taxes		50,000	50,000	51,871	1,871	55,972
Excise taxes		3,650,000	3,650,000	4,643,103	993,103	4,458,460
Boat excise		43,000	43,000	38,023	(4,977)	37,273
Total property taxes		46,201,480	46,201,480	47,086,333	884,853	42,909,057
Intergovernmental						
State revenue sharing		2,500,000	2,500,000	2,611,234	111,234	3,052,174
Homestead exemption		1,113,634	1,113,634	1,113,634	-	1,056,261
Veterans exemption		9,000	9,000	6,300	(2,700)	6,751
Business equipment tax reimbursement		128,246	128,246	128,562	316	117,956
Tree growth		21,180	21,180	37,143	15,963	30,419
Local road assistance program (LRAP)		255,000	255,000	303,480	48,480	262,980
MDOT municipal partnership initiative		1,650,000	1,650,000	-	(1,650,000)	14,304
General assistance		99,225	99,225	85,225	(14,000)	78,221
Total intergovernmental		5,776,285	5,776,285	4,285,578	(1,490,707)	4,619,066
Licenses and permits						
Registrations and fees		158,840	158,840	219,315	60,475	178,207
Building permits		377,500	377,500	382,958	5,458	410,919
Plumbing permits		55,000	55,000	39,038	(15,962)	50,645
Clerk fees		53,220	53,220	95,437	42,217	46,547
Marijuana applications and education		29,251	29,251	86,600	57,349	83,900
Cable television franchise fees		223,000	223,000	208,591	(14,409)	224,836
Total licenses and permits		896,811	896,811	1,031,939	135,128	995,054
Charges for services						
Dundee Park		70,900	70,900	50,392	(20,508)	64,193
Rescue fees		800,500	800,500	1,036,676	236,176	989,076
Solid waste		258,424	258,424	783,403	524,979	721,302
RSU - officer		202,603	202,603	183,432	(19,171)	70,000
RSU - maintenance facility		218,999	218,999	241,057	22,058	232,712
Police		8,500	8,500	10,812	2,312	7,658
Fire		100	100	20	(80)	15
Library		3,000	3,000	5,026	2,026	3,805
Total charges for services		1,563,026	1,563,026	2,310,818	747,792	2,088,761

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Revenues					
Interest	150,000	150,000	1,225,566	1,075,566	1,011,342
Miscellaneous	172,525	172,525	132,343	(40,182)	328,170
Total revenues	54,760,127	54,760,127	56,072,577	1,312,450	51,951,450
Expenditures					
Current:					
General government					
Town council	265,051	265,051	257,711	7,340	309,106
Town management	1,064,873	1,064,873	951,112	113,761	864,325
Collection and registration	266,609	266,609	222,637	43,972	225,060
Information services	659,649	677,149	640,763	36,386	580,405
Boards and commissions	91,017	127,574	92,723	34,851	75,868
Communication and e-government	152,912	152,912	143,678	9,234	61,118
Town clerk	290,864	290,864	296,467	(5,603)	261,401
Insurance	189,827	189,827	182,219	7,608	172,807
Employee benefits	4,298,706	4,313,958	4,149,450	164,508	3,847,143
Total general government	7,279,508	7,348,817	6,936,760	412,057	6,397,233
Public works					
Administration	295,539	295,539	314,609	(19,070)	280,559
Highway maintenance	918,741	918,741	1,023,673	(104,932)	787,301
Traffic safety	190,800	190,800	78,462	112,338	191,458
Snow removal	523,800	523,800	440,816	82,984	495,255
Building maintenance	733,374	733,374	683,908	49,466	679,988
Grounds maintenance	185,723	185,723	204,039	(18,316)	147,958
Vehicle maintenance	695,040	695,040	634,231	60,809	579,412
Waste management	1,125,452	1,125,452	1,202,763	(77,311)	1,145,902
Total public works	4,668,469	4,668,469	4,582,501	85,968	4,307,833
Police					
Administration	2,992,560	2,992,560	2,865,903	126,657	2,623,199
Communications	525,962	531,962	528,220	3,742	465,743
Animal control	86,501	86,501	80,456	6,045	76,853
Vehicle maintenance	121,392	121,392	98,140	23,252	114,620
Total police	3,726,415	3,732,415	3,572,719	159,696	3,280,415
Fire and rescue					
Administration	2,917,727	2,917,727	2,993,273	(75,546)	2,614,208
Water	120,225	120,225	126,170	(5,945)	121,659
Emergency management	1,400	1,400	500	900	346
Vehicle maintenance	191,575	191,575	212,999	(21,424)	186,973
Total fire and rescue	3,230,927	3,230,927	3,332,942	(102,015)	2,923,186

