

TOWN OF WINDHAM, MAINE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED, JUNE 30, 2023

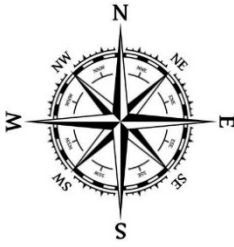
Town of Windham, Maine

Annual financial report

For the fiscal year ended June 30, 2023

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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, 2023, 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, 2023, 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 3, 2024, 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 3, 2024

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, 2023.

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 \$43,086,507 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$16,543,195.
- The Town's total net position increased \$4,801,006 primarily due to revenues exceeding expenditures in the governmental funds. The Town's governmental fund balance increased by \$5,989,570 during the year. There are certain adjustments to this figure when reporting the change in net position. The largest of those during the year were the purchase of capital assets and the issuance of debt. The Town made capital additions of \$3,403,840 during the year, these costs are expensed over the life of the capital assets as depreciation. Depreciation expense totaled \$2,154,589. This was offset by the issuance of bonds, bond premium, and notes of \$3,803,546. These amounts are an increase to liabilities on the statement of net position.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$25,642,292, an increase of \$5,989,570 in comparison with the prior year. Of this amount, \$13,894,605, or 54%, 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 \$19,028,546, or approximately 38% 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 Regional School Unit No. 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 thirteen 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 eleven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

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

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

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

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

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

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

Government-wide overall financial analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$43,086,507, at the close of the most recent fiscal year.

	Governmental activities		
	2023	2022	Change
Assets			
Current and other assets	\$ 33,033,227	29,436,350	3,596,877
Capital assets, net	42,304,131	41,147,616	1,156,515
Total assets	75,337,358	70,583,966	4,753,392
Total deferred outflows of resources	1,631,507	1,888,853	(257,346)
Liabilities			
Long-term liabilities	28,605,770	26,339,841	2,265,929
Other liabilities	4,098,260	4,931,548	(833,288)
Total liabilities	32,704,030	31,271,389	1,432,641
Total deferred inflows of resources	1,178,328	2,915,929	(1,737,601)
Net position			
Net investment in capital assets	24,474,121	23,221,564	1,252,557
Restricted	2,069,191	1,587,316	481,875
Unrestricted	16,543,195	13,476,621	3,066,574
Total net position	\$ 43,086,507	38,285,501	4,801,006

Current and other assets increased in governmental activities by \$3,596,877 from the prior year due to an increase in cash of \$4.7 million offset by a decrease in the debt service receivable from Regional School Unit 14 (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 \$1.1 million due to capital outlay in relation to the bond and note issuances. Capital assets are discussed in more detail later in this management's discussion and analysis.

Other liabilities in governmental activities decreased \$833,288 from the previous year due to a large decrease in accounts payable. The Town had multiple capital projects and retainage payables at the end of the prior fiscal year.

Long-term liabilities, which consist of bonds, notes, compensated absences and postemployment benefit obligations, increased by \$2,265,929 from the previous year. The Town issued \$7 million of bonds, bond premium, and notes during the year. Principal payments on bonds and notes totaled \$3 million, bonds of \$3 million were refunded, and bond premium had amortization of \$558 thousand. The net pension liability increased nearly \$1.9 million from the prior year.

By far, the largest portion of the Town's net position, \$24,474,121, 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, \$2,069,191 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 \$16,543,195.

The Town’s overall net position increased \$4,801,006 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.

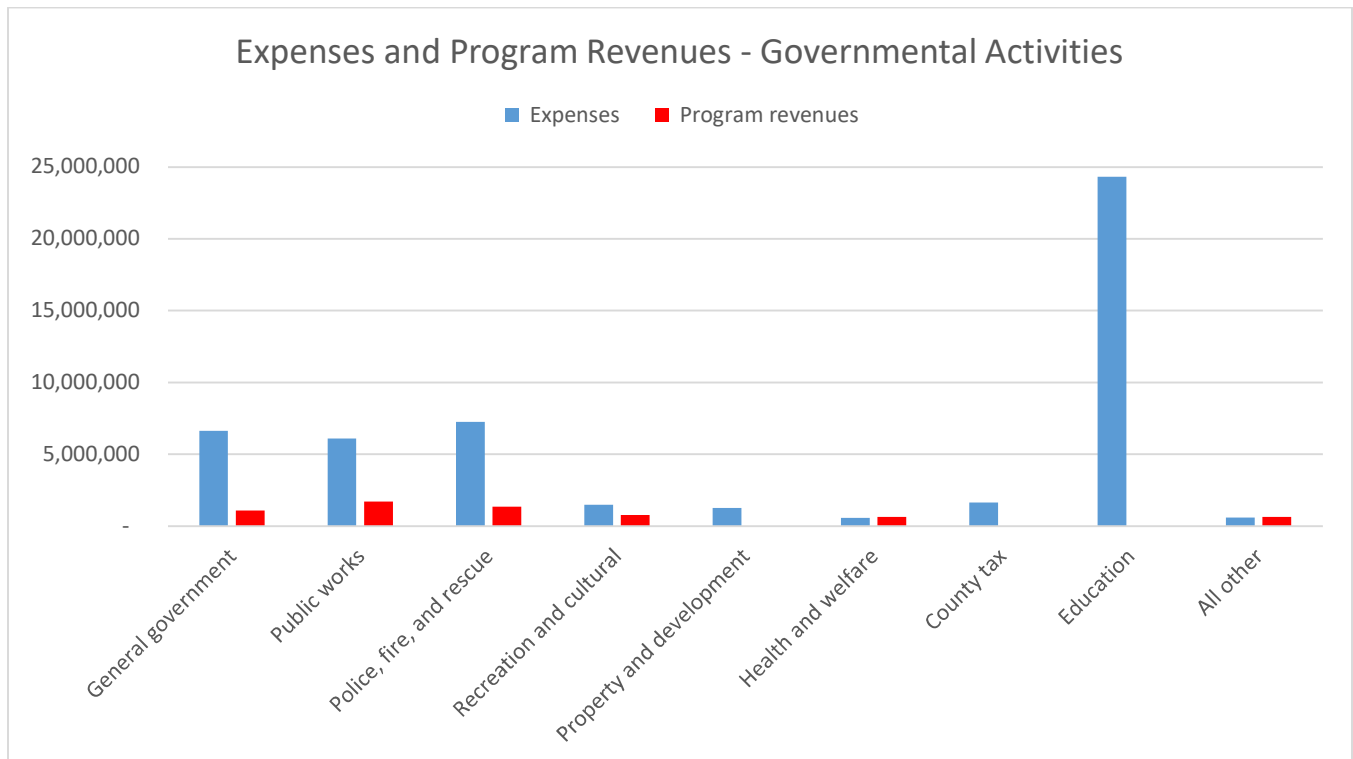
	Governmental activities		
	2023	2022	Change
Revenues			
Program revenues			
Charges for services	\$ 4,383,749	4,205,449	178,300
Operating grants and cont.	1,387,362	1,267,346	120,016
Capital grants and cont.	395,822	95,767	300,055
General revenues			
Property taxes	42,847,057	38,971,681	3,875,376
Unrestricted grants and cont.	4,263,561	3,863,025	400,536
Other	1,321,144	221,301	1,099,843
Total revenues	54,598,695	48,624,569	5,974,126
Expenses			
General government	6,626,499	5,341,857	1,284,642
Public works	6,090,362	5,652,600	437,762
Police, fire, and rescue	7,249,127	6,087,789	1,161,338
Recreation and cultural	1,476,801	1,346,320	130,481
Property and development	1,266,434	1,280,813	(14,379)
Health and welfare	559,250	428,662	130,588
County tax	1,630,848	1,565,391	65,457
Education	24,320,184	22,223,721	2,096,463
All other	578,184	1,346,407	(768,223)
Total expenses	49,797,689	45,273,560	4,524,129
Increase (decrease) in net position	4,801,006	3,351,009	1,449,997
Net position - beginning	38,285,501	34,934,492	
Net position - ending	43,086,507	38,285,501	

Governmental activities. During the current fiscal year, net position for governmental activities increased \$4,801,006 from the prior fiscal year for an ending balance of \$43,086,57. The increase in the overall net position is primarily due to revenues exceeding expenditures in the governmental funds, combined with the capitalization of assets purchased with proceeds from bond and note issuances and bond premium.

