

TOWN OF WINDHAM, MAINE

Annual Financial Report

For the year ended June 30, 2020

TOWN OF WINDHAM, MAINE
Annual Financial Report
Year ended June 30, 2020

Table of Contents

	<u>Statement</u>	<u>Page(s)</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-17
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	21
Statement of Activities	2	22
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6	26
Statement of Fiduciary Net Position - Fiduciary Funds	7	27
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	8	28
Notes to Basic Financial Statements		29-50
Required Supplementary Information		51-56
	<u>Exhibit</u>	<u>Page(s)</u>
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	61
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	A-2	62-66
All Other Governmental Funds:		
Combining Balance Sheet	B-1	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	70
Nonmajor Governmental Funds - Special Revenue Funds:		
Combining Balance Sheet	C-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	74
Nonmajor Governmental Funds - Permanent Funds:		
Combining Balance Sheet	D-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	78

Independent Auditor's Report

Town Council
Town of Windham, Maine

Report on the Financial Statements

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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windham, Maine, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021 on our consideration of the Town of Windham, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windham, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ryan Weston Ouellette". The signature is written in a cursive style with a large initial 'R'.

January 26, 2021
South Portland, Maine

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis
June 30, 2020

As management of the Town of Windham, Maine, 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, 2020. We encourage readers to consider the information presented in conjunction with the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all the activities of the Town of Windham, Maine using the integrated approach prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-wide Financial Statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred with regard to interfund activity, payables, and receivables as prescribed by the statement.

The Fund Financial Statements include statements for each of the two categories of activities within the Town – governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

We are pleased to report that the Town has received unmodified opinions from its auditors. This means that the Town of Windham's financial statements are fairly presented in all material respects. Furthermore, there were no reported material weaknesses over internal controls.

REPORTING THE TOWN AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the Town as a whole and its activities. The statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Town using the *accrual basis of accounting*, which is like the accounting used by most private-sector companies. Under accrual accounting, revenues are recognized when earned and expenses are recorded when incurred, without regard for the timing of the actual receipt and disbursement of cash.

The Statement of Net Position reports the Town's net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure the Town's financial health or financial position. Viewed another way, it is what is left over after assets are used to satisfy liabilities. Over time, increases and decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the Town's property tax base and the condition of the Town's infrastructure.

The Statement of Activities illustrates what it costs to provide public services such as administrative services, public works, police, fire and rescue, recreation, and libraries, planning and code enforcement, assessing, town clerk, social services, education, debt, and capital expenses. It also identifies the resources necessary to finance those services such as property taxes, other taxes and user fees, license and permit fees, intergovernmental revenue, investments, and other miscellaneous revenues.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by law and by bond covenants. Other funds are established to help control and manage funds for particular purposes, or to demonstrate that the Town complies with legal requirements regarding the use of certain taxes, grants, or other monies. The Town's basic activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances that remain at year-end. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a short-term view (approximately one year) of the Town's most readily available assets and current liabilities, along with the resources that flow in and out during the year or shortly thereafter. These statements help to assess the Town's ability to meet its financial obligations over the next twelve months. The difference between the governmental funds financial statement and the government-wide financial statement of activities is reconciled in Statement #5.

THE TOWN AS A WHOLE

The Town is providing condensed financial information for the year 2020 and comparative information for 2019.

	<u>2020</u>		<u>2019</u>	
	<u>Governmental Activities</u>	<u>Component Unit WEDC</u>	<u>Governmental Activities</u>	<u>Component Unit WEDC</u>
ASSETS				
Current and other assets	\$ 22,511,078	320,992	\$ 26,000,565	107,550
Capital assets, net	42,862,674	7,251	38,456,433	366,332
Total assets	65,373,752	328,243	64,456,998	473,882
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	727,978	-	891,264	-
Related to pensions	910,543	-	665,180	-
Total deferred outflows of resources	1,638,521	-	1,556,444	-
LIABILITIES				
Current liabilities	2,247,801	29,361	2,888,400	89,941
Noncurrent liabilities	23,399,884	-	26,044,317	355,500
Total liabilities	25,647,685	29,361	28,932,717	445,441
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	395,682	-	291,964	-
Related to OPEB	468,595	-	169,013	-
Total deferred inflows of resources	864,277	-	460,977	-
NET POSITION				
Net investment in capital assets	30,540,688	7,251	26,416,262	10,832
Restricted	582,612	-	178,603	-
Unrestricted	9,377,011	291,631	10,024,883	17,609
Total net position	\$ 40,500,311	298,882	\$ 36,619,748	28,441

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

GOVERNMENTAL ACTIVITIES

The cost of all governmental activities for 2020 was \$41,955,710. Most of this amount, \$23,517,116, was paid as "pass through" assessments to the school district or county government. As shown in the statement of activities, the amount paid by taxpayers through local property taxes for all governmental activities was \$37,798,467 because some of the cost (\$2,823,204) was borne by those who directly benefited from the programs.

The Town paid for the remaining "public benefit" portion of governmental activities with \$4,675,689 in non-property taxes and other revenues, such as interest earnings, state revenue sharing, excise taxes, homestead exemption reimbursement, grants, and other miscellaneous revenues.

Statement of Activities

Total resources of \$82,456,021 were available during the year to finance governmental activities, consisting of net position of \$37,158,661 at July 1, 2020, program revenues of \$4,546,942 and general revenues of \$40,750,418.

Total governmental activities expenses were \$41,955,710. Net position increased by \$3,341,650 from a balance of \$37,158,661 to \$40,500,311, or 9%.

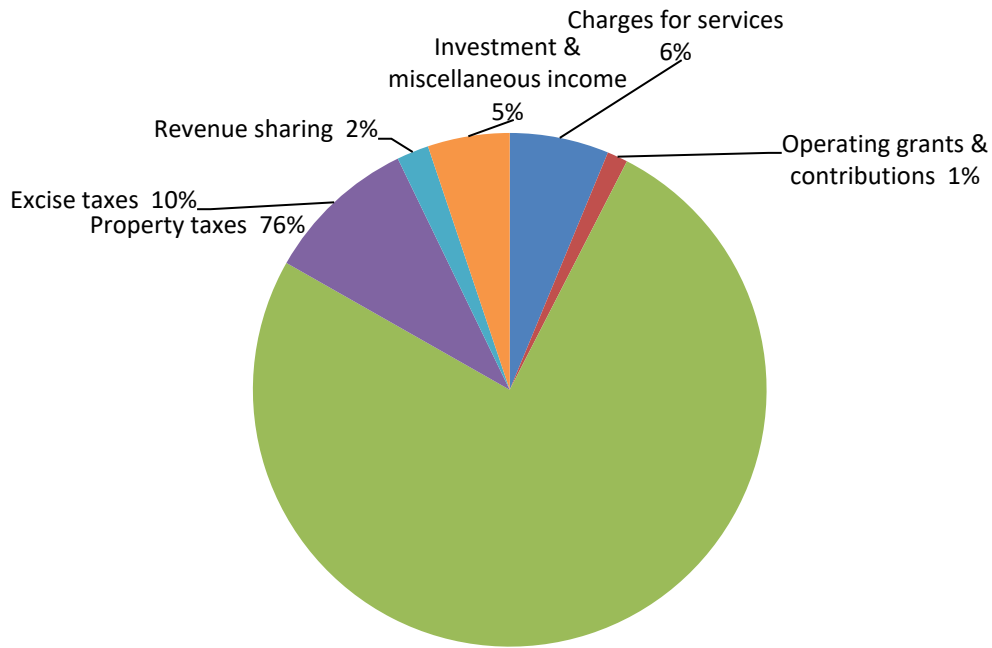
Total governmental activities expenses rose by \$2,078,643, or 5.2%; net expenses for governmental activities increased by \$1,219,092.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