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024			Variance positive (negative)	2023 actual
	Original budget	Final budget	Actual		
Expenditures					
Current:					
Recreation and culture					
Administration	339,106	339,106	325,094	14,012	274,209
Parks and trails	92,621	92,621	80,317	12,304	81,421
Dundee Park	139,310	139,310	96,031	43,279	85,056
Summerfest	11,800	11,800	11,800	-	10,600
Public library	612,378	612,378	587,265	25,113	538,608
Total recreation and culture	1,195,215	1,195,215	1,100,507	94,708	989,894
Property and inspection					
Code enforcement	418,745	418,745	370,266	48,479	364,073
Assessing	358,890	358,890	333,986	24,904	295,077
Total property and inspection	777,635	777,635	704,252	73,383	659,150
Development and conservation					
Planning	437,881	457,881	395,742	62,139	359,522
Comprehensive planning	-	7,518	-	7,518	24,945
WEDC	207,664	207,664	202,798	4,866	220,426
Total development and inspection	645,545	673,063	598,540	74,523	604,893
Health and welfare					
Social services	258,450	258,450	198,702	59,748	210,405
Agency funding	28,085	28,085	19,785	8,300	23,525
Property tax assistance program	100,000	112,841	141,905	(29,064)	136,700
Total health and welfare	386,535	399,376	360,392	38,984	370,630
County tax	1,813,946	1,813,946	1,813,946	-	1,630,848
Education	25,611,458	25,611,458	25,611,458	-	24,320,184
Overlay/abatements	190,870	190,870	63,718	127,152	83,291
General and emergency contingency	200,004	200,004	700	199,304	100,000
Debt service					
Principal	2,963,400	2,963,400	2,893,400	70,000	2,913,400
Interest	752,983	752,983	753,883	(900)	580,615
New bond issuance	11	11	-	11	97,788
RSU 14 share of debt service	(1,728,375)	(1,728,375)	(1,728,375)	-	(1,809,625)
Lease payments	370,186	370,186	200,970	169,216	149,809
Debt service	2,358,205	2,358,205	2,119,878	238,327	1,931,987

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Expenditures					
Capital outlay					
Capital equipment	426,299	1,156,049	362,140	793,909	235,328
Road improvements	2,559,024	3,347,053	655,730	2,691,323	312,983
Building and facilities improvements	30,000	643,280	22,738	620,542	75,055
TIF transfer (transfer out)	1,018,763	1,018,763	1,018,762	1	862,482
Recreation improvements	548,528	611,528	22,922	588,606	57,147
Total capital outlay	4,582,614	6,776,673	2,082,292	4,694,381	1,542,995
Total expenditures	56,667,346	58,977,073	52,880,605	6,096,468	49,142,539
Excess (deficiency) of revenues over (under) expenditures	(1,907,219)	(4,216,946)	3,191,972	7,408,918	2,808,911
Other financing sources (uses)					
Transfers in	1,407,219	1,407,219	620,920	(786,299)	482,253
Transfers out	-	-	(36,200)	(36,200)	-
Use of fund balance	500,000	2,809,727	-	(2,809,727)	-
Total other financing sources (uses)	1,907,219	4,216,946	584,720	(3,632,226)	482,253
Net change in fund balance - budgetary basis	-	-	3,776,692	3,776,692	3,291,164
Reconciliation to GAAP					
Change in committed and assigned balances			25,907		553,578
Net change in fund balance - GAAP basis			3,802,599		3,844,742
Fund balance - beginning			19,072,813		15,228,071
Fund balance - end			\$ 22,875,412		19,072,813