Revenues increased nearly \$6 million or 12.3% from the prior year, with the two largest increases being property taxes and other revenues. The tax commitment was 10.9% higher than in the prior year, although the mil rate decreased nearly 8% due to the revaluation. The local education appropriation increased over 9%. Excise tax revenue increased by 2.5%. The large increase in other revenue was due to the Town receiving favorable interest rates on unrestricted funds held in financial institutions. Interest revenue recognized in the general fund increased nearly \$900 thousand.

Expenses grew 10% during the current year, increasing from \$45.3 million in the prior year to \$49.8 million. The most significant increase was the \$2.1 million increase in local education appropriation from RSU 14. General government expenses were up nearly \$1.3 million from the prior year; the increase was related to salaries and employee benefit costs. Police, fire, and rescue expenses increased nearly \$1.2 million. Fire and rescue expenditures in the general fund were up \$500 thousand, with a majority of that related to personnel. Other increases were due to entity-wide adjustments related to accumulated depreciation, disposed capital assets, and increases in accrued sick and vacation time.

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, 2023, the Town's governmental funds reported combined fund balances of \$25,642,292, an increase of \$5,989,570 in comparison with the prior year. Of this amount, \$13,894,605, or 54%, 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, \$44,267; (2) not spendable because it is legally required to be maintained intact, \$41,874; (3) restricted for particular purposes, \$2,027,317; (4) committed for particular purposes, \$5,833,761; or (5) assigned for particular purposes, \$3,800,468.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,464,511, while total fund balance increased to \$19,072,813. 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 29% of total general fund expenditures and transfers to other funds, while total fund balance represents 38% of that same amount.

The fund balance of the Town's general fund increased by \$3,844,742 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 \$2 million, actual expenditures came in under budgeted figures by \$6.6 million, and there was a budgeted use of fund balance of \$2.7 million.

The American Rescue Plan fund increased by \$81,891 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 \$1,909,723 are available for the project.

General fund budgetary highlights

Original budget compared to final budget. The final budget for the general fund includes \$1,906,281 of amounts carried forward from the year ending June 30, 2022. Most of this amount was capital related, \$1,707,399, 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 2022 fiscal year that were assigned at year end. The following function budgets were increased due to these carry forwards: general government \$60,157; public works \$36,721; development and conservation \$52,463; and health and welfare \$49,541.

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	\$	3,600,000	4,458,460	858,460
State revenue sharing		2,500,000	3,052,174	552,174
MDOT municipal partnership initiative		1,700,000	14,304	(1,685,696)
Rescue fees		800,500	989,076	188,576
Interest		20,000	1,011,342	991,342
Miscellaneous		136,965	328,170	191,205

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 Town budgets state revenue sharing conservatively and the State increased amounts after initial forecasts. The project covered by the MDOT municipal partnership initiative will not be completed until a later fiscal year. The amount of rescue calls increased over the prior year causing the estimate, which was based on the amount of rescue calls in the prior year, to be less than the actual. Interest revenues came in higher than expected due to sharply increasing interest rates on sweep accounts held by the Town. Miscellaneous revenues include sales of property that happened during the fiscal year.

Expenditures		Estimated expenditures	Actual expenditures	Difference
Town council	\$	200,369	309,106	(108,737)
Town management		952,701	864,325	88,376
Public works - building maintenance		552,927	679,988	(127,061)
Dundee Park		156,824	85,056	71,768
Planning		434,186	359,522	74,664
Lease payments		384,677	149,809	234,868
Capital outlay		6,504,048	680,513	5,823,535

Town council exceeded budget due to legal services exceeding projections. Town management saw savings in salaries and professional services. Electricity and heating fuel costs along with unexpected repair work caused building maintenance to come in over budget. Dundee park had savings in wages due to open positions. Planning utilized fewer professional services than originally anticipated. Lease payment expenditures were under budget due to the lease agreements being issued later than expected, pushing those payments into the next fiscal year. Unspent budgeted capital projects are carried forward each year until the projects are finished. The Town has assigned nearly \$2.2 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, 2023, amounts to \$42,304,131 (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 2.8%.

Capital assets, net		
	2023	2022
Land	\$ 2,094,564	2,094,564
Construction in progress	1,651,896	7,684,267
Land improvements	1,011,731	782,614
Buildings and improvements	17,651,481	12,943,887
Equipment and furniture	1,634,522	1,726,026
Vehicles	3,378,637	2,243,668
Infrastructure	14,881,300	13,672,590
	<u>42,304,131</u>	<u>41,147,616</u>

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

- Wrapped up construction of the public safety building for a total capitalized cost of \$5,355,617.
- Finished the work on Depot Street at a total cost of \$1,465,881.
- Other completed projects include Rt 202 sidewalks (\$264,469) and the Lowell parking lot expansion (\$178,792).
- Work has begun on the North Windham sewer project and the Mountain Division Trail, incurring costs of \$334,100 and \$224,612, respectively.
- Work continued on the Morrell property (\$274,250) and Rt 302 adaptive traffic signals (\$389,683).
- Purchased an International dump truck with plow gear for \$220,717.
- Finance purchased an International dump truck with plow gear for \$170,919; a 2022 Ford F-150 series truck, a 2022 Ford F-250 super duty truck, and CPR compression units with batteries for \$131,434; a 2023 Ford E-450 ambulance and 2023 Ford Explorer for \$229,000; an ATV and trailer for \$36,442; and a 2024 Freightliner dump truck for \$236,496.

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 \$24,254,772. The remainder of the Town's long-term obligations is comprised of notes payable.

Outstanding debt		
	2023	2022
Bonds payable	\$ 14,120,000	13,725,000
Notes payable	10,134,772	9,871,515
	<u>24,254,772</u>	<u>23,596,515</u>

The Town's total debt increased by \$658,257 (2.8%) during the current fiscal year. The following are the reasons for the overall increase.

During the year the Town issued a \$5,815,000 bond for paving Collingwood Circle, purchasing open space properties and curbside pickup waste carts, and refunding the 2011 refunding bond. The Town also issued five notes totaling \$930,291 for the purchase of an ambulance, two dump trucks with plow gear, three trucks, an ATV with trailer and CPR compression units. These increases were offset by scheduled principal payments on bonds and notes of \$3 million and the \$3 million refunding of the 2011 bond.

The Town maintained "AA" ratings from Standard & Poor's for general obligation debt. In Standard & Poor's words, "The stable outlook reflects our opinion of Windham's strong local economy and participation in the Portland MSA (Metropolitan Statistical Area), which we believe lends stability to the town's tax base. As a result, we believe Windham will maintain its strong budgetary performance and very strong budgetary flexibility."