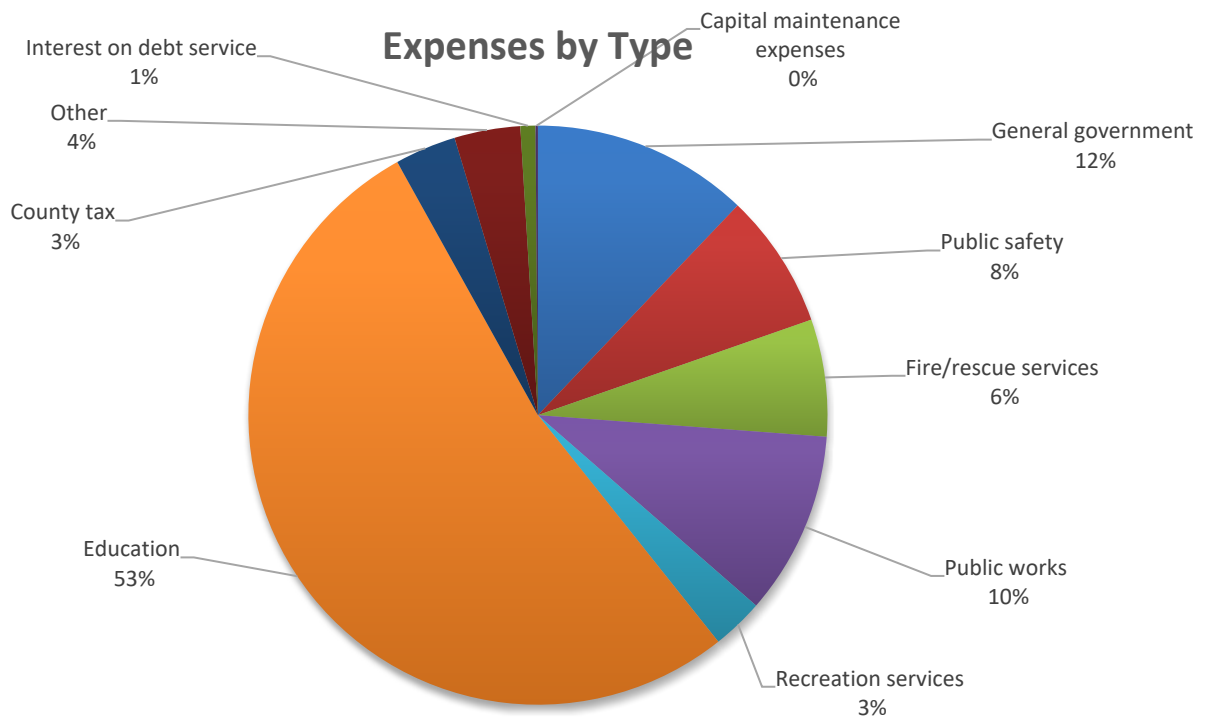
Statement of Activities

	Primary Government Governmental Activities	Component Unit (WEDC)	2020 Primary Government and Component Unit	2019 Primary Government and Component Unit
Revenues:				
Program Revenues:				
Charges for service	\$ 2,823,204	-	2,823,204	2,611,751
Operating grants and contributions	1,242,190	314,020	1,556,210	744,245
Capital grants and contributions	481,548	-	481,548	547,707
General Revenues:				
Property taxes	33,956,741	-	33,956,741	31,697,220
Excise tax	3,841,726	-	3,841,726	4,021,074
Franchise fees	225,539	-	225,539	224,951
Homestead and BETE exemptions	966,505	-	966,505	985,750
Other State aid	28,651	-	28,651	20,066
State revenue sharing	1,278,690	-	1,278,690	846,478
Unrestricted investment earnings	190,018	584	190,602	272,272
Miscellaneous revenues	262,548	155,091	417,639	125,330
Total Revenues	<u>45,297,360</u>	<u>469,695</u>	<u>45,767,055</u>	<u>42,096,844</u>
Expenses:				
Program Expenses:				
General government	5,082,043	-	5,082,043	4,003,200
Public safety	3,163,844	-	3,163,844	2,916,362
Fire/rescue services	2,743,894	-	2,743,894	2,223,693
Public works	4,290,966	-	4,290,966	4,314,007
Recreation services	1,206,739	-	1,206,739	1,153,377
Education	22,081,146	-	22,081,146	21,247,844
County Tax	1,435,970	-	1,435,970	1,332,023
Other	1,543,253	199,254	1,742,507	1,704,262
Interest on debt service	351,110	-	351,110	237,609
Capital maintenance expenses	56,745	-	56,745	938,878
Total Expenses	<u>41,955,710</u>	<u>199,254</u>	<u>42,154,964</u>	<u>40,071,255</u>
Net position – beginning, restated	37,158,661	28,441	37,187,102	34,622,600
Change in net position	<u>3,341,650</u>	<u>270,441</u>	<u>3,612,091</u>	<u>2,025,589</u>
Net position – ending	\$ <u>40,500,311</u>	<u>298,882</u>	<u>40,799,193</u>	<u>36,648,189</u>

Revenues by Source



Expenses by Type

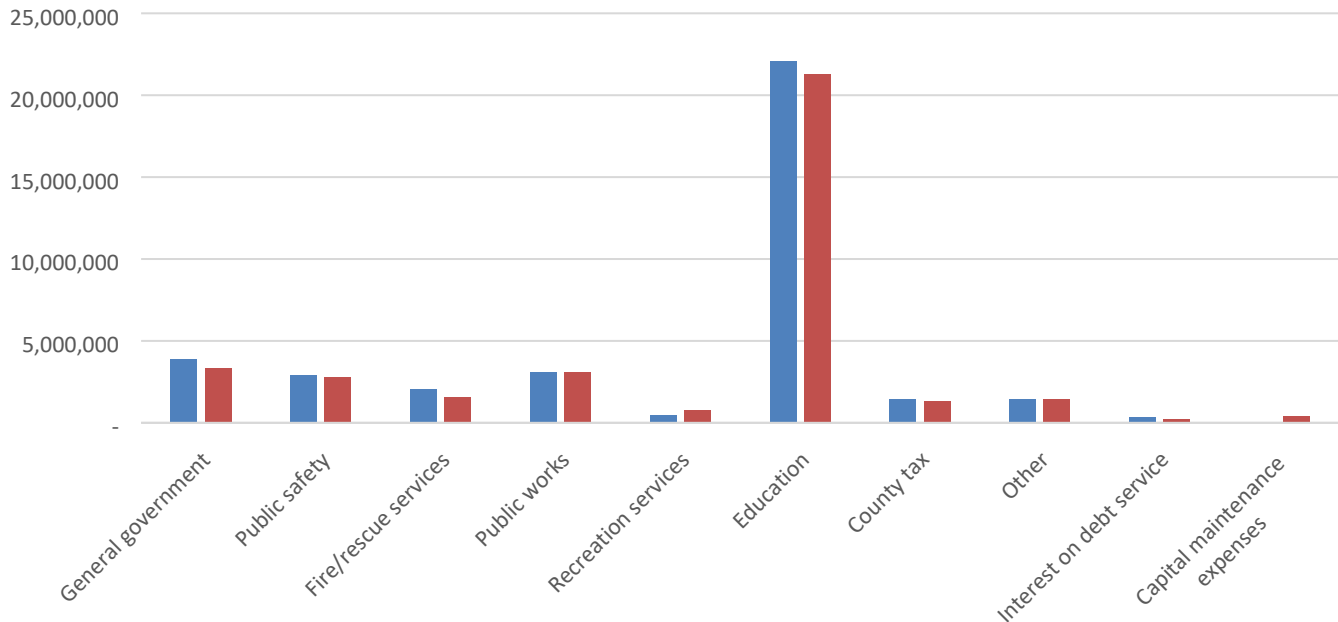


TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

The Town's governmental activities include general government (including insurance, employee benefits, and other organization-wide expenses), public works, police, fire and rescue, recreation and libraries, planning and code enforcement, assessing, town clerk, social services, education, debt, and capital expenses. Each program's net cost (total cost less revenues generated by the activities) is presented as follows for 2020:

	2020 Expense	2020 Program Revenues	2020 Net Expense	2019 Net Expense
Governmental activities:				
General government	\$ 5,082,043	1,228,076	3,853,967	3,351,011
Public safety	3,163,844	256,103	2,907,741	2,770,959
Fire/rescue services	2,743,894	700,513	2,043,381	1,586,985
Public works	4,290,966	1,231,856	3,059,110	3,066,216
Recreation services	1,206,739	774,462	432,277	744,097
Education	22,081,146	-	22,081,146	21,247,844
County tax	1,435,970	-	1,435,970	1,332,023
Other	1,543,253	98,551	1,444,702	1,446,761
Interest on debt service	351,110	-	351,110	237,609
Capital maintenance expenses	56,745	257,381	(200,636)	406,171
Total governmental activities	\$ 41,955,710	4,546,942	37,408,768	36,189,676

Net Expense by Activity



Net expense represents that portion of governmental activities expenses that was offset by other general revenues or supported by local property taxes. No attempt has been made to apportion general revenues to the various governmental activities as a means of determining the relative degree to which they are supported by local property taxes.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

DEBT ADMINISTRATION

Windham voters approved a \$9.3 million 20-year bond in November of 2017 with bonds issued in November of 2018 to fund the Windham Shared Maintenance Facility, the first principal payment being due in November 2019.

Statement of Governmental Activities Debt

Debt payable at June 30, 2019	\$ 21,874,163
Proceeds from financed purchases	119,626
Principal payments of financed purchases	(380,638)
Payment of general obligation debt	<u>(2,323,400)</u>
Debt payable at June 30, 2020	<u>\$ 19,289,751</u>

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

THE TOWN'S FUNDS

The following is an analysis of account balances in the Town's general fund for 2020. Comparative information is presented for fiscal years 2019, 2018, and 2017.

	2020	2019	2018	2017
Revenues:				
Taxes	\$37,626,312	35,810,924	33,891,417	32,220,477
Licenses and permits	916,247	496,922	407,019	422,764
Intergovernmental	2,985,668	2,720,073	2,050,173	1,514,965
Charges for services	1,607,165	1,439,979	1,111,914	1,356,991
Interest earned	300,790	367,895	290,630	205,124
Other	589,426	414,011	416,627	403,469
Total revenues	\$44,025,608	41,249,804	38,167,780	36,123,790
Expenditures:				
Current:				
General government	4,487,638	4,289,067	3,933,317	3,440,419
Public safety	3,072,340	2,724,421	2,610,165	2,533,986
Fire/rescue services	2,131,386	2,048,112	1,972,216	1,929,043
Public works	3,982,876	3,511,679	3,345,309	3,111,681
Recreation services	858,739	868,596	784,304	736,448
Education	22,081,146	21,247,844	19,664,904	18,263,875
County tax	1,435,970	1,332,023	1,304,678	1,264,831
Other	1,515,020	1,495,634	1,340,595	1,185,291
Debt service	1,458,910	456,073	313,886	233,016
Capital outlay	3,973,802	2,075,131	2,682,939	2,555,484
Total expenditures	44,997,827	40,048,580	37,952,313	35,254,074
Excess of revenues over expenditures	(972,219)	1,201,224	215,467	869,716
Other financing sources (uses):				
Proceeds from financed purchases	119,626	-	191,535	1,118,574
Transfers - in	438,108	359,800	402,997	398,402
Transfers - out	(1,352,276)	(451,120)	(1,041,152)	(443,029)
Total other financing sources (uses)	(794,542)	(91,320)	(446,620)	1,073,947
Net change in fund balances	(1,766,761)	(1,109,904)	(231,153)	1,943,663
Fund balances, beginning of year, restated	12,175,871	10,527,054	10,758,207	8,814,544
Fund balances, end of year	\$10,409,110	11,636,958	10,527,054	10,758,207

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

CAPITAL ASSETS

The capital assets of the Town are those assets used in the performance of the Town's functions, including infrastructure assets. At June 30, 2020, net capital assets of governmental activities totaled \$42,862,674, an increase of \$4,406,241 from the year ending June 30, 2019. A detailed breakdown of the activity by asset type is shown below.

Statement of Capital Assets	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020
Governmental assets				
Land, buildings, and improvements	\$ 9,877,426	10,323,310	15,517	20,185,219
Infrastructure	21,403,076	1,734,103	-	23,137,179
Vehicles	5,921,356	812,312	99,136	6,634,532
Equipment	4,147,146	534,690	187,867	4,493,969
Construction in progress	9,200,691	2,052,434	9,995,977	1,257,148
Total capital assets	50,549,695	15,456,849	10,298,497	55,708,047
Accumulated depreciation	12,093,262	1,049,608	297,497	12,845,373
Governmental assets, net	\$38,456,433	14,407,241	10,001,000	42,862,674

The Town has elected to use the "modified approach" as defined by GASB 34 for infrastructure reporting for roads and drainage structures. Under GASB 34, eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- 1) The Town manages the eligible infrastructure capital assets using an asset management system which provides for (1) an up-to-date inventory, (2) condition assessments and summary according to a measurement scale, and (3) an estimate of the annual amount required to maintain and preserve the infrastructure at the established condition assessment level.
- 2) The Town documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

Additional information on the Town of Windham's capital assets can be found in the Notes to the Basic Financial Statements on page 36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget seeks the efficient, effective, and economical use of the Town's resources as well as establishing direction for the accomplishment of policy priorities and objectives. The budget, through its adoption by the Town Council and Town meeting, establishes the direction of the Town, allocates its resources, and establishes its priorities.

The largest source of non-property tax revenues is excise taxes, comprising over 40% of non-property tax general fund revenue. For the last six years, the Town has enjoyed steady growth in excise tax collections, stemming from increases in car and truck sales. For fiscal 2021, receipts were estimated conservatively at \$4 million.