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, 2024

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Seized/safekept funds	\$ 24,386	8,503	3,845	-	29,044
State forfeited assets	14,421	-	-	-	14,421
DARE	15,347	4,931	6,780	-	13,498
Federal equitable sharing	103,589	44,566	90,634	(5,251)	52,270
Police donations	9,500	3,372	5,147	(1,150)	6,575
Opiod funds	-	14,585	11,012	18,687	22,260
Summerfest	9,898	23,748	40,073	11,800	5,373
Fire benevolence fund	6,593	8,110	9,274	(1,401)	4,028
Canada Hill subdivision	108,560	-	88,392	-	20,168
Fuel system maintenance	19,243	6,910	-	-	26,153
Rio Drive utilities	(3,192)	-	-	-	(3,192)
Wellness incentives	828	-	-	-	828
Heating assistance	275	8,215	10,077	-	(1,587)
BTI - donation account	13,981	2,255	9,884	-	6,352
Library donations	5,987	5,023	6,467	-	4,543
Diesel exhaust fuel	(674)	3,332	3,698	-	(1,040)
PS memorial fund	3,565	2,052	15,890	7,802	(2,471)
Recreation donations	5,650	1,808	1,188	-	6,270
Marijuana education	31,298	24,678	32,227	(18,687)	5,062
Rt 302 crossing guards	-	17,300	17,300	-	-
Homeless/affordable housing	210,452	-	-	-	210,452
Impact fees roads - south	22,107	-	-	(22,107)	-
Impact fees - recreation	99,543	74,639	-	(130,967)	43,215
Impact fees route 302 north	55,724	3,083	-	22,107	80,914
Impact fees sidewalk - north	56,661	-	-	-	56,661
Impact fees sidewalk - south	10,434	-	-	-	10,434
Impact fees - open space	196,880	114,023	-	(93,729)	217,174
Public safety bldg impact fee	152,912	114,722	-	-	267,634
Town hall impact fees	169,306	39,417	-	-	208,723
Windham human services	351,836	75,579	10,160	-	417,255
\$	1,695,110	600,851	362,048	(212,896)	1,721,017

Town of Windham, Maine

Combining balance sheet

Nonmajor governmental funds

June 30, 2024

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	\$ -	-	285,806	285,806
Accounts receivable	34,046	-	-	34,046
Intergovernmental receivables	23,256	-	-	23,256
Due from other funds	2,841,786	2,561,758	-	5,403,544
Prepaid expenditures	67,374	-	-	67,374
Total assets	\$ 2,966,462	2,561,758	285,806	5,814,026
Liabilities				
Accounts payable	96,812	166,181	-	262,993
Due to other funds	577,888	458,292	-	1,036,180
Total liabilities	674,700	624,473	-	1,299,173
Fund balances				
Nonspendable	-	-	41,874	41,874
Restricted	2,423,764	-	243,932	2,667,696
Committed	337,484	2,561,758	-	2,899,242
Unassigned	(469,486)	(624,473)	-	(1,093,959)
Total fund balances	2,291,762	1,937,285	285,806	4,514,853
Total liabilities and fund balances	\$ 2,966,462	2,561,758	285,806	5,814,026

Town of Windham, Maine

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

Nonmajor governmental funds

For the year ended June 30, 2024

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Revenues				
Intergovernmental	\$ 524,851	-	-	524,851
Charges for services	800,585	-	8,600	809,185
Interest	-	219,652	7,010	226,662
Miscellaneous	61,365	-	-	61,365
Total revenues	1,386,801	219,652	15,610	1,622,063
Expenditures				
Current:				
General government	273,975	-	-	273,975
Public works	477,840	934,377	-	1,412,217
Police	67,090	-	-	67,090
Recreation and cultural	524,177	-	-	524,177
Health and welfare	121,262	-	-	121,262
Capital outlay	-	1,846,767	-	1,846,767
Total expenditures	1,464,344	2,781,144	-	4,245,488
Excess (deficiency) of revenues over (under) expenditures	(77,543)	(2,561,492)	15,610	(2,623,425)
Other financing sources (uses)				
Transfers in	1,213,351	-	-	1,213,351
Transfers out	(300,539)	(258,000)	-	(558,539)
Total other financing sources (uses)	912,812	(258,000)	-	654,812
Net change in fund balances	835,269	(2,819,492)	15,610	(1,968,613)
Fund balances - beginning	1,456,493	4,756,777	270,196	6,483,466
Fund balances - ending	\$ 2,291,762	1,937,285	285,806	4,514,853