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 \$437 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 budgets and rates

At the end of the current fiscal year, the fund balance in the general fund was \$19,027,813. The Town has appropriated \$3,800,468 of this amount for spending in the 2023-2024 fiscal year budget. This includes a budgeted \$500,000 use of fund balance for the 2023-2024 fiscal year. This action was taken as an additional measure to lessen the burden of the local taxpayers. The amount also includes \$2,194,060 of capital-related projects that were not completed during the fiscal year and \$497,738 of other unspent amounts being assigned for future purposes.

In adopting the budget for the ensuing 2023-2024 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 2023-2024 budgeting process. The budget for the fiscal year starting July 1, 2023, was approved by the Town Council with a tax rate of 11.20 mils.

The goal of the FY2024 budget is to maintain the services and programs, while implementing capital improvements to improve the Community.

1. State Revenue Sharing in this budget year increased by \$50,000 over FY 23
2. There was additional staffing budgeted for the Town:
 - a. One school resource officer (80/20 - RSU/Town)
 - b. Communications director
 - c. IT - technical service support
 - d. Recreational programmer
3. Increase COLA to 6.5% to bring town staff near par with competing municipalities
4. Increased grounds contractual budget - \$60,000 - grounds maintenance
5. Increase paving budget - \$150,000 to accomplish a \$750,000 annual investment in resurfacing roadways
6. Transition from pay-as-you-throw (PAYT) bags to trash cart collection system (\$839,000 adjustment) - waste carts FY23 bond - \$600,000, FY24 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. During these extraordinary times and despite the global pandemic, continued increases in an unprecedented real estate market have made making value adjustments to certify a 100% ratio with the State of Maine necessary.

Based on sales studies, value increases were significant enough that a formal revaluation was performed. Windham real estate market set sales price records including a record number of building permits and development in the town together with a dramatic increase in construction material costs all contributed to high market prices. Sales prices indicated that residential assessments would increase but do not expect significant changes in most tax bills.

Tax rate was set by Town Council for the FY 2023-2024 tax year at 11.20 mills (3.96 municipal, 6.76 School, 0.48 County) with a certified assessment ratio of 100%. Windham has 9,070 real estate accounts and 1,200 personal property accounts with a combined taxable value of \$3,788,400,000, an increase of \$495,767,300 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.

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

Projects in process

Northwest wastewater treatment system – Over \$40,000 of funding via SRF loans - (to be paid with TIF funds) – land acquisition, easements as needed - for the construction of the northwest wastewater system.

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.

New northwest fire station engineering - \$75,000.

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, 2023

	Governmental activities	Component Unit - WEDC
Assets		
Cash and cash equivalents	\$ 28,375,031	298,855
Note proceeds held at financial institution	126,000	-
Taxes receivable	612,617	-
Accounts receivable	684,507	-
Intergovernmental receivables	267,821	-
Prepaid expenses	49,446	-
Inventory	37,805	-
Loans receivable	-	33,417
Receivable for RSU 14 debt service	2,880,000	-
Capital assets, not being depreciated	3,746,460	-
Capital assets, net of accumulated depreciation	38,557,671	4,532
Total assets	<u>75,337,358</u>	<u>336,804</u>
Deferred outflows of resources		
Pension related	1,572,771	-
OPEB related	58,736	-
Total deferred outflows of resources	<u>1,631,507</u>	<u>-</u>
Liabilities		
Accounts payable	539,362	57,559
Accrued wages and benefits	376,561	-
Site surety and inspection deposits	1,225,302	-
Unearned revenue	1,823,710	-
Accrued interest	133,325	-
Noncurrent liabilities:		
Due within one year	3,691,494	-
Due in more than one year	24,914,276	-
Total liabilities	<u>32,704,030</u>	<u>57,559</u>
Deferred inflows of resources		
Pension related	719,658	-
OPEB related	458,670	-
Total deferred inflows of resources	<u>1,178,328</u>	<u>-</u>
Net position		
Net investment in capital assets	24,474,121	4,532
Restricted	2,069,191	-
Unrestricted	16,543,195	274,713
Total net position	<u>\$ 43,086,507</u>	<u>279,245</u>

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

Town of Windham, Maine

Statement of activities

For the year ended June 30, 2023

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	\$ 6,626,499	968,711	115,374	-	(5,542,414)	
Public works	6,090,362	1,320,466	389,563	-	(4,380,333)	
Police	3,892,036	93,908	217,244	-	(3,580,884)	
Fire and rescue	3,357,091	989,091	40,781	-	(2,327,219)	
Recreation and cultural	1,476,801	646,819	125,327	-	(704,655)	
Property and inspection	654,126	-	-	-	(654,126)	
Development and conservation	612,308	-	-	-	(612,308)	
Health and welfare	559,250	128,800	499,073	-	68,623	
County tax	1,630,848	-	-	-	(1,630,848)	
Education	24,320,184	-	-	-	(24,320,184)	
Miscellaneous	83,291	-	-	-	(83,291)	
Interest on debt	494,893	-	-	-	(494,893)	
Capital maintenance	-	235,954	-	395,822	631,776	
Total governmental activities	49,797,689	4,383,749	1,387,362	395,822	(43,630,756)	
Total primary government	\$ 49,797,689	4,383,749	1,387,362	395,822	(43,630,756)	
Component unit						
Windham Economic Development Corp.	263,697	3,330	221,998	-	(38,369)	
	263,697	3,330	221,998	-	(38,369)	
General revenues:						
Property taxes					42,847,057	-
Grants and contributions not restricted to specific programs					4,263,561	-
Unrestricted investment earnings					992,974	748
Miscellaneous					328,170	-
Total general revenues					48,431,762	748
Change in net position					4,801,006	(37,621)
Net position - beginning, restated					38,285,501	316,866
Net position - ending					\$ 43,086,507	279,245

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

Town of Windham, Maine

Balance sheet

Governmental funds

June 30, 2023

	General	American rescue plan	Total nonmajor funds	Total governmental funds
Assets				
Cash and cash equivalents	\$ 28,094,235	-	280,796	28,375,031
Taxes receivable	612,617	-	-	612,617
Accounts receivable, net	646,020	-	34,694	680,714
Intergovernmental receivables	267,821	-	-	267,821
Due from other funds	532,418	1,909,723	6,819,578	9,261,719
Prepaid expenditures	6,462	-	42,984	49,446
Inventory	37,805	-	-	37,805
Receivable for RSU 14 debt service	2,880,000	-	-	2,880,000
Total assets	\$ 33,077,378	1,909,723	7,178,052	42,165,153
Liabilities				
Accounts payable	373,401	-	165,961	539,362
Accrued wages and benefits	376,561	-	-	376,561
Site surety and inspection deposits	1,225,302	-	-	1,225,302
Unearned revenue	-	1,823,710	-	1,823,710
Due to other funds	8,729,301	-	528,625	9,257,926
Total liabilities	10,704,565	1,823,710	694,586	13,222,861
Deferred inflows of resources				
Unavailable revenue - property taxes	420,000	-	-	420,000
Unavailable revenue - RSU 14 debt service	2,880,000	-	-	2,880,000
Total deferred inflows of resources	3,300,000	-	-	3,300,000
Fund balances				
Nonspendable	44,267	-	41,874	86,141
Restricted	-	86,013	1,941,304	2,027,317
Committed	763,567	-	5,070,194	5,833,761
Assigned	3,800,468	-	-	3,800,468
Unassigned	14,464,511	-	(569,906)	13,894,605
Total fund balances	19,072,813	86,013	6,483,466	25,642,292
Total liabilities, deferred inflows of resources, and fund balances	\$ 33,077,378	1,909,723	7,178,052	