Excise Tax	
FY16	\$ 3,364,943
FY17	3,627,003
FY18	3,850,785
FY19	4,021,074
FY20	3,841,726

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

Historically, state revenue sharing has been a significant source of revenues. Given the uncertain political climate surrounding this program, municipal revenue sharing had been removed from the budget. Any revenue received becomes part of unassigned fund balance and is available either to lower taxes or to fund capital needs, in keeping with the Town's fund balance policy. If municipal revenue sharing is reduced or eliminated by the Legislature, costs will be shifted to taxpayers through increased property taxes and/or service reductions.

Changes were initiated in the FY 20 budget that should assist the Council, staff, and citizens to have a clear picture of the expenditures and revenues for the Town. One of these changes was to reinstate municipal revenue sharing into the budget document and budget as revenue.

Revenue Sharing	
FY16	\$ 721,722
FY17	677,413
FY18	742,104
FY19	846,478
FY20	1,278,690

Budget Overview

The Council continued its service-based approach this year, first determining the level of service to be provided, and then identifying the funding necessary to meet that level.

The municipal budget for fiscal 2020 is \$22,525,893, an increase of \$3,370,015. Below are some of the highlights:

- Added two paramedic-firefighter positions to improve service and response capacity.
- Restored a mechanic's position in public works to help meet maintenance demands and provide better coverage.
- Added 35 hours per week for an additional financial administrative assistant to provide service to the public at the counter and to enhance office coverage.
- Adding a teen assistant to meet library programming needs.
- Funding for a minor reorganization of the police department's command structure.
- Fund balance of \$1,008,901 is included as a revenue source, earmarked as follows: \$300,000 to offset the two contingency funds, \$408,901 to mitigate the tax increase, \$150,000 for road improvements, and \$150,000 towards space reconfiguration at the library.

The assessed valuations for the past six years are as follows:

<u>TAX YEAR</u>	<u>ASSESSED VALUATION</u>	<u>AN INCREASE</u>		<u>Tax</u>
		<u>OF</u>	<u>OVER</u>	<u>Rate</u>
2020	\$ 2,336,553,500	29,951,000	2019	in house update 15.00
2019	2,306,602,500	211,786,300	2018	in house update 14.64
2018	2,094,816,200	263,199,400	2017	revaluation 15.18
2017	1,831,616,800	27,787,000	2016	16.43
2016	1,803,829,800	9,647,000	2015	15.70
2015	1,794,182,800	26,029,300	2014	15.15

TOWN OF WINDHAM, MAINE
Management’s Discussion and Analysis, Continued
June 30, 2020

The valuation increases in FY 21 (tax year 2020) and in FY 20 (tax year 2019) are the result of residential updates.

On July 1, 2009, the Windham School Department became part of the Windham Raymond School Department also referred to as Regional School Unit #14 (RSU #14) along with the Raymond School Department.

The Town of Windham receives a Warrant for Assessment each year to Fund their share of the education for Kindergarten to grade 12 in accordance with State law.

<u>FISCAL YEAR</u>	<u>RSU #14 ANNUAL ASSESSMENT</u>	<u>AN INCREASE OF</u>	<u>OVER FISCAL YEAR</u>	<u>%AGE OF INCREASE</u>
2021	23,154,451	1,073,305	2020	4.8607%
2020	22,081,146	833,302	2019	3.9218%
2019	21,247,844	1,582,940	2018	8.0496%
2018	19,664,904	1,401,029	2017	7.6710%
2017	18,263,875	563,958	2016	3.1862%
2016	17,699,917	706,743	2015	4.1590%

Revenues/Fund Balance

At June 30, 2020, unassigned fund balance stands at \$7.9 million. This is an increase of \$271,417 from last year. Bond rating agencies consider a growing unassigned fund balance to be a positive sign, speaking to the credit strength of a municipality. Last spring, Town voters approved a \$4.9 million bond issue.

The Town seeks to maximize use of non-property tax revenues in its budgeting, although it remains conservative in its approach. This is done to maintain an appropriate “safety margin,” guarding against revenues failing to meet estimates. This is a contributing factor to the increasing level of fund balance.

The Town has a fund balance policy requiring it to maintain an *unrestricted* fund balance at 16.67% of the ensuing year’s budget. This mirrors the recommendation of the Government Finance Officers Association (GFOA), which recommends “the general-purpose government maintain an unrestricted fund balance of no less than two months of general fund operating expenditures”. As of June 30, 2020, unrestricted fund balance as a percentage of budget stands at 21.13%. This equates to *three* months of expenses.

Increasing Demands

Like many growing communities, Windham has sought to balance the need to provide services in response to growth while maintaining a reasonable level of local property taxation. Based on a recent space needs analysis and pavement condition rating survey, capital investment is likely to increase in the future. The Town has used capital lease purchase agreements to replace major equipment with a relatively small impact on cash flows and the tax rate. The Town likely will be faced with significant infrastructure costs in the coming years, again the result of continued growth and efforts to achieve goals expressed in its various adopted plans, especially the 21st Century Downtown plan and the updated Comprehensive Master Plan.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

The Future

The following are some of the highlights of the Town's Fiscal year 2021 budget.

The goal of the FY2021 budget is to maintain the services and programs while implementing capital improvements to improve the community.

1. The State Revenue Sharing in this budget year increased by \$50,000 over FY 20.
 - Dunridge Circle
 - Lantern Lane – Partial
 - Various Retainers from FY 20
 - Public Road Survey
 2. There was additional staffing budgeted for the Town:
 - Two - Full time Firefighter/EMT's were approved to start 7/1/2020 - with funds being transferred from the Fire Department part-time (per diem) account.
 - An additional Police Officer was budgeted as of 7/1/20 (Scheduled to be a School Resource Officer at the Middle School) provided we are approved for a Federal Cops Grant.
 - Personnel will be cross-trained or re-allocated to meet current and future needs
 - Grounds Maintenance & Code Enforcement will receive limited additional funding for peak seasonal part-time assistance.
 3. Capital Account Projects:
 - Capital Equipment:
 - Down payment - Engine 7
 - Fire Dept - Security Camera System - North, South and East Stations
 - Cruiser Video System
 - Codification of Town Records
 - Set up Reserves - Future Grant Matches, etc.
 - Nissan Lease
 - Town Clerk - Record Conservation
 - Assessing - Vehicle improvements
 - North Station Water Main Extension
 - Road Improvements:
 - Commons Ave
 - Page Rd. Paving
- Buildings & Improvements
- Library Drainage
 - Ramp Repair
 - Smith Cemetery
 - New Offices & Bathrooms
 - Town Hall
 - Hot Water Capacity
 - Roof Repair - Town Hall
 - Gym Roof Drains
 - Remove old Boiler
 - Move old Generators
 - Elevator Parts
 - LED Lighting
 - Set up Reserve
- Land & Facilities - Recreation (funded by Town Impact Fees)
- Community Park Project - Phase 1
 - Fencing/Parking/Roofing - Lippman Park
 - Lowell Parking Lot Expansion
 - Dundee Parking Lot Improvements
 - Community Center Study
 - Windham Center Pocket Park
- The Education Assessment for the Town is \$23,154,452, an increase of \$1,073,306, or 4.63%.
The County Tax assessment increased by \$80,434, or 5.3%.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

Summary

Fiscal year 2019-2020 reflected a tax rate of \$14.64 per thousand dollars of assessed value. For every tax dollar raised, \$0.30 goes to the Town to support municipal services, \$0.65 cents to the school district for public education, and \$0.04 to county government.

PROPERTY TAX RATES			
<u>FISCAL YEAR</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<u>TAX YEAR</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
MUNICIPAL	4.40	4.45	4.44
SCHOOL	10.14	9.57	9.91
COUNTY	0.64	0.62	0.65
MIL RATE	15.18	14.64	15.00

Mil rate is the amount of tax payable per dollar of assessed value of a property. The mil rate is based on "mills". It is a figure that represents the amount per \$1,000 of the assessed value of the property, which is used to calculate the amount of property tax.

<u>FISCAL YEAR</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
TAX RATE	15.18	14.64	15.00
ASSESSED VALUE	150,000	150,000	150,000
PROPERTY TAX	2,277.00	2,196.00	2,250.00
ASSESSED VALUE	175,000	175,000	175,000
PROPERTY TAX	2,656.50	2,562.00	2,625.00
ASSESSED VALUE	200,000	200,000	200,000
PROPERTY TAX	3,036.00	2,928.00	3,000.00
ASSESSED VALUE	250,000	250,000	250,000
PROPERTY TAX	3,795.00	3,660.00	3,750.00

Assessed valuation determines the value of a residence for tax purposes and takes comparable home sales and inspection into consideration. It is the price placed on a home to calculate property taxes.

The Town continues to reduce its debt obligations, making payments of \$2.6 million in 2020. As a measure of debt burden, bond-rating agencies prefer to see per capita debt of \$2,000 or less. Windham's per capita debt of \$1,040 is considerably below this benchmark. Another debt measure is debt service as a percentage of budgeted operating expenses. Rating agencies desire a range of 8-10%. Windham's ratio is *less than 6.28%*, well below the acceptable range.

TOWN OF WINDHAM, MAINE
Management's Discussion and Analysis, Continued
June 30, 2020

Windham has significant capacity to take on additional debt based on the measures above. Windham voters approved a \$1.668 million bond in June 2015 to purchase and renovate a building to serve as the South Windham fire station. Windham voters approved a \$9.3 million bond issue during the fall of 2017 with Bonds issued in November 2018 to fund the Windham Shared Maintenance Facility, and Windham voters approved a \$4,960 million Bond Issue in June 2020 with plans to Bond in the Fall/Winter of 20/21, to fund the various items listed below:

Design, construction, improvement, expansion, repair, and equipping Police & Fire Station	\$ 3,600,000
Design, construction, improvement, and repair of sidewalk on Route 35	\$ 105,000
Acquisition of an ambulance for the Town	\$ 201,554
Repair, improvement and repaving of Brand Road	\$ 480,000
Acquisition of Dump Truck & Pickup Truck	\$ 215,000
Design, acquisition, installation, upgrade, improvement, and maintenance of the traffic lights	\$ 359,000
Total Authorized Sum	\$ 4,960,554

Windham enjoys a long-term bond rating of AA from Standard & Poor's rating services. In S&P'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."

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report intends to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate its accountability for the funds entrusted to it. If you have any questions about this report or need any financial information, please do not hesitate to contact the Office of the Finance Director, 8 School Road, Windham, Maine, 04062, telephone 207-892-1907.