Town of Windham, Maine

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

Special revenue funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Little falls sewer operations	\$ (246,687)	369,351	477,840	194,589	(160,587)
Recreation programs	313,417	431,234	384,245	(22,922)	337,484
Be the influence grant	(1,582)	119,026	118,762	-	(1,318)
Justice assistance grant	(2,961)	46,184	43,243	-	(20)
Community development block grant	60,000	-	-	-	60,000
Tax increment financing districts:					
Pipeline development TIF	654,568	-	59,807	68,639	663,400
Marblehead manor TIF	-	-	10,730	10,730	-
Roosevelt promenade TIF	223,668	-	681	267,516	490,503
Gateway north A TIF	272,739	-	184,308	150,370	238,801
Gateway north B TIF	206,413	-	256	153,127	359,284
Boody's TIF	235,862	-	-	132,431	368,293
Depot Street TIF	(192,058)	-	-	(97,860)	(289,918)
Enterprise development TIF	30,531	-	5,064	39,593	65,060
SW Industrial TIF	-	-	-	10,568	10,568
Boody's Corner TIF	-	-	-	42,110	42,110
Miscellaneous grants:	4,866	-	-	-	4,866
Ed MacDonald enhancement grant	-	6,000	6,000	-	-
Bullet proof vest	(2,275)	4,772	4,149	-	(1,652)
Distracted driving enforcement	(207)	3,042	2,835	-	-
NHTSA speed enforcement	(1,137)	2,788	1,651	-	-
Maine Community Foundation	-	5,000	-	-	5,000
Impaired driving	-	1,819	1,819	-	-
DEA education foundation	100	-	-	-	100
Caregiver arts and crafts	63	-	-	-	63
COPS grant	-	26,079	-	(26,079)	-
MMA safety grant	-	3,478	3,478	-	-
Community resilience	9,651	-	9,651	-	-
ARP - Childcare	1,403	-	-	-	1,403
Mountain Trail Division	(122,999)	228,685	121,376	-	(15,690)
Southern Maine Agency Aging ARPA	3,118	6,150	8,556	-	712
ADA picnic tables	10,000	10,000	10,000	-	10,000
Maine Community Foundation - other	-	2,500	-	-	2,500
Alfond training fund	-	7,092	7,393	-	(301)
MMA - MLEAP	-	2,500	2,500	-	-
Maine EMS stabilization	-	81,101	-	-	81,101
Community library grant	-	10,000	-	-	10,000
Housing opportunity grant	-	10,000	-	(10,000)	-
Blue card - incident control	-	10,000	-	-	10,000
\$	1,456,493	1,386,801	1,464,344	912,812	2,291,762

Town of Windham, Maine

Combining balance sheet

Capital project funds

June 30, 2024

	2021 bond issue	2022 bond issue	2023 bond issue	2025 bond issue	Total capital project funds
Assets					
Due from other funds	\$ 75,282	1,681,661	804,815	-	2,561,758
Total assets	\$ 75,282	1,681,661	804,815	-	2,561,758
Liabilities					
Accounts payable		-	-	166,181	166,181
Due to other funds	-	-	-	458,292	458,292
Total liabilities	-	-	-	624,473	624,473
Fund balances					
Committed	75,282	1,681,661	804,815	-	2,561,758
Unassigned	-	-	-	(624,473)	(624,473)
Total fund balances	75,282	1,681,661	804,815	(624,473)	1,937,285
Total liabilities and fund balances	\$ 75,282	1,681,661	804,815	-	2,561,758

Town of Windham, Maine

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

Capital project funds

For the year ended June 30, 2024

	2021 bond issue	2022 bond issue	2023 bond issue	2025 bond issue	Total capital project funds
Revenues					
Interest	\$ 5,033	97,854	116,765	-	219,652
Total revenues	5,033	97,854	116,765	-	219,652
Expenditures					
Current:					
Public works	-	-	605,460	328,917	934,377
Capital outlay		33,101	1,518,110	295,556	1,846,767
Total expenditures	-	33,101	2,123,570	624,473	2,781,144
Excess (deficiency) of revenues over (under) expenditures	5,033	64,753	(2,006,805)	(624,473)	(2,561,492)
Other financing sources (uses)					
Transfers out	(58,949)	(199,051)	-	-	(258,000)
Total other financing sources (uses)	(58,949)	(199,051)	-	-	(258,000)
Net change in fund balances	(53,916)	(134,298)	(2,006,805)	(624,473)	(2,819,492)
Fund balances - beginning	129,198	1,815,959	2,811,620	-	4,756,777
Fund balances - ending	\$ 75,282	1,681,661	804,815	(624,473)	1,937,285