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.	42,304,131
Note proceeds held at financial institution	126,000
Other long-term assets are not available to pay for current expenditures and are deferred in the funds	
Unavailable revenue - property taxes	420,000
Unavailable revenue - RSU 14 debt service	2,880,000
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Bonds payable	(14,120,000)
Premium on bonds	(814,804)
Notes payable	(10,134,772)
Accrued interest on long-term debt	(133,325)
Compensated absences	(910,497)
Net pension liability with related deferred inflows and outflows	(861,559)
Total OPEB liability with related deferred inflows and outflows	(1,310,959)
Net position of governmental funds	43,086,507

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, 2023

	General	American rescue plan	Total nonmajor funds	Total governmental funds
Revenues				
Property taxes	\$ 42,909,057	-	-	42,909,057
Intergovernmental	4,666,000	-	611,643	5,277,643
Licenses and permits	1,497,916	-	-	1,497,916
Charges for services	2,114,189	-	771,644	2,885,833
Interest	992,974	81,891	194,246	1,269,111
Miscellaneous	795,158	-	25,977	821,135
Total revenues	<u>52,975,294</u>	<u>81,891</u>	<u>1,603,510</u>	<u>54,660,695</u>
Expenditures				
Current:				
General government	6,397,233	-	398,147	6,795,380
Public works	4,336,100	-	466,038	4,802,138
Police	3,369,200	-	99,056	3,468,256
Fire and rescue	2,936,767	-	27,521	2,964,288
Recreation and cultural	1,022,182	-	576,094	1,598,276
Property and inspection	659,150	-	-	659,150
Development and conservation	604,893	-	-	604,893
Health and welfare	424,118	-	130,962	555,080
County tax	1,630,848	-	-	1,630,848
Education	24,320,184	-	-	24,320,184
Miscellaneous	83,291	-	-	83,291
Debt service	1,931,987	-	117,344	2,049,331
Capital outlay	1,533,941	-	1,427,983	2,961,924
Total expenditures	<u>49,249,894</u>	<u>-</u>	<u>3,243,145</u>	<u>52,493,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,725,400</u>	<u>81,891</u>	<u>(1,639,635)</u>	<u>2,167,656</u>
Other financing sources (uses)				
Transfers in	309,165	-	1,039,248	1,348,413
Transfers out	(1,012,482)	-	(335,931)	(1,348,413)
Bonds, notes, and premium issued	804,291	-	2,999,255	3,803,546
Refunding bonds and premium issued	3,084,458	-	-	3,084,458
Payment to refunding bond escrow agent	(3,066,090)	-	-	(3,066,090)
Total other financing sources (uses)	<u>119,342</u>	<u>-</u>	<u>3,702,572</u>	<u>3,821,914</u>
Net change in fund balances	3,844,742	81,891	2,062,937	5,989,570
Fund balances - beginning	<u>15,228,071</u>	<u>4,122</u>	<u>4,420,529</u>	<u>19,652,722</u>
Fund balances - ending	<u>\$ 19,072,813</u>	<u>86,013</u>	<u>6,483,466</u>	<u>25,642,292</u>

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, 2023

Net change in fund balances - total governmental funds	\$	5,989,570
<p>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.</p>		
Capital outlays		3,403,840
Depreciation expense		(2,154,589)
Book value of disposed capital assets		(92,736)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Earned but unavailable taxes		(62,000)
<p>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.</p>		
Bonds, notes, and premium issued		(3,803,546)
Principal paid on bonds		2,353,910
Principal paid on notes		667,034
Amortization of bond premium		558,305
Amortization of deferred charge on refunding		(401,406)
Gain on refunding		(18,368)
<p>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.</p>		
Accrued interest on long-term debt		1,595
Compensated absences		(65,494)
Changes in pension liabilities and related deferred outflows and inflows of resources		20,263
Changes in OPEB liabilities and related deferred outflows and inflows of resources		29,628
<p>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.</p>		
		<u>(1,625,000)</u>
Change in net position of governmental activities	\$	<u><u>4,801,006</u></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, 2023

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 41,935,566	41,935,566	42,909,057	973,491
Intergovernmental	5,688,548	5,688,548	4,619,066	(1,069,482)
Licenses and permits	972,661	972,661	995,054	22,393
Charges for services	1,863,639	1,863,639	2,088,761	225,122
Interest	20,000	20,000	1,011,342	991,342
Miscellaneous	136,965	136,965	328,170	191,205
Total revenues	<u>50,617,379</u>	<u>50,617,379</u>	<u>51,951,450</u>	<u>1,334,071</u>
Expenditures				
Current:				
General government	6,475,345	6,535,502	6,397,233	138,269
Public works	4,153,278	4,189,999	4,307,833	(117,834)
Police	3,427,685	3,427,685	3,280,415	147,270
Fire and rescue	2,924,656	2,924,656	2,923,186	1,470
Recreation and cultural	1,080,138	1,080,138	989,894	90,244
Property and inspection	717,863	717,863	659,150	58,713
Development and conservation	634,612	687,075	604,893	82,182
Health and welfare	307,465	357,006	370,630	(13,624)
County tax	1,630,848	1,630,848	1,630,848	-
Education	24,320,184	24,320,184	24,320,184	-
Overlay/abatements	96,790	96,790	83,291	13,499
General and emergency contingency	200,000	200,000	100,000	100,000
Debt service	2,234,526	2,234,526	1,931,987	302,539
Capital outlay	4,796,649	6,504,048	680,513	5,823,535
Total expenditures	<u>53,000,039</u>	<u>54,906,320</u>	<u>48,280,057</u>	<u>6,626,263</u>
Excess (deficiency) of revenues over (under) expenditures	(2,382,660)	(4,288,941)	3,671,393	7,960,334
Other financing sources (uses)				
Transfers in	2,495,142	2,495,142	482,253	(2,012,889)
Transfers out	(862,482)	(862,482)	(862,482)	-
Use of fund balance	750,000	2,656,281	-	(2,656,281)
Total other financing sources (uses)	<u>2,382,660</u>	<u>4,288,941</u>	<u>(380,229)</u>	<u>(4,669,170)</u>
Net change in fund balance - budgetary basis	-	-	3,291,164	3,291,164
Reconciliation to GAAP				
Change in committed and assigned balances			<u>553,578</u>	
Net change in fund balance - GAAP basis			3,844,742	
Fund balance - beginning			<u>15,228,071</u>	
Fund balance - end			<u>\$ 19,072,813</u>	

Town of Windham, Maine

Statement of fiduciary net position

Fiduciary funds

June 30, 2023

		Private-purpose trust funds
Assets		
Cash and cash equivalents	\$	75,555
Due from other funds		-
Total assets		<u>75,555</u>
Liabilities		
Accounts payable		-
Due to other funds		3,793
Total liabilities		<u>3,793</u>
Net position		
Restricted		71,762
Total net position	\$	<u><u>71,762</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, 2023

	Private-purpose trust funds
Additions	
Contributions	\$ -
Investment earnings:	
Interest	248
Total additions	<u>248</u>
Deductions	
Scholarships	1,000
Other	-
Total deductions	<u>1,000</u>
Net increase (decrease) in fiduciary net position	(752)
Net position - beginning	<u>72,514</u>
Net position - ending	<u>\$ 71,762</u>

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

Town of Windham, Maine

Notes to the financial statements

June 30, 2023

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, 2023, expenditures exceeded appropriations for public works by \$117,834 and health and welfare by \$13,624 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 16, 2022, on the assessed value listed as of the previous April 1. Taxes are due in two installments, on October 1, 2022, and April 1, 2023. 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 \$96,790 for the year ended June 30, 2023.