BASIC FINANCIAL STATEMENTS

TOWN OF WINDHAM, MAINE
Statement of Net Position
June 30, 2020

	<u>Primary Government Governmental Activities</u>	<u>Component Unit WEDC</u>
ASSETS		
Cash and cash equivalents	\$ 12,507,275	272,992
Receivables:		
Accounts, net of allowance of \$78,726	628,547	-
Taxes - current year	711,718	-
Taxes - prior years	114,205	-
Tax liens	750,325	-
Notes	-	48,000
Inventory and prepaids	34,008	-
Receivable - RSU #14 debt service payments	7,765,000	-
Capital assets, not being depreciated	24,461,743	-
Capital assets, being depreciated	18,400,931	7,251
Total assets	65,373,752	328,243
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	727,978	-
Deferred outflows of resources related to pensions	910,543	-
Total deferred outflows of resources	1,638,521	-
LIABILITIES		
Accounts payable and other current liabilities	1,531,537	29,361
Accrued wages	589,582	-
Accrued interest	126,682	-
Noncurrent liabilities:		
Due within one year	2,891,211	-
Due in more than one year	20,508,673	-
Total liabilities	25,647,685	29,361
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	395,682	-
Deferred inflows of resources related to OPEB	468,595	-
Total deferred inflows of resources	864,277	-
NET POSITION		
Net investment in capital assets	30,540,688	7,251
Restricted:		
Tax increment financing districts	485,183	-
Grants	55,555	-
Nonexpendable trust principal	41,874	-
Unrestricted	9,377,011	291,631
Total net position	\$ 40,500,311	298,882

See accompanying notes to basic financial statements.

TOWN OF WINDHAM, MAINE
Statement of Activities
For the Year Ended June 30, 2020

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities	Component Unit WEDC
Primary government:						
Governmental activities:						
General government	\$ 5,082,043	933,508	294,568	-	(3,853,967)	-
Public safety	3,163,844	10,461	245,642	-	(2,907,741)	-
Fire/rescue services	2,743,894	674,107	26,406	-	(2,043,381)	-
Public works	4,290,966	970,050	261,806	-	(3,059,110)	-
Recreation services	1,206,739	235,078	315,217	224,167	(432,277)	-
Education	22,081,146	-	-	-	(22,081,146)	-
County tax	1,435,970	-	-	-	(1,435,970)	-
Other	1,543,253	-	98,551	-	(1,444,702)	-
Interest on debt service	351,110	-	-	-	(351,110)	-
Capital maintenance expenses	56,745	-	-	257,381	200,636	-
Total governmental activities	41,955,710	2,823,204	1,242,190	481,548	(37,408,768)	-
Total primary government	\$ 41,955,710	2,823,204	1,242,190	481,548	(37,408,768)	-
Component unit:						
WEDC	\$ 199,254	-	314,020	-	-	114,766
General revenues:						
Property taxes, levied for general purposes				\$ 33,892,103		-
Excise taxes				3,841,726		-
Supplemental taxes and lien fees				64,638		-
Franchise fees				225,539		-
Grants and contributions not restricted to specific programs:						
Homestead and BETE exemptions				966,505		-
Other State aid				28,651		-
State Revenue Sharing				1,278,690		-
Unrestricted investment earnings				190,018		584
Miscellaneous				262,548		99
Gain on sale of property				-		154,992
Total general revenues and gain on sale of property				40,750,418		155,675
Change in net position				3,341,650		270,441
Net position - beginning, as restated				37,158,661		28,441
Net position - ending				\$ 40,500,311		298,882

See accompanying notes to basic financial statements.

TOWN OF WINDHAM, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 12,263,016	244,259	12,507,275
Receivables:			
Accounts, net of allowance of \$78,726	570,781	57,766	628,547
Taxes - current year	711,718	-	711,718
Taxes - prior years	114,205	-	114,205
Tax liens	750,325	-	750,325
Interfund loans receivable	-	856,713	856,713
Inventory and prepaids	34,008	-	34,008
Receivable - RSU #14 debt service payments	7,765,000	-	7,765,000
Total assets	\$ 22,209,053	1,158,738	23,367,791
LIABILITIES			
Accounts payable	252,335	73,528	325,863
Accrued wages	589,582	-	589,582
Other liabilities	31,617	-	31,617
Interfund loans payable	717,352	139,361	856,713
Inspection deposits and miscellaneous liabilities	1,174,057	-	1,174,057
Total liabilities	2,764,943	212,889	2,977,832
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,270,000	-	1,270,000
Unavailable revenue - RSU #14 debt service payments	7,765,000	-	7,765,000
Total deferred inflows of resources	9,035,000	-	9,035,000
FUND BALANCES			
Nonspendable	34,008	41,874	75,882
Restricted	-	540,738	540,738
Committed	458,736	466,312	925,048
Assigned	1,951,312	-	1,951,312
Unassigned	7,965,054	(103,075)	7,861,979
Total fund balances	10,409,110	945,849	11,354,959
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,209,053	1,158,738	

Amounts reported for governmental activities in the statement of net position are different because:

The deferred charge on the refunding bond in governmental activities is not reported in the funds.	727,978
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,862,674
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Unavailable revenue - property taxes	1,270,000
Unavailable revenue - RSU #14 debt service payments	7,765,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Accrued compensated absences	(807,027)
Accrued interest	(126,682)
Other postemployment benefits liability, including related deferred outflows and inflows of resource:	(1,394,745)
Net pension liability, including related deferred outflows and inflows of resources	(1,064,860)
Financed purchases	(691,951)
Premium on refunding bonds	(797,235)
Bonds payable	(18,597,800)

Net position of governmental activities **\$ 40,500,311**

See accompanying notes to basic financial statements.

TOWN OF WINDHAM, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 37,626,312	-	37,626,312
Licenses and permits	916,247	-	916,247
Intergovernmental	2,985,668	644,079	3,629,747
Charges for services	1,607,165	523,729	2,130,894
Interest earned	300,790	1,383	302,173
Other	589,426	42,561	631,987
Total revenues	44,025,608	1,211,752	45,237,360
Expenditures:			
Current:			
General government	4,487,638	278,750	4,766,388
Public safety	3,072,340	70,422	3,142,762
Fire/rescue services	2,131,386	-	2,131,386
Public works	3,982,876	410,303	4,393,179
Recreation services	858,739	273,649	1,132,388
Education	22,081,146	-	22,081,146
County tax	1,435,970	-	1,435,970
Other	1,515,020	-	1,515,020
Debt service	1,458,910	-	1,458,910
Capital outlay	3,973,802	1,160,378	5,134,180
Total expenditures	44,997,827	2,193,502	47,191,329
Excess (deficiency) of revenues over (under) expenditures	(972,219)	(981,750)	(1,953,969)
Other financing sources (uses):			
Proceeds from financed purchases	119,626	-	119,626
Transfers - in	438,108	1,352,276	1,790,384
Transfers - out	(1,352,276)	(438,108)	(1,790,384)
Total other financing sources (uses)	(794,542)	914,168	119,626
Net change in fund balances	(1,766,761)	(67,582)	(1,834,343)
Fund balances, beginning of year, restated	12,175,871	1,013,431	13,189,302
Fund balances, end of year	\$ 10,409,110	945,849	11,354,959

See accompanying notes to basic financial statements.

TOWN OF WINDHAM, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds (from Statement 4) \$ (1,834,343)

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets estimated useful lives as depreciation expense.

Capitalized assets	5,460,872
Depreciation expense and book value of disposed capital assets	(1,054,631)

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

60,000

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

Accrued interest	16,542
Accrued compensated absences	(65,637)
Net pension liability with related deferred outflows and inflows of resources	(266,997)
OPEB liability with related deferred outflows and inflows of resources	54,212

Proceeds from financed purchases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of financed purchases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from financed purchases	(119,626)
Principal repayments of financed purchases	380,638

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments.

2,323,400

The Town is amortizing the deferred charge on refunding and the issuance premium over the life of the refunding bond.

Amortization of the premium	180,506
Amortization of the deferred charge on refunding	(163,286)

The Town has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #14 when the debt service payments are due. The Town has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$7,765,000 with principal amounts paid off during the year totaling \$1,630,000.

(1,630,000)

Change in net position of governmental activities (see Statement 2) \$ 3,341,650

See accompanying notes to basic financial statements.

TOWN OF WINDHAM, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 37,796,661	37,796,661	37,626,312	(170,349)
Licenses and permits	552,685	552,685	783,200	230,515
Intergovernmental	2,220,273	2,220,273	2,574,753	354,480
Charges for services	1,603,813	1,603,813	1,604,195	382
Interest earned	320,000	320,000	300,790	(19,210)
Other	375,645	375,645	453,413	77,768
Total revenues	42,869,077	42,869,077	43,342,663	473,586
Expenditures:				
Current:				
General government	4,738,045	4,738,045	4,487,638	250,407
Public works	3,996,219	3,999,567	3,982,876	16,691
Public safety	2,963,633	2,963,633	2,963,964	(331)
Fire/rescue services	2,258,538	2,258,538	2,131,386	127,152
Recreation services	890,867	890,867	852,980	37,887
Education	22,081,146	22,081,146	22,081,146	-
County tax	1,435,970	1,435,970	1,435,970	-
Other	2,064,393	2,114,517	1,502,899	611,618
Debt service	1,525,458	1,525,458	1,458,910	66,548
Capital outlay (includes TIF transfers)	4,088,740	4,504,811	4,351,427	153,384
Total expenditures	46,043,009	46,512,552	45,249,196	1,263,356
Excess (deficiency) of revenues over (under) expenditures	(3,173,932)	(3,643,475)	(1,906,533)	1,736,942
Other financing sources:				
Use of fund balance	2,689,406	3,158,949	-	(3,158,949)
Transfers from other funds	484,526	484,526	438,108	(46,418)
Transfers to other funds	-	-	(416,762)	(416,762)
Total other financing sources	3,173,932	3,643,475	21,346	(3,622,129)
Net change in fund balance - budgetary basis	-	-	(1,885,187)	(1,885,187)
Reconciliation to GAAP basis:				
Change in committed and assigned funds			118,426	
Net change in fund balance - GAAP basis			(1,766,761)	
Fund balance, beginning of year, restated			12,175,871	
Fund balance, end of year	\$		10,409,110	

TOWN OF WINDHAM, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

		Private-purpose Trust Fund (Scholarships)
ASSETS		
Cash and cash equivalents	\$	67,163
Due from Town		6,089
Total assets		73,252
LIABILITIES		
Due to Town		-
Total liabilities		-
NET POSITION		
Restricted	\$	73,252

See accompanying notes to basic financial statements.