The following summarized the 2023, 2022, and 2021 tax levies:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assessed value	\$3,292,632,700	2,734,905,300	2,336,553,500
Tax rate (per \$1,000)	11.61	12.60	15.00
Commitment	38,227,466	34,459,807	35,048,303
Supplemental taxes assessed	11,274	21,987	563
Abatements	(23,896)	(226,015)	(107,302)
Total taxes assessed less abatements	38,214,844	34,255,779	34,941,564
Collections	(37,827,728)	(33,976,784)	34,494,143
Receivable at June 30	<u>\$387,116</u>	<u>278,995</u>	<u>447,421</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, 2023.

B. Deficit fund balance

At June 30, 2023, the following funds had deficit balances:

Little Falls sewer operations	\$246,687	Be the influence grant	1,582
Justice assistance grant	2,961	Depot Street TIF	192,058
Bullet proof vest grant	2,275	Distracted driving enforcement	207
NHTSA speed enforcement	1,137	Mountain Trail Division	122,999

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 conforming 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, 2023, the Town's bank balance was \$29,986,576 and \$60,204 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2023, WEDC's bank balance was \$299,651, 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	\$463,987	227,557	691,544
Allowance	-	(45,524)	(45,524)
<u>Total receivable, net</u>	<u>\$463,987</u>	<u>182,033</u>	<u>646,020</u>

D. Capital assets

Capital assets activity for the year ended June 30, 2023, 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	7,684,267	1,860,999	7,893,370	1,651,896
Total capital assets, not being depreciated	9,778,831	1,860,999	7,893,370	3,746,460
Capital assets, being depreciated				
Buildings and improvements	18,809,683	5,651,369	-	24,461,052
Machinery and equipment	5,578,229	210,598	187,483	5,601,344
Vehicles	6,899,409	1,843,894	960,955	7,782,348
Infrastructure	25,438,903	1,730,350	-	27,169,253
Total capital assets, being depreciated	56,726,224	9,436,211	1,148,438	65,013,997
Less accumulated depreciation for				
Buildings and improvements	5,083,182	714,658	-	5,797,840
Machinery and equipment	3,852,203	302,102	187,483	3,966,822
Vehicles	4,655,741	616,189	868,219	4,403,711
Infrastructure	11,766,313	521,640	-	12,287,953
Total accumulated depreciation	25,357,439	2,154,589	1,055,702	26,456,326
Total capital assets, being depreciated, net	31,368,785	7,281,622	92,736	38,557,671
Total governmental activities capital assets	\$41,147,616	9,142,621	7,986,106	42,304,131

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

General government	\$93,752
Public works	1,274,621
Police	385,704
Fire and rescue	300,646
Recreation and cultural	99,866
<u>Total depreciation expense</u>	<u>\$2,154,589</u>

Component unit capital assets

Capital assets for WEDC consists of a sign with a historical cost of \$9,064. As of June 30, 2023, accumulated depreciation was \$4,532 and the net book value was \$4,532. Depreciation expense was \$907 for the year ended June 30, 2023.

E. Changes in long-term liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2023, are as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Bonds payable	\$13,725,000	5,815,000	5,420,000	14,120,000	2,345,000
Bond premium	1,104,396	268,713	558,305	814,804	152,004
Notes payable	9,871,515	930,291	667,034	10,134,772	706,446
Compensated absences	845,003	65,494	-	910,497	488,044
Net pension (asset) liability	(180,842)	1,895,514	-	1,714,672	-
Total OPEB liability	974,769	-	63,744	911,025	-
Total governmental activities	\$26,339,841	8,975,012	6,709,083	28,605,770	3,691,494

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, 2023, 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	\$3,830,000
Infrastructure and fire pumper truck	4,790,000	2.0%-4.0%	2042	4,505,000
Property acquisition and refunding*	5,815,000	4.0%-5.0%	2044	5,785,000
Total bonds payable				14,120,000
Notes payable				
Shared maintenance facility	1,668,000	0.25%-3.5%	2037	1,167,600
Public safety building	9,300,000	2.2%-4.227%	2039	7,440,000
Brush truck	119,626	1.85%	2024	24,360
Cardiac monitors	93,899	1.82%	2027	75,799
Sidewalk tractor	157,996	2.12%	2029	136,606
Plow truck and sweeper	415,343	2.84%	2029	360,116
Trucks and compression units	131,434	4.45%	2030	131,434
Dump truck with plow	170,919	4.45%	2030	170,919
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
Total notes payable				10,134,772
Total governmental activities				\$24,254,772

* 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 \$2,880,000, 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:

Year ending <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>	
2024	\$2,345,000	472,935	706,446	309,506	3,833,887
2025	1,970,000	367,910	770,557	321,595	3,430,062
2026	735,000	305,260	776,782	297,508	2,114,550
2027	700,000	276,485	782,707	274,505	2,033,697
2028	700,000	248,585	769,032	250,665	1,968,282
2029-2033	3,195,000	852,075	3,205,648	890,409	8,143,132
2034-2038	2,745,000	428,690	2,658,600	355,386	6,187,676
2039-2043	1,590,000	133,620	465,000	9,829	2,198,449
2034-2048	140,000	2,800	-	-	142,800
Totals	\$14,120,000	3,088,360	10,134,772	2,709,403	30,052,535

In the current year the Town issued \$5,815,000 in general obligation bonds with interest rates ranging from 4.0% to 5.0%. \$3,015,000 of those proceeds were used to refund \$3,025,000 of outstanding 2011 general obligation refunding bonds which had interest rates ranging from 2.0% to 5.0%. The net proceeds of \$3,084,458, including an \$88,163 premium and an \$18,705 underwriter's discount, were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2011 general obligation refunding bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

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	\$29,931,418	4.46%	1,336,384
Regional School Unit 14	7,808,673	68.07%	5,315,364
Portland Water District - water	58,543,519	6.55%	3,834,601
Portland Water District - sewer	50,785,436	6.88%	3,494,326

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 1.52%.

Contributions

Retirement benefits are funded by contributions from employee 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 6.85%, 7.6%, and 9.7% 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, 2023, was 10.2% and 13.4% of annual pay for the AC Plan and 3C Plan, respectively. The Town made contributions to the pension plan of \$702,215 for the year ended June 30, 2023.

Proportionate share of the net pension (asset) liability

At June 30, 2023, the Town reported a liability of \$1,714,672 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, 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 0.6450% at the end of the measurement period and 0.5627% for the beginning of the period, which represents an increase of 0.0823%.

Actuarial assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2022
Measurement date	June 30, 2022
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, 2022 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, 2022, 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	2.3%
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	5.9%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022. 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	\$5,065,631	1,714,672	(1,055,014)

Pension expense and deferred items summary

For the year ended June 30, 2023, the Town recognized pension expense of \$669,929 for its proportionate share of the pension expense. At June 30, 2023, 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	\$318,661	-
Differences between expected and actual investment earnings	-	719,658
Changes of assumptions	348,019	-
Changes in proportion	203,876	-
<u>Contributions paid subsequent to the measurement date</u>	<u>702,215</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$1,572,771</u>	<u>719,658</u>

Deferred outflows of resources reported \$702,215 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, 2024. 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

2024	\$343,458
2025	(83,482)
2026	(447,091)
2027	338,013

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, 2022, membership consisted of:

Inactive members currently receiving benefits	5
Inactive members entitled to but not yet receiving benefits	-
<u>Active members</u>	<u>86</u>
<u>Total</u>	<u>91</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, 2023, the Town reported a total OPEB liability of \$911,025. The OPEB liability was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2022.