TOWN OF WINDHAM, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

		Private-purpose Trust Fund (Scholarships)
<hr/>		
Additions:		
Investment income	\$	4
Donation		6,100
Total additions		6,104
<hr/>		
Deductions:		
Scholarships awarded		-
Total deductions		-
<hr/>		
Change in net position		6,104
Net position, beginning of year		67,148
<hr/>		
Net position, end of year	\$	73,252

See accompanying notes to basic financial statements.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Windham, Maine was incorporated in 1762 and operates under a Council-Manager form of Government, adopted by charter in 1975.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there is one component unit that should be included as part of this reporting entity.

Discretely Presented Component Unit - The Windham Economic Development Corporation was established to promote economic development in the Town. Its major funding source is the Town of Windham and the majority of its board members are appointed by the Windham Town Council.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions, and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

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

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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 required to be accounted for in another fund.

Additionally, the Town reports the following fund type:

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

Private-purpose trust funds are used to account for assets that the Town holds and uses for scholarships.

D. Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

E. Interfund Loans Receivable/Payable

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Inventories

Inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventory consists of fuel.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the following thresholds and an estimated useful life in excess of one year:

Land and land improvements	\$ 25,000
Buildings	25,000
Equipment and vehicles	5,000
Infrastructure	100,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Town has elected to use the Modified Approach for reporting certain infrastructure assets. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 3 to 40 years.

The Town elected to use the Modified Approach as defined by GASB Statement No. 34 for roads, storm drainage, catch basins, and manholes. These condition assessments are performed every 3 years.

The Town commissioned a triennial physical condition assessment of the streets and roads in 2019. These streets, primarily pavement, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed every 3 years. Each street was assigned a physical condition based on several potential defects. A pavement condition index (PCI), a nationally recognized rating, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is impassable and 100 is perfect. The following conditions were defined: good condition was assigned to those segments with a rating between 86-100, satisfactory condition was assigned to those segments with a rating between 71-85, fair condition was assigned to those segments with a rating between 56-70, poor condition was assigned to those segments with a rating between 41-55, very poor condition was assigned to those segments with a rating between 26-40, serious condition was assigned to those segments with a rating between 11-25, and fail condition was assigned to those segments with a rating between 0-10. The Town's policy relative to maintaining the street assets is to achieve a minimum rating of 56 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

In accordance with GASB Statement No. 34, the Town utilized the Public Works Department to inventory and perform a condition assessment on other infrastructure assets in 2017. Other infrastructure assets consist of catch basins. Per the rating system noted above, each infrastructure asset was assigned a condition assessment based on a visual inspection conducted on each asset.

For all other capital assets: buildings, vehicles, and equipment, the Town elects to use the Depreciation Approach as defined by Statement No. 34 for reporting.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Compensated Absences

Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service and is accrued ratably over the year. Sick time is not paid unless an employee is ill, or retires in good standing. Accrued vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

I. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Deferred Inflows of Resources – Governmental Funds

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise under a modified accrual basis of accounting that qualifies for reporting in this category. They are unavailable revenue from property taxes and unavailable revenue from Regional School Unit #14 debt service payments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

L. Deferred Inflows and Outflows of Resources – Government-wide

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental activities have deferred outflows and inflows that relate to the net pension and total OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period. Deferred outflows of resources also include deferred charges on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

M. Fund Balance

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is used during the year by the Town. All encumbrances lapse at year end except those authorized to be carried forward. These amounts are reported as assigned fund balance. Additionally, the Town Council has the authority to assign amounts for specific purposes. The voters at the Town budget meeting have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

O. Use of Estimates

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are formally adopted for the General Fund each year through the passage of a Town warrant, and are prepared on a basis consistent with accounting principles generally accepted in the United States of America as noted below. The Town's other funds do not have legally adopted budgets but have adopted budgets through formal authorizations by the Town Council and through grant agreements. In the General Fund, the level of control (level at which expenditures may not exceed budget) is the Department. Once adopted, the budget can only be amended by the Town Council, and then only to the extent that excess revenues over estimated amounts can be used to increase appropriation accounts.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2020, the following expenditures exceeded appropriations:

Public safety	\$ 331
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This over-expenditure lapsed to fund balance at year end.

C. Deficit Fund Balances

At June 30, 2020, the following funds had deficit balances:

Little Falls Sewer Operations	\$ 64,215
JAG Grant	9,416
Misc. Small Grants	1,228

These deficits will be funded with future revenues, grant funding, or transfers.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

D. Revised Budget

The revised budget presented for the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Statement 6), includes various adjustments as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2020 budget as originally adopted	\$ 42,869,077	46,043,009	3,173,932
Assigned carryforward balance	-	469,543	469,543
Totals	\$ 42,869,077	46,512,552	3,643,475

Other financing sources adopted as part of the original budget are as follows:

Budgeted use of surplus	\$ 1,791,451
Budgeted use of assigned fund balance	897,955
Transfer from TIF funds	481,726
<u>Transfer from cemetery</u>	<u>2,800</u>
Total other financing sources	\$ 3,173,932

DEPOSITS

As of June 30, 2020, the Town reported deposits of \$12,574,438 with a bank balance of \$12,862,457. \$12,843,851 of the Town's bank balances were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions. The remaining bank balance of \$18,606 was exposed to custodial credit risk as it was uninsured and uncollateralized at year end.

The Town's component unit, WEDC, reported deposits of \$272,992, which were fully covered by F.D.I.C.

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank 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 of Windham 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.

Interest rate risk – The Town does not have a deposit policy for interest rate risk. This exposure would come into play only if the Town held debt securities as investments, which it does not.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAXES

Property taxes for the current year were committed on August 13, 2019 on the assessed value listed as of the prior April 1, for all real and personal property located in the Town. Payment of taxes was due in two equal installments. Interest was charged at 9.0% on all tax bills unpaid as of October 1, 2019 and April 1, 2020. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value.

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 \$71,849 for the year ended June 30, 2020.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

The following summarizes the 2020 and 2019 levies:

	<u>2020</u>	<u>2019</u>
Assessed value	\$ 2,306,602,500	2,094,816,200
Tax rate (per \$1,000)	14.64	15.18
Commitment	33,768,661	31,799,310
Supplemental taxes assessed	28,192	21,440
	33,796,853	31,820,750
Less:		
Abatements	19,891	45,433
Collections	33,065,244	31,045,930
Receivable at June 30	\$ 711,718	729,387
Due date(s)	½ October 1, 2019 ½ April 1, 2020	½ October 1, 2018 ½ April 1, 2019
Interest rate on delinquent taxes	9.00%	8.00%
Collection rate	97.89%	97.71%

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND BALANCES

Individual interfund receivable and payable balances at June 30, 2020 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
<u>General Fund</u>	\$ -	717,352
Other Governmental Funds:		
Little Falls Sewer Operations	-	121,981
Recreation Program	162,248	-
Be the Influence Grant	55,635	-
JAG Grant	-	9,416
Skate Park Grant	61,722	-
Miscellaneous Small Grants	-	964
Pipeline Development T.I.F.	425,078	-
Marblehead Manor T.I.F.	9,561	-
Gateway North T.I.F.	60,105	-
Capital Projects	82,364	-
Permanent Funds	-	7,000
Total other governmental funds	856,713	139,361
Totals	\$ 856,713	856,713

All receipts and disbursements occur within the General Fund cash account. If the activity pertains to some other fund, the interfund receivable/payable accounts are used to record revenue and expenditure in the proper fund. Actual cash transactions occur in the general fund; the use of interfund accounts ensures that activity is reflected in the proper fund.

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2020 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 438,108	1,352,276
Other Governmental Funds:		
Skate Park Grant	385,633	-
Pipeline Development T.I.F.	565,747	75,000
Marblehead Manor T.I.F.	9,561	-
Roosevelt Promenade T.I.F.	210,000	210,000
Gateway North A T.I.F.	107,753	76,726
Gateway North B T.I.F.	73,582	73,582
Perpetual Care Trust Fund	-	2,800
Total other governmental funds	1,352,276	438,108
Totals	\$ 1,790,384	1,790,384

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,997,612	-	-	1,997,612
Construction in progress	9,200,691	2,052,434	9,995,977	1,257,148
Infrastructure	19,684,701	1,522,282	-	21,206,983
Total capital assets, not being depreciated	30,883,004	3,574,716	9,995,977	24,461,743
Capital assets, being depreciated:				
Land improvements	312,588	692,047	-	1,004,635
Buildings	7,567,226	9,631,263	15,517	17,182,972
Equipment	4,147,146	534,690	187,867	4,493,969
Vehicles	5,921,356	812,312	99,136	6,634,532
Infrastructure	1,718,375	211,821	-	1,930,196
Total capital assets, being depreciated	19,666,691	11,882,133	302,520	31,246,304
Less accumulated depreciation for:				
Land improvements	119,830	45,407	-	165,237
Buildings	3,625,794	303,573	15,517	3,913,850
Equipment	3,318,787	229,686	182,844	3,365,629
Vehicles	3,938,178	425,662	99,136	4,264,704
Infrastructure	1,090,673	45,280	-	1,135,953
Total accumulated depreciation	12,093,262	1,049,608	297,497	12,845,373
Total capital assets being depreciated, net	7,573,429	10,832,525	5,023	18,400,931
Governmental capital assets, net	\$ 38,456,433	14,407,241	10,001,000	42,862,674

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

Governmental activities:	
General government	\$ 70,721
Public safety	146,654
Fire/rescue services	591,301
Public works	168,180
Recreation services	56,283
Other	16,469
Total depreciation expense – governmental activities	\$ 1,049,608

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Discretely Presented Component Unit:

Activity for the Windham Economic Development Corporation (WEDC):

	Balance July 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Component unit:				
Capital assets, not being depreciated:				
Land	\$ 358,175	-	358,175	-
Capital assets, being depreciated:				
Land improvements	9,064	-	-	9,064
Office furniture	5,381	-	-	5,381
Total capital assets, being depreciated	14,445	-	-	14,445
Less accumulated depreciation for:				
Land improvements	907	906	-	1,813
Office furniture	5,381	-	-	5,381
Total accumulated depreciation	6,288	906	-	7,194
Total capital assets being depreciated, net	8,157	(906)	-	7,251
Component unit capital assets, net	\$ 366,332	(906)	358,175	7,251

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 10,120,000	-	1,775,000	8,345,000	1,775,000
Notes from direct borrowing	10,801,200	-	548,400	10,252,800	548,400
Premium on refunding bonds	977,741	-	180,506	797,235	180,506
Financed purchases	952,963	119,626	380,638	691,951	387,305
Accrued compensated absences	741,390	65,637	-	807,027	-
Net pension liability	1,171,079	408,642	-	1,579,721	-
Other postemployment benefits	1,279,944	-	353,794	926,150	-
Totals	\$ 26,044,317	593,905	3,238,338	23,399,884	2,891,211

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

General obligation bonds, notes, and financed purchases payable at June 30, 2020 are comprised of the following:

Primary government:

	<u>Original amount</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General Obligation Bonds and Notes				
2011 General Obligation Refunding Bonds	\$ 19,045,000	2.50-5.00%	2025	8,345,000 (1)
2016 General Obligation Bonds – Series A	1,668,000	0.25-3.50%	2037	1,417,800
2018 General Obligation Bonds – Series B	9,300,000	2.20-4.23%	2039	8,835,000
Total general obligation bonds and notes				18,597,800
Financed Purchases				
Fire truck and ambulances		2.22%	2022	308,339
Plow truck, MUNIS, and other equipment		2.48%	2022	152,186
Brush truck		1.85%	2024	94,816
Loader and dump truck		2.44%	2021	71,204
Dump truck with plow		2.50%	2021	46,162
Thermal cameras		2.50%	2021	19,244
Total financed purchases				691,951
Total primary government general obligation Bonds, notes, and financed purchases				\$ 19,289,751

(1) As of July 1, 2009, the Windham School Department joined Regional School Unit (RSU) #14. RSU #14 will reimburse the Town of Windham for all Windham School Department bonds payable when the debt service payments are due. The Town has recorded a receivable for \$7,765,000, which is the outstanding amount of bonds payable related to the School Department.