Actuarial assumptions

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	January 1, 2022
Measurement date	January 1, 2023
Actuarial cost method	Entry age normal
Assumptions	
Inflation rate	3.00%
Annual salary increases	2.75%
Healthcare cost trend rates - non-Medicare decreasing to	7.95% in 2022 4.55% in 2043
Healthcare cost trend rates - Medicare decreasing to	7.26% in 2022 4.55% in 2043

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, 2022, 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 3.72%. 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	\$974,769
Changes for the period	
Service cost	54,500
Interest	20,890
Changes of benefits	-
Differences between expected and actual experience	-
Changes of assumptions	(108,572)
Benefit payments	(30,562)
<u>Net changes</u>	<u>(63,744)</u>
<u>Balances end of year</u>	<u>\$911,025</u>

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 3.72% 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	\$1,066,187	911,025	785,070

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	\$769,393	911,025	1,102,211

OPEB expense and deferred items summary

For the year ended June 30, 2023, the Town recognized OPEB expense (gain) of (\$5,336). At June 30, 2023, 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	\$ -	293,688
Changes of assumptions	49,725	164,982
<u>Contributions paid subsequent to the measurement date</u>	<u>9,011</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$58,736</u>	<u>458,670</u>

Deferred outflows of resources reported \$9,011 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending</u>	
<u>June 30</u>	
2024	(\$80,726)
2025	(80,724)
2026	(70,093)
2027	(55,062)
2028	(55,060)
Thereafter	(67,280)

J. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$44,267	-	-	-
Impact fee projects	-	-	763,567	-
Capital projects and equipment	-	-	-	2,194,060
Police related activities and projects	-	-	-	170,808
Health and welfare	-	-	-	608,670
Other	-	-	-	326,930
Budget appropriation	-	-	-	500,000
American rescue plan	-	86,013	-	-
Special revenue funds				
Recreation	-	-	313,417	-
Tax incremental financing districts	-	1,623,781	-	-
Other	-	89,201	-	-
Capital projects - bond issuances	-	-	4,756,777	-
Permanent funds				
Held in perpetuity	41,874	-	-	-
Cemetery upkeep	-	228,322	-	-
Total	\$86,141	2,027,317	5,833,761	3,800,468

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, 2023, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Special revenue funds	\$518,025
General fund	Permanent funds	10,600
General fund	Fiduciary funds	3,793
American rescue plan	General fund	1,909,723
Special revenue funds	General fund	2,044,014
Capital project funds	General fund	4,775,564
Total		\$9,261,719

L. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	Transfers in			Total
	General fund	Special Revenue funds	Capital project funds	
Transfers out				
General fund	\$ -	912,482	100,000	1,012,482
Special revenue funds	309,165	26,766	-	335,931
Total	\$309,165	939,248	100,000	1,348,413

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 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, 2023, the Town made the following one-time transfers:

Transfer of \$100,000 from general fund contingency to capital project funds for remedial actions related to the East Windham conservation project parcel purchase.

Transfer of \$50,000 from general fund to special revenue funds to provide required matching funds for a grant.

Transfer of \$44,044 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 \$26,766 from tax incremental financing funds to Little Falls sewer operation to cover wastewater assessments from Portland Water District.

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, 2023.

N. Contingencies

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may

be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

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

O. Tax abatements

The Town has entered into property tax abatement agreements (credit enhancement agreements) with individual organizations under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2023, the Town abated property taxes totaling \$10,313 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 \$10,313.

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 (only nine years available)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan									
Town's proportion of the net pension liability	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	\$ 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	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	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	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 (only nine years available)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan									
Contractually determined contribution	\$ 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	(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	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	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 six years available)

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost	\$ 54,500	57,126	49,600	41,443	46,754	41,139
Interest	20,890	22,689	26,302	52,982	47,513	53,779
Changes of benefits	-	-	-	(23,450)	-	-
Differences between expected and actual experience	-	(114,150)	-	(354,061)	-	(22,665)
Changes of assumptions	(108,572)	12,656	59,401	(11,841)	(120,234)	(62,413)
Benefit payments	(30,562)	(33,140)	(31,865)	(58,867)	(56,603)	(57,285)
Net change in total OPEB liability - MMEHT plan	(63,744)	(54,819)	103,438	(353,794)	(82,570)	(47,445)
Total OPEB liability - beginning	974,769	1,029,588	926,150	1,279,944	1,362,514	1,409,959
Total OPEB liability - ending	\$ 911,025	974,769	1,029,588	926,150	1,279,944	1,362,514
Covered-employee payroll	\$ 5,299,494	5,299,494	4,816,048	4,816,048	4,728,753	4,728,753
Total OPEB liability as a percentage of covered-employee payroll	17.19%	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:

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate	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%	3.50%	3.50%	3.50%
Salary increases	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%	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:

	2022	2021	2020	2019	2018	2017	2016
Discount rate	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, 2023

(with comparative totals for the year ended June 30, 2022)

	2023				2022 actual
	Original budget	Final budget	Actual	Variance positive (negative)	
Revenues					
Property taxes					
Real estate and personal property	\$ 38,227,466	38,227,466	38,317,262	89,796	34,672,839
Supplemental taxes	100	100	11,274	11,174	21,987
Tax lien fees	15,000	15,000	19,884	4,884	33,238
Payments in lieu of taxes	-	-	8,932	8,932	8,375
Interest on taxes	50,000	50,000	55,972	5,972	68,961
Excise taxes	3,600,000	3,600,000	4,458,460	858,460	4,346,185
Boat excise	43,000	43,000	37,273	(5,727)	38,096
Total property taxes	41,935,566	41,935,566	42,909,057	973,491	39,189,681
Intergovernmental					
State revenue sharing	2,500,000	2,500,000	3,052,174	552,174	2,624,795
Homestead exemption	1,055,890	1,055,890	1,056,261	371	1,092,142
Veterans exemption	9,000	9,000	6,751	(2,249)	7,416
Business equipment tax reimbursement	117,658	117,658	117,956	298	109,354
Tree growth	21,000	21,000	30,419	9,419	29,318
Local road assistance program (LRAP)	255,000	255,000	262,980	7,980	261,672
MDOT municipal partnership initiative	1,700,000	1,700,000	14,304	(1,685,696)	-
General assistance	30,000	30,000	78,221	48,221	23,081
Total intergovernmental	5,688,548	5,688,548	4,619,066	(1,069,482)	4,147,778
Licenses and permits					
Registrations and fees	182,160	182,160	178,207	(3,953)	198,280
Building permits	377,500	377,500	410,919	33,419	435,666
Plumbing permits	55,000	55,000	50,645	(4,355)	64,112
Clerk fees	38,000	38,000	46,547	8,547	40,850
Marijuana applications and education	90,001	90,001	83,900	(6,101)	49,899
Cable television franchise fees	230,000	230,000	224,836	(5,164)	222,492
Total licenses and permits	972,661	972,661	995,054	22,393	1,011,299
Charges for services					
Dundee Park	60,600	60,600	64,193	3,593	51,679
Rescue fees	800,500	800,500	989,076	188,576	818,596
Solid waste	700,000	700,000	721,302	21,302	791,495
RSU - officer	70,000	70,000	70,000	-	70,000
RSU - maintenance facility	221,939	221,939	232,712	10,773	224,780
Police	8,500	8,500	7,658	(842)	7,634
Fire	100	100	15	(85)	40
Library	2,000	2,000	3,805	1,805	4,202
Total charges for services	1,863,639	1,863,639	2,088,761	225,122	1,968,426

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023			Variance positive (negative)	2022 actual
	Original budget	Final budget	Actual		
Revenues					
Interest	20,000	20,000	1,011,342	991,342	127,949
Miscellaneous	136,965	136,965	328,170	191,205	93,352
Total revenues	50,617,379	50,617,379	51,951,450	1,334,071	46,538,485
Expenditures					
Current:					
General government					
Town council	200,369	200,369	309,106	(108,737)	296,087
Town management	952,701	952,701	864,325	88,376	690,009
Collection and registration	247,997	247,997	225,060	22,937	221,247
Information services	577,824	597,324	580,405	16,919	540,243
Boards and commissions	93,007	125,523	75,868	49,655	66,242
Communication and e-government	62,675	62,675	61,118	1,557	58,980
Town clerk	272,173	272,173	261,401	10,772	240,772
Insurance	170,521	170,521	172,807	(2,286)	156,528
Employee benefits	3,898,078	3,906,219	3,847,143	59,076	3,179,598
Total general government	6,475,345	6,535,502	6,397,233	138,269	5,449,706
Public works					
Administration	285,514	285,514	280,559	4,955	269,618
Highway maintenance	853,185	853,185	787,301	65,884	723,837
Traffic safety	126,986	156,207	191,458	(35,251)	191,443
Snow removal	485,500	485,500	495,255	(9,755)	475,250
Building maintenance	552,927	552,927	679,988	(127,061)	612,855
Grounds maintenance	116,537	124,037	147,958	(23,921)	84,575
Vehicle maintenance	595,236	595,236	579,412	15,824	493,935
Waste management	1,137,393	1,137,393	1,145,902	(8,509)	1,118,577
Total public works	4,153,278	4,189,999	4,307,833	(117,834)	3,970,090
Police					
Administration	2,766,745	2,766,745	2,623,199	143,546	2,620,584
Communications	472,224	472,224	465,743	6,481	442,063
Animal control	79,046	79,046	76,853	2,193	69,626
Vehicle maintenance	109,670	109,670	114,620	(4,950)	83,215
Total police	3,427,685	3,427,685	3,280,415	147,270	3,215,488
Fire and rescue					
Administration	2,631,056	2,631,056	2,614,208	16,848	2,153,292
Water	114,500	114,500	121,659	(7,159)	115,857
Emergency management	1,400	1,400	346	1,054	-
Vehicle maintenance	177,700	177,700	186,973	(9,273)	153,804
Total fire and rescue	2,924,656	2,924,656	2,923,186	1,470	2,422,953

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023			Variance positive (negative)	2022 actual
	Original budget	Final budget	Actual		
Expenditures					
Current:					
Recreation and culture					
Administration	267,779	267,779	274,209	(6,430)	241,873
Parks and trails	76,238	76,238	81,421	(5,183)	65,094
Dundee Park	156,824	156,824	85,056	71,768	85,122
Summerfest	10,600	10,600	10,600	-	9,750
Public library	568,697	568,697	538,608	30,089	543,779
Total recreation and culture	1,080,138	1,080,138	989,894	90,244	945,618
Property and inspection					
Code enforcement	390,182	390,182	364,073	26,109	355,899
Assessing	327,681	327,681	295,077	32,604	299,063
Total property and inspection	717,863	717,863	659,150	58,713	654,962
Development and conservation					
Planning	414,186	434,186	359,522	74,664	396,134
Comprehensive planning	-	32,463	24,945	7,518	-
WEDC	220,426	220,426	220,426	-	216,000
Total development and inspection	634,612	687,075	604,893	82,182	612,134
Health and welfare					
Social services	182,740	182,740	210,405	(27,665)	146,715
Agency funding	24,725	24,725	23,525	1,200	25,725
Property tax assistance program	100,000	149,541	136,700	12,841	77,331
Total health and welfare	307,465	357,006	370,630	(13,624)	249,771
County tax	1,630,848	1,630,848	1,630,848	-	1,565,391
Education	24,320,184	24,320,184	24,320,184	-	22,223,721
Overlay/abatements	96,790	96,790	83,291	13,499	226,015
General and emergency contingency	200,000	200,000	100,000	100,000	29,500
Debt service					
Principal	2,913,400	2,913,400	2,913,400	-	2,633,400
Interest	646,074	646,074	580,615	65,459	786,570
New bond issuance	100,000	100,000	97,788	2,212	-
RSU 14 share of debt service	(1,809,625)	(1,809,625)	(1,809,625)	-	(1,887,850)
Lease payments	384,677	384,677	149,809	234,868	263,068
Debt service	2,234,526	2,234,526	1,931,987	302,539	1,795,188

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023			Variance positive (negative)	2022 actual
	Original budget	Final budget	Actual		
Expenditures					
Capital outlay					
Capital equipment	619,000	787,203	235,328	551,875	708,384
Road improvements	3,913,361	4,723,408	312,983	4,410,425	293,886
Building and facilities improvements	185,000	776,270	75,055	701,215	182,129
TIF transfer (transfer out)	862,482	862,482	862,482	-	852,694
Recreation improvements	79,288	217,167	57,147	160,020	68,383
Total capital outlay	<u>5,659,131</u>	<u>7,366,530</u>	<u>1,542,995</u>	<u>5,823,535</u>	<u>2,105,476</u>
Total expenditures	<u>53,862,521</u>	<u>55,768,802</u>	<u>49,142,539</u>	<u>6,626,263</u>	<u>45,466,013</u>
Excess (deficiency) of revenues over (under) expenditures	(3,245,142)	(5,151,423)	2,808,911	7,960,334	1,072,472
Other financing sources (uses)					
Transfers in	2,495,142	2,495,142	482,253	(2,012,889)	423,439
Use of fund balance	750,000	2,656,281	-	(2,656,281)	-
Total other financing sources (uses)	<u>3,245,142</u>	<u>5,151,423</u>	<u>482,253</u>	<u>(4,669,170)</u>	<u>423,439</u>
Net change in fund balance - budgetary basis	-	-	3,291,164	3,291,164	1,495,911
Reconciliation to GAAP					
Change in committed and assigned balances			<u>553,578</u>		<u>91,189</u>
Net change in fund balance - GAAP basis			3,844,742		1,587,100
Fund balance - beginning			<u>15,228,071</u>		<u>13,640,971</u>
Fund balance - end			<u>\$ 19,072,813</u>		<u>15,228,071</u>

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, 2023

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Seized/safekept funds	\$ 14,289	11,357	1,260	-	24,386
State forfeited assets	14,421	-	-	-	14,421
DARE	22,031	5,052	11,736	-	15,347
Federal equitable sharing	101,114	46,934	44,459	-	103,589
Police donations	7,925	7,905	6,330	-	9,500
Summerfest	19,310	20,192	40,204	10,600	9,898
Fire benevolence fund	3,959	12,381	9,747	-	6,593
Canada Hill subdivision	-	108,560	-	-	108,560
Fuel system maintenance	15,570	5,179	1,506	-	19,243
WSMF	5,585	-	5,585	-	-
Rio Drive utilities	14,689	-	17,881	-	(3,192)
Wellness incentives	828	-	-	-	828
Fire dept training	3,834	-	3,834	-	-
Heating assistance	3,252	2,234	5,211	-	275
BTI - donation account	9,210	13,100	8,329	-	13,981
Library donations	4,233	4,228	2,474	-	5,987
Diesel exhaust fuel	(1,378)	3,999	3,295	-	(674)
PS memorial fund	1,740	1,825	-	-	3,565
PS training room	8,750	-	8,750	-	-
Recreation donations	526	5,334	210	-	5,650
Marijuana education	19,679	44,900	33,281	-	31,298
Rt 302 crossing guards	-	16,250	16,250	-	-
Homeless/affordable housing	-	210,452	-	-	210,452
Impact fees roads - south	22,107	-	-	-	22,107
Impact fees - recreation	166,151	106,480	-	(173,088)	99,543
Impact fees route 302 north	41,053	14,671	-	-	55,724
Impact fees sidewalk - north	29,419	27,242	-	-	56,661
Impact fees sidewalk - south	10,434	-	-	-	10,434
Impact fees - open space	138,909	57,971	-	-	196,880
Public safety bldg impact fee	58,008	194,041	99,137	-	152,912
Town hall impact fees	111,749	57,557	-	-	169,306
Windham human services	294,135	64,368	6,667	-	351,836
	\$ 1,141,532	1,042,212	326,146	(162,488)	1,695,110