The annual requirements to amortize all debt outstanding as of June 30, 2020 on primary government general obligation bonds with interest ranging from 0.25% to 5.00% are as follows:

	<u>Bonds</u>		<u>Notes</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 1,775,000	355,125	548,400	318,495	2,997,020
2022	1,775,000	275,250	548,400	306,492	2,905,142
2023	1,770,000	195,500	548,400	293,982	2,807,882
2024	1,770,000	107,000	548,400	280,949	2,706,349
2025	1,255,000	31,375	548,400	267,371	2,102,146
2026-2030	-	-	2,742,000	1,112,324	3,854,324
2031-2035	-	-	2,742,000	663,991	3,405,991
2036-2039	-	-	2,026,800	160,051	2,186,851
Totals	\$ 8,345,000	964,250	10,252,800	3,403,655	22,965,705

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The following is a schedule of future minimum payments under the financed purchases and the present value of the minimum lease payment at June 30, 2020:

Fiscal year <u>ending</u>	Total capital <u>leases</u>
2021	\$ 403,051
2022	263,068
2023	24,810
<u>2024</u>	<u>24,810</u>
Total minimum payments	715,739
<u>Less amount representing interest</u>	<u>(23,788)</u>
Present value of future minimum payments for financed purchases	<u>\$ 691,951</u>

The Town has authorized the borrowing of an amount not to exceed \$4,960,554 by the issuance of one or more general obligation bonds, which will pay all or a portion of the costs of the design, construction, improvement, expansion, repair and equipping of the police and fire station located at 375 Gray Road and related development of the site; repair of sidewalks on Route 35; repair, improvement and repaving of portions of Brand Road; design, acquisition, installation, upgrade, improvement and maintenance of traffic lights; and the acquisition of an ambulance, dump truck and pickup truck; and costs of issuance of the bonds.

STATUTORY DEBT LIMIT

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. As of June 30, 2020, the Town has not exceeded these percentages.

DIRECT AND 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>Units</u>	<u>Net debt outstanding</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
Town of Windham	\$ 18,597,800	100.00%	18,597,800
Cumberland County	35,425,000	4.51%	1,596,729
Portland Water District - Water	55,760,544	6.68%	3,724,805
Portland Water District - Wastewater	35,911,417	2.90%	1,040,935

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

JOINTLY GOVERNED ORGANIZATION

The Town of Windham participates in a jointly governed organization, which is not part of the Town's reporting entity.

ecomaine is a solid waste management corporation serving 59 municipalities in southern Maine and New Hampshire. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2020 includes total assets of \$62,419,588, total liabilities of \$18,431,792 and unrestricted net position of \$12,251,849. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,346,550. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

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 for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association for workers' compensation coverage. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2020.

NET POSITION

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, and financed purchases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net investment in capital assets was calculated as follows at June 30, 2020:

Capital assets	\$ 55,708,047
Accumulated depreciation	(12,845,373)
Bonds and notes payable	(18,597,800)
Less RSU No. 14 portion of bonds payable	7,765,000
Bond premium	(797,235)
Financed purchases	(691,951)
<u>Net investment in capital assets</u>	<u>\$ 30,540,688</u>

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

DEFERRED COMPENSATION PLAN

The Town of Windham offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries.

FUND BALANCE

The General Fund unassigned fund balance total of \$7,965,054 represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance of (\$28,216) is also reported for the perpetual care trust fund and (\$74,859) for nonmajor special revenue funds as of June 30, 2020.

As of June 30, 2019, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory and prepaids	\$ 34,008	-	-	-
Impact fees	-	-	458,736	-
Subsequent year budget	-	-	-	1,197,472
Public works	-	-	-	11,232
Public safety	-	-	-	253,994
Recreation	-	-	-	17,625
Human services	-	-	-	179,108
Other	-	-	-	31,340
Capital outlay	-	-	-	260,541
Shared Maintenance Facility	-	-	82,364	-
Special Revenue Funds:				
Recreation program	-	-	160,347	-
Grants	-	55,555	-	-
T.I.F. Districts	-	485,183	-	-
Permanent Funds:				
Cemetery Acquisition Fund	-	-	217,464	-
Perpetual Care Trust Funds	41,074	-	-	-
Library Trust Fund	800	-	6,137	-
Totals	\$ 75,882	540,738	925,048	1,951,312

RESTATEMENT OF NET POSITION AND FUND BALANCE

For the fiscal year ended June 30, 2020, the Town has reclassified impact fees and certain donations that were formerly reported as liabilities. These items are now reported as committed and assigned fund balance in the general fund. The Town has restated beginning net position of the governmental activities and beginning fund balance in the general fund to account for these reclassifications. Net position and fund balance were increased as of July 1, 2019 by \$538,913.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICT

The creation of the Pipeline Development District was to address specific concerns and issues that have been identified by the Town's staff, elected leaders, and citizenry over the past years during forums and other forms of direct communication. Public comments have been directed towards a reactionary environment, lack of capital expenditures and the continuing need to ration resources and proactively seek out economic opportunity before crisis and concern are established. The development within this District will produce approximately \$16,352,800 of new tax base for the Town. The District will produce new taxable revenues, beginning with 80% and declining by 5% annually, over a ten year period. These revenues will be used to make payments into the Pipeline Development Fund specifically for: the purchase of a Geographic Information System (GIS) that would integrate automated data and provide a tool for planning economic and community development, a formal study and long range plan to mitigate environmental issues related to pollutants within the northern section of Town, the development of a business and tourism center within the commercial hub, a mechanism to leverage private funding for rehabilitation and new construction of desirable commercial facilities throughout the community and the continuance of the Town's economic development program. A 15-year term extension was granted in 2015, with increased assessed value capture of up to 100% of real property improvements. The new agreement expires June 30, 2030. For the year ended June 30, 2020, \$148,985 of tax revenues were captured and reported as TIF district revenues.

The goal of the Roosevelt Promenade TIF is to gain a better understanding of the impact that economic development has had on the North Windham Business District and to prepare for future growth. Increasing traffic volumes on Route 302 necessitate a study of transportation alternatives including the development of local connector roads to alleviate congestion. The Town's economic development program will administer the development program and will continue to be funded by TIF proceeds. Captured assessed value will be calculated for the District based upon the difference between the property's original assessed value as of April 1, 2005 (March 31, 2006) and April 1, 2006. The Town will capture no more than \$210,000 in any given year up to a total of \$1,050,000 in TIF revenues on assessed value resulting from the development with the District over the five-year TIF period. The maximum tax of \$1,050,000 was captured as of June 30, 2012. The Town has reauthorized the District for another ten years, expiring June 30, 2021. Allocations from the TIF fund will be by the action of the Town Council as approved by the Town Meeting. For the year ended June 30, 2020, \$210,000 of tax revenues were captured and reported as TIF district revenues.

On January 13, 2015, the Town Council approved the designation of the Gateway North A Infrastructure tax increment financing district, along with a development plan for the district. It is intended to provide funding dedicated to furthering improvements to Windham's Downtown district and the North Route 302 corridor called for in the 21st Century Downtown Plan and the 2010 Route 302 Corridor Study. In addition, funding would be used to maintain a level of effort in economic development including program funding and loan capitalization. While credit enhancement agreements will be enabled within the TIF, any request for a credit enhancement agreement would be subject to Town Council approval. The district term is for 20 years, beginning July 1, 2015 and ending June 30, 2035. The agreement allows for increased assessed value capture of up to 100% of real property improvements. In addition to those mentioned above, other program components include roadway and intersection improvements; wastewater facilities engineering and construction; utility extensions and relocations; corridor planning studies; and sidewalk and streetscape improvements. For the year ended June 30, 2020, \$107,753 of tax revenues were captured and reported as TIF revenues; no property tax abatements were granted under this agreement.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICT, CONTINUED

The Gateway North B Infrastructure Omnibus Municipal Tax Increment Financing District was approved by the Windham Town Council on February 26, 2019. The Gateway North B District is complimentary to the Gateway North A TIF District in that it expands the number and acreage of parcels located along a portion of Route 302 in Windham included in the Town's TIF program, and its Development Program includes many of the same elements included in Gateway North A including improvements to Windham's Downtown roadway, pedestrian, utility, and wastewater infrastructure. In addition, funding can be used to maintain a level of effort in economic development including staffing and program funding. Credit enhancement agreements are enabled within the TIF only after Town Council approval. The district term is for 30 years beginning July 1, 2019 and ending June 30, 2049. Captured value will be calculated for the District based upon the difference between the property's original assessed value as of April 1, 2018 (March 31, 2019) and April 1, 2019. This agreement allows for increased assessed value capture of up to 100% of real property improvements. For the year ended June 30, 2020, \$73,582 of tax revenues were captured and reported as TIF revenues.

The Town has designated New Marblehead Manor Affordable Housing Development District as an affordable housing development district. Avesta Housing became the owner of a 20 unit apartment complex for low income seniors and the disabled on April 1, 2014; the first tax payment was due October 1, 2014. Avesta Housing plans to substantially rehabilitate the existing apartments, while maintaining existing rental rates for qualified seniors. The Town retains 50% of the increased assessed value of the District, beginning with fiscal year 2015 (July 1, 2014 - June 30, 2015) and continuing through fiscal year 2044. The other 50% is payable to Avesta Housing through a credit enhancement agreement. Avesta Housing agrees that all payments made by the Town will be used either to pay debt-service on indebtedness incurred to finance the project, or to pay operating and maintenance costs of the rehab project, including administrative costs, utilities, routine repairs, insurance, and to fund a replacement reserve account. For the year ended June 30, 2020, \$9,561 of tax revenues were captured and reported as TIF revenues; property taxes abated and remitted under this agreement amounted to \$9,561 this year.