Town of Windham, Maine

Combining balance sheet
 Nonmajor governmental funds
 June 30, 2023

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	-	-	280,796	280,796
Accounts receivable	34,694	-	-	34,694
Due from other funds	2,044,014	4,775,564	-	6,819,578
Prepaid expenditures	42,984	-	-	42,984
Total assets	\$ 2,121,692	4,775,564	280,796	7,178,052
Liabilities				
Accounts payable	147,174	18,787	-	165,961
Due to other funds	518,025	-	10,600	528,625
Total liabilities	665,199	18,787	10,600	694,586
Fund balances				
Nonspendable	-	-	41,874	41,874
Restricted	1,712,982	-	228,322	1,941,304
Committed	313,417	4,756,777	-	5,070,194
Unassigned	(569,906)	-	-	(569,906)
Total fund balances	1,456,493	4,756,777	270,196	6,483,466
Total liabilities and fund balances	\$ 2,121,692	4,775,564	280,796	7,178,052

Town of Windham, Maine

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

Nonmajor governmental funds

For the year ended June 30, 2023

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Revenues				
Intergovernmental	\$ 611,643	-	-	611,643
Charges for services	765,344	-	6,300	771,644
Interest	-	190,527	3,719	194,246
Miscellaneous	25,977	-	-	25,977
Total revenues	1,402,964	190,527	10,019	1,603,510
Expenditures				
Current:				
General government	398,147	-	-	398,147
Public works	466,038	-	-	466,038
Police	99,056	-	-	99,056
Fire and rescue	27,521	-	-	27,521
Recreation and cultural	576,094	-	-	576,094
Health and welfare	130,962	-	-	130,962
Debt service	-	117,344	-	117,344
Capital outlay	124,665	1,303,318	-	1,427,983
Total expenditures	1,822,483	1,420,662	-	3,243,145
Excess (deficiency) of revenues over (under) expenditures	(419,519)	(1,230,135)	10,019	(1,639,635)
Other financing sources (uses)				
Transfers in	939,248	100,000	-	1,039,248
Transfers out	(335,931)	-	-	(335,931)
Bonds, notes, and premium issued	-	2,999,255	-	2,999,255
Total other financing sources (uses)	603,317	3,099,255	-	3,702,572
Net change in fund balances	183,798	1,869,120	10,019	2,062,937
Fund balances - beginning	1,272,695	2,887,657	260,177	4,420,529
Fund balances - ending	\$ 1,456,493	4,756,777	270,196	6,483,466

Town of Windham, Maine

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

Special revenue funds

For the year ended June 30, 2023

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Little falls sewer operations	\$ (158,389)	350,974	466,038	26,766	(246,687)
Recreation programs	219,688	414,370	320,641	-	313,417
Be the influence grant	(1,318)	130,698	130,962	-	(1,582)
Justice assistance grant	(2,169)	31,119	31,911	-	(2,961)
Community development block grant	(20,630)	205,295	124,665	-	60,000
Tax increment financing districts:					
Pipeline development TIF	583,382	-	-	71,186	654,568
Marblehead manor TIF	-	-	10,313	10,313	-
Roosevelt promenade TIF	128,340	-	-	95,328	223,668
Gateway north A TIF	353,106	-	252,921	172,554	272,739
Gateway north B TIF	142,090	-	-	64,323	206,413
Boody's TIF	109,502	-	-	126,360	235,862
Depot Street TIF	(77,613)	-	114,445	-	(192,058)
Enterprise development TIF	-	-	-	30,531	30,531
Miscellaneous grants:	4,866	-	-	-	4,866
Ed MacDonald enhancement grant	-	3,000	3,000	-	-
Bullet proof vest	(1,762)	2,470	2,983	-	(2,275)
Distracted driving enforcement	234	6,941	7,382	-	(207)
NHTSA speed enforcement	(2,458)	11,092	9,771	-	(1,137)
FEMA - Mobile vaccine unit	319	-	319	-	-
Assistance to firefighters	(1,198)	1,198	-	-	-
Police - COVID supplement	(1,496)	44,508	43,012	-	-
Seatbelt	-	-	-	-	-
Impaired driving	-	997	997	-	-
ARP - Library	(16)	16	-	-	-
DEA education foundation	100	-	-	-	100
Caregiver arts and crafts	78	-	15	-	63
COPS grant	-	44,044	-	(44,044)	-
Homeland security	-	27,202	27,202	-	-
MMA safety grant	(2,961)	2,961	-	-	-
Community resilience	-	20,000	10,349	-	9,651
ARP - Childcare	1,000	10,522	10,119	-	1,403
Mountain Trail Division	-	72,951	245,950	50,000	(122,999)
Cumberland County ARPA	-	6,456	6,456	-	-
Southern Maine Agency Aging ARPA	-	6,150	3,032	-	3,118
ADA picnic tables	-	10,000	-	-	10,000
	\$ 1,272,695	1,402,964	1,822,483	603,317	1,456,493

Town of Windham, Maine

Combining balance sheet

Capital project funds

June 30, 2023

	2021 bond issue	2022 bond issue	2023 bond issue	Total capital project funds
Assets				
Due from other funds	\$ 147,985	1,815,959	2,811,620	4,775,564
Total assets	\$ 147,985	1,815,959	2,811,620	4,775,564
Liabilities				
Accounts payable	18,787	-	-	18,787
Total liabilities	18,787	-	-	18,787
Fund balances				
Committed	129,198	1,815,959	2,811,620	4,756,777
Total fund balances	129,198	1,815,959	2,811,620	4,756,777
Total liabilities and fund balances	\$ 147,985	1,815,959	2,811,620	4,775,564

Town of Windham, Maine

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

Capital project funds

For the year ended June 30, 2023

	2021 bond issue	2022 bond issue	2023 bond issue	Total capital project funds
Revenues				
Interest	\$ 31,408	97,197	61,922	190,527
Total revenues	31,408	97,197	61,922	190,527
Expenditures				
Current:				
Debt service	-	117,344	-	117,344
Capital outlay	511,114	442,647	349,557	1,303,318
Total expenditures	511,114	559,991	349,557	1,420,662
Excess (deficiency) of revenues over (under) expenditures	(479,706)	(462,794)	(287,635)	(1,230,135)
Other financing sources (uses)				
Transfers in	-	-	100,000	100,000
Bonds, notes, and premium issued	-	-	2,999,255	2,999,255
Total other financing sources (uses)	-	-	3,099,255	3,099,255
Net change in fund balances	(479,706)	(462,794)	2,811,620	1,869,120
Fund balances - beginning	608,904	2,278,753	-	2,887,657
Fund balances - ending	\$ 129,198	1,815,959	2,811,620	4,756,777