NET PENSION LIABILITY

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). 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 Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.mainepepers.org.

Benefits Provided - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Police and paramedic employees are required to contribute 9.5% of their annual pay, respectively. The Town's contractually required contribution rate for the year ended June 30, 2020, was 12.8% of annual payroll for police and paramedics. These employer contribution rates are actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$332,125 for the year ended June 30, 2020.

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

At June 30, 2020, the Town reported a liability of \$1,579,721 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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 net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2019, the Town's proportion was 0.5168%.

For the year ended June 30, 2020, the Town recognized pension expense of \$599,122. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 187,044	-
Changes of assumption	80,003	-
Net difference between projected and actual earnings on pension plan investments	-	395,682
Changes in proportion and differences between Town contributions and proportionate share of contributions	311,371	-
Town contributions subsequent to the measurement date	332,125	-
Total	\$ 910,543	395,682

\$332,125 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Year ended June 30:

2021	\$ 248,294
2022	(104,687)
2023	39,381
2024	(252)

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 9.0% per year
Investment return	6.75% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town’s proportionate share of the net pension liability	\$ 3,598,503	\$ 1,579,721	\$ (308,656)

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

Payables to the Pension Plan - None as of June 30, 2020.

OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is 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*.

Benefits Provided - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At January 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employee entitled to but not yet receiving benefits	-
Active employees	87
Total	95

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

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

The Town's total OPEB liability of \$926,150 was measured as of January 1, 2020, and was determined based upon an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2019		\$ 1,279,944
Changes for the year:		
Service Cost		41,443
Interest		52,982
Changes of benefit terms		(23,450)
Differences between expected and actual experience		(354,061)
Changes in assumptions or other inputs		(11,841)
Benefit payments		(58,867)
Net changes		<u>(353,794)</u>
Balance at June 30, 2020		<u>\$ 926,150</u>

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

For the year ended June 30, 2020, The Town recognized OPEB expense of \$4,655. At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	328,887
Changes of assumption or other inputs	-	139,708
Total	<u>\$ -</u>	<u>468,595</u>

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

Year ended June 30:	
2021	\$ (66,320)
2022	(66,320)
2023	(66,320)
2024	(66,320)
2025	(66,318)
Thereafter	(136,997)

TOWN OF WINDHAM, MAINE
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Actuarial Assumptions - The total OPEB liability in the January 1, 2020 measurement for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increases	2.75% per year
Discount rate	2.74% per annum
Healthcare cost trend rates	8.55% for 2020, decreasing to 3.53% for 2040
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability was 2.74% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability calculated using the discount rate of 4.10%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 1,071,814	926,150	807,325

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town's total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 799,019	926,150	1,086,806

TOWN OF WINDHAM, MAINE
Required Supplementary Information

MODIFIED APPROACH FOR TOWN INFRASTRUCTURE ASSETS

In accordance with GASB Statement No. 34, the Town is required to account for and report infrastructure capital assets. The Town defines infrastructure as the basic physical assets including streets and roads, storm water conveyance system, parks and recreation land and improvements, buildings and associated amenities such as parking used by the Town in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, streets and roads can be divided into pavement, curbing, sidewalks, streetlights, traffic control devices (signs, signals, and pavement markings), landscaping, and land. Subsystem detail is not presented in these basic financial statements; however, the Town maintains detailed information on these subsystems.

The Town has elected to use the “modified approach” as defined by GASB 34 for infrastructure reporting for roads and drainage structures only. Under GASB 34, eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The Town manages the eligible infrastructure capital assets using an asset management system which provides for (1) an up-to-date inventory, (2) condition assessments and summary according to a measurement scale, and (3) an estimate of the annual amount required to maintain and preserve the infrastructure at the established condition assessment level.
- The Town documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

In 2019, the Town completed a physical condition assessment of roads and streets. For the purposes of this assessment, roads and streets were defined as all public roadways within Windham that the Town has some responsibility for maintenance and improvement. The condition assessment is performed every three years.

The pavement condition rating study was conducted using the American Public Works Association’s (APWA) Paver software to analyze and predict pavement conditions. The Town is transitioning from using the Maine Department of Transportation’s (Maine DOT) Visual Condition Survey for Flexible pavements method to use the new APWA Paver software because of its focus on pavement preservation as opposed to the focus on reconstruction/rehabilitation in the Maine DOT method.

The data collection methodology generally followed the ASTM D6433-11, *Standard Practices for Road and Parking Lots Pavement Condition Index Surveys*. Each roadway was broken up into sections with contiguous characteristics (geometry, work history, pavement history, etc.) as defined by the Town. Each section was delineated by bordering cross streets, designated “to” and “from” streets, town lines, or pavement changes. The number of samples chosen per section was based on section length. Each sample examines a 100 foot long segment.

The pavement survey distresses are collected and recorded in the field and entered into FieldInspector software and then imported into Paver for analysis. FieldInspector generates a Pavement Condition Index (PCI) for each roadway section given the raw data that was entered. The PCI uses a scale from 1 to 100. A score of 100 represents a newly paved “perfect” roadway, while a score of 0 indicates a complete roadway failure. The following table describes the pavement condition relative to the PCI rating:

TOWN OF WINDHAM, MAINE
Required Supplementary Information, Continued

MODIFIED APPROACH FOR TOWN INFRASTRUCTURE ASSETS, CONTINUED

Pavement Condition Index Rating Scale

<u>PCI Rating</u>	<u>Condition and maintenance strategy</u>
86 – 100	Good – Future overlay
71 – 85	Satisfactory – Future overlay
56 – 70	Fair – Light overlay/shim (1.0")
41 – 55	Poor – Heavy overlay/shim (2.25")
26 – 40	Very poor – Reclaim/reconstruct
11 – 25	Serious – Reconstruct
0 – 10	Fail – Reconstruct

The current area weighted average PCI for the total 104 miles in Windham based on the approximately 532 inspections performed is 84.09, and the arithmetic average is 82.71 (local/urban compact and state roads combined). The area-weighted average is similar to the arithmetic average but the square foot area of each road section is factored in. The PCI of longer road sections with large square foot areas have a greater influence (carry more weight) on the area-weighted average PCI than smaller, shorter road sections. The area weighted average for local roads was 84.54 and for state roads was 82.90. 97% of all sections were fair or better (56-100 PCI).

The Town’s roads and streets are constantly deteriorating due to the effects of (1) traffic using the roads and streets, (2) ultraviolet solar radiation drying out and breaking down the top layer of pavement, (3) pavement cuts, damage, and trenching operations resulting from utility construction, repairs, and/or development, and (4) water damage from precipitation and drainage runoff. The Town is continuously taking actions to arrest the deterioration through short-term maintenance activities such as patching, sweeping, and repair.

For budgeting analysis, Paver’s Maintenance and Repair (M&R) Work Planning feature was used to calculate the costs and consequences of different budget scenarios. These budget scenarios assumed that the Town’s annual paving budget is only applied to local roads; therefore, this budget analysis only applies to those roads (not state roads). For the funding scenarios presented, the M&R Work Plan used the Critical PCI method, which optimizes M&R activity against a specified budget or determines the budget needed to maintain a specified condition level.

Paver’s M&R software analyzed the given scenarios and funding levels for local/urban compact roads only (state roads were excluded from all budgeting scenarios). Paver’s M&R Work Plan analysis philosophy is to “keep good roads good”. Paver focuses on allocating funds towards pavement preservation over reconstructing the roads in the worst condition first.

<u>Funding Scenario</u>	<u>Cost/year</u>	<u>2019 PCI</u>	<u>2029 PCI</u>
No Funding	\$ -	84.54	69.91
\$1,000,000 budget for 10 years	1,000,000	84.54	80.84
Maintain PCI for 10 years	1,380,000	84.54	83.64
\$1,500,000 budget for ten years	1,500,000	84.54	83.88
\$1,750,000 budget for ten years	1,750,000	84.54	84.85
\$2,000,000 budget for ten years	2,000,000	84.54	85.23

TOWN OF WINDHAM, MAINE
Required Supplementary Information, Continued

MODIFIED APPROACH FOR TOWN INFRASTRUCTURE ASSETS, CONTINUED

Each PCI is an area weighted average. A standard annual inflation rate of 3% was used in all funding scenarios. The starting PCI for each scenario us the current area-weighted average PCI of 84.54 (local/urban compact roads only) that was calculated immediately after data input completion. A tolerance of one (+/- 1) PCI was used for the iteration for the scenario that maintains PCI for ten years. The PCI drops 0.9 by 2029 in that scenario because Paver will avoid reconstructing road sections that are in adequate condition and above the critical PCI (65) just to reach a target PCI (84.54).

During 2017, the Town conducted a condition assessment of its storm water drainage system. The storm water drainage system consists of drainage structures, pipes, and pipe openings. Stormwater drainage structures include catch basins, leaching catch basins, manholes, and dry wells. Pipes and pipe openings are identified as drain inlets, drain outlets, and pipe outfalls. Elements of the storm water drainage system were rated for structural and hydraulic condition according to the following criteria:

Good

Items examined and found to be "like new" or without apparent defects, are functioning well and reliably per design intent, and without flow restrictions; do not require attention, correction, or repair.

Fair

Items examined and found to have apparent defects or slight flow restrictions, are minimally functioning and/or may be at or near its useful life; near term replacement or rehabilitation may be necessary, however does not require immediate corrective action.

Poor/Needs Repair/Cleaning

Items examined and found to have a deficiency or deficiencies which affect performance, potential for failure exists, or has ceased to function as designed; requires immediate service, repair, or replacement.

Blocked

Items examined and found to have flow obstructions that require immediate service, rehabilitation, or replacement.

With regard to structural condition, 97% of catch basins were found to be in good (87.1%) or fair (10.1%) condition. The Town expects to continue its program of maintenance, and regular cleaning along with inspection and condition assessment required for compliance with both GASB 34 and NPDES Phase II stormwater management rules.

The next required condition assessment is to be performed by 2020.

TOWN OF WINDHAM, MAINE
Required Supplementary Information

Schedule of Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	\$ 0.5168%	0.4279%	0.3447%	0.3467%	0.3902%	0.4077%
Town's proportionate share of the net pension liability	1,579,721	1,171,079	1,411,252	1,842,379	1,244,764	627,369
Town's covered payroll	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	68.30%	50.77%	67.60%	96.52%	60.92%	33.07%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

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

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 332,125	293,732	247,799	176,664	162,710	157,620	140,823
Contributions in relation to the contractually required contribution	(332,125)	(293,732)	(247,799)	(176,664)	(162,710)	(157,620)	(140,823)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Town's covered payroll	\$ 2,595,191	2,312,849	2,306,612	2,087,654	1,908,722	2,043,137	1,896,934
Contributions as a percentage of covered payroll	12.80%	12.70%	10.74%	8.46%	8.52%	7.71%	7.42%

* Only seven years of information available.

TOWN OF WINDHAM, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 41,443	46,754	41,139
Interest	52,982	47,513	53,779
Changes of benefit terms	(23,450)	-	-
Differences between expected and actual experience	(354,061)	-	(22,665)
Changes of assumptions or other inputs	(11,841)	(120,234)	(62,413)
Benefit payments	(58,867)	(56,603)	(57,285)
Net change in total OPEB Liability	(353,794)	(82,570)	(47,445)
Total OPEB liability - beginning	\$ <u>1,279,944</u>	<u>1,362,514</u>	<u>1,409,959</u>
Total OPEB liability - ending	\$ <u><u>926,150</u></u>	<u><u>1,279,944</u></u>	<u><u>1,362,514</u></u>
Covered-employee payroll	\$ 4,816,048	4,728,753	4,728,753
Total OPEB liability as a percent of covered-employee payroll	19.2%	27.1%	28.8%

*Only three years of information available.

TOWN OF WINDHAM, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.75%	6.875%	7.125%	7.25%
Inflation rate	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75% - 9.0%	2.75% - 9.0%	3.5% - 13.5%	3.5% - 13.5%
Cost of living increases	1.91%	2.20%	2.55%	3.12%

Mortality rates:

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

Total OPEB Liability

Changes of Benefit Terms - None

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.74%	4.10%	3.44%	3.78%

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

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

TOWN OF WINDHAM, MAINE
General Fund
Comparative Balance Sheets
June 30, 2020 and 2019

	2020	2019 (Restated)
ASSETS		
Cash and cash equivalents	\$ 12,263,016	13,902,788
Receivables:		
Accounts, net of allowance of \$78,726 and \$50,862, respectively	570,781	442,128
Taxes - current year	711,718	729,387
Taxes - prior years	114,205	104,934
Tax liens - prior years	750,325	708,294
Notes	-	413,710
Inventory and prepaids	34,008	33,205
Receivable - RSU #14 debt service payments	7,765,000	9,395,000
Total assets	\$ 22,209,053	25,729,446
LIABILITIES		
Accounts payable	252,335	825,734
Accrued wages	589,582	473,796
Other liabilities	31,617	11,910
Interfund loans payable	717,352	1,031,028
Inspection deposits	1,174,057	606,107
Total liabilities	2,764,943	2,948,575
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,270,000	1,210,000
Unavailable revenue - RSU #14 debt service payments	7,765,000	9,395,000
Total deferred inflows of resources	9,035,000	10,605,000
FUND BALANCE		
Nonspendable	34,008	446,915
Committed	458,736	513,952
Assigned	1,951,312	3,521,367
Unassigned	7,965,054	7,693,637
Total fund balance	10,409,110	12,175,871
Total liabilities, deferred inflows of resources, and fund balance	\$ 22,209,053	25,729,446

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020
with comparative actual amounts for the year ended June 30, 2019

	2019 carryforward	2020		Variance positive (negative)	2019 Actual	
		Budget	Total available			Actual
Revenues:						
Taxes:						
Property taxes	\$ -	33,768,661	33,768,661	33,719,948	(48,713)	31,755,401
Excise taxes	-	3,993,000	3,993,000	3,841,726	(151,274)	4,021,074
Supplemental taxes and lien fees	-	35,000	35,000	64,638	29,638	34,449
Total taxes	-	37,796,661	37,796,661	37,626,312	(170,349)	35,810,924
Licenses and permits:						
Town Clerk fees	-	38,075	38,075	39,872	1,797	37,634
Building permits	-	165,000	165,000	377,106	212,106	159,208
Plumbing fees	-	55,000	55,000	68,807	13,807	53,010
Planning fees	-	75,500	75,500	75,661	161	84,376
License and other fees	-	72,990	72,990	60,766	(12,224)	71,680
Recreation impact fees	-	91,120	91,120	91,120	-	33,577
Motor vehicle registration fees	-	55,000	55,000	69,868	14,868	57,437
Total licenses and permits	-	552,685	552,685	783,200	230,515	496,922
Intergovernmental:						
State Revenue Sharing	-	950,000	950,000	1,278,690	328,690	846,478
State highway block grant	-	255,000	255,000	258,836	3,836	251,152
Homestead and BETE exemptions	-	966,273	966,273	966,505	232	985,750
General assistance reimbursement	-	28,000	28,000	42,071	14,071	40,266
Veterans exemption	-	-	-	8,544	8,544	-
State Tree Growth	-	21,000	21,000	20,107	(893)	20,066
Total intergovernmental	-	2,220,273	2,220,273	2,574,753	354,480	2,143,712
Charges for services:						
Solid waste disposal fees	-	550,000	550,000	606,700	56,700	634,461
Rescue reimbursement	-	705,900	705,900	674,107	(31,793)	636,708
RSU service payment/shared services	-	275,813	275,813	241,428	(34,385)	91,057
Library fines and fees	-	7,800	7,800	4,677	(3,123)	8,800
False alarm fees/police fines and fees	-	7,300	7,300	10,461	3,161	9,215
Park fees	-	57,000	57,000	66,822	9,822	59,738
Total charges for services	-	1,603,813	1,603,813	1,604,195	382	1,439,979

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued

	2019 carryforward	2020		2019 Actual	Variance positive (negative)	2019 Actual
		Budget	Total available			
Revenues, continued:						
Interest earned:						
Interest on delinquent taxes	\$ -	100,000	100,000	112,155	12,155	97,370
Interest earned on investments	-	220,000	220,000	188,635	(31,365)	270,525
Total interest earned	-	320,000	320,000	300,790	(19,210)	367,895
Other revenues:						
Cable television franchise	-	200,000	200,000	225,539	25,539	224,951
Fee in lieu of taxes	-	14,645	14,645	-	(14,645)	7,761
Miscellaneous	-	161,000	161,000	227,874	66,874	116,163
Total other revenues	-	375,645	375,645	453,413	77,768	348,875
Total revenues	-	42,869,077	42,869,077	43,342,663	473,586	40,608,307
Expenditures:						
Current:						
General government:						
Town Council	-	223,783	223,783	169,559	54,224	200,128
Town management	-	596,324	596,324	496,348	99,976	496,869
Collection and registration	-	267,501	267,501	235,551	31,950	262,983
Information services	-	331,888	331,888	335,361	(3,473)	288,681
Boards and commissions	-	86,984	86,984	79,275	7,709	81,944
Communication and E-Government	-	59,089	59,089	51,763	7,326	52,372
Town Clerk	-	232,070	232,070	226,502	5,568	226,146
Insurance	-	153,698	153,698	146,893	6,805	136,118
Employee benefits	-	2,786,708	2,786,708	2,746,386	40,322	2,488,726
Total general government	-	4,738,045	4,738,045	4,487,638	250,407	4,233,967

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued

	2019 carryforward	2020		Actual	Variance positive (negative)	2019 Actual
		Budget	Total available			
Expenditures, continued						
Current, continued:						
Public works:						
Public works administration	\$ -	249,490	249,490	253,856	(4,366)	233,355
Highway maintenance	-	836,651	836,651	728,994	107,657	663,554
Traffic safety	3,348	188,986	192,334	432,697	(240,363)	175,811
Snow removal	-	463,746	463,746	432,606	31,140	469,786
Building maintenance	-	648,256	648,256	641,167	7,089	554,809
Grounds maintenance	-	122,193	122,193	98,501	23,692	82,174
Vehicle maintenance	-	523,943	523,943	464,680	59,263	467,818
Waste management	-	962,954	962,954	930,375	32,579	864,372
Total public works	3,348	3,996,219	3,999,567	3,982,876	16,691	3,511,679
Public safety:						
Police services	-	2,368,294	2,368,294	2,381,368	(13,074)	2,088,870
Communications	-	419,752	419,752	417,740	2,012	403,286
Animal control	-	67,320	67,320	59,012	8,308	63,112
Vehicle maintenance	-	108,267	108,267	105,844	2,423	121,026
Total public safety	-	2,963,633	2,963,633	2,963,964	(331)	2,676,294
Fire/rescue services:						
Fire-rescue services	-	2,003,072	2,003,072	1,876,639	126,433	1,792,187
Water main charges	-	103,747	103,747	110,736	(6,989)	106,764
Emergency management	-	1,400	1,400	-	1,400	-
Vehicle maintenance	-	150,319	150,319	144,011	6,308	149,161
Total fire/rescue services	-	2,258,538	2,258,538	2,131,386	127,152	2,048,112

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued

	2019 carryforward	2020		Actual	Variance positive (negative)	2019 Actual
		Budget	Total available			
Expenditures, continued						
Current, continued:						
Recreation services:						
Recreation	\$ -	205,346	205,346	209,305	(3,959)	208,613
Parks and trails	-	156,732	156,732	139,419	17,313	151,698
Summerfest	-	8,600	8,600	8,600	-	-
Library services	-	520,189	520,189	495,656	24,533	482,290
Total recreation services	-	890,867	890,867	852,980	37,887	842,601
Education	-	22,081,146	22,081,146	22,081,146	-	21,247,844
County tax	-	1,435,970	1,435,970	1,435,970	-	1,332,023
Other:						
Property and inspection:						
Code enforcement	-	329,006	329,006	334,738	(5,732)	292,328
Assessing	-	371,863	371,863	303,747	68,116	324,226
Geographic information systems	-	20,443	20,443	13,646	6,797	13,896
Abatements	-	71,849	71,849	19,891	51,958	45,433
Development and conservation:						
Planning services	-	381,959	381,959	325,365	56,594	251,299
Comprehensive planning	50,124	-	50,124	16,668	33,456	4,104
Economic development	-	211,900	211,900	211,900	-	198,312
Health and welfare:						
Social services	-	152,248	152,248	126,426	25,822	140,105
Social services agency funding	-	25,125	25,125	24,125	1,000	55,147
Property tax assistance program	-	50,000	50,000	50,021	(21)	-
Contingency:						
Contingency	-	300,000	300,000	76,372	223,628	109,993
Energy and weather emergency fund	-	150,000	150,000	-	150,000	-
Total other	50,124	2,064,393	2,114,517	1,502,899	611,618	1,434,843
Debt service:						
Principal	-	2,323,400	2,323,400	2,323,400	-	233,400
Interest	-	760,561	760,561	760,558	3	222,673
RSU 14 share of debt service	-	(2,030,475)	(2,030,475)	(2,030,475)	-	-
Lease payments	-	471,972	471,972	405,427	66,545	-
Total debt service	-	1,525,458	1,525,458	1,458,910	66,548	456,073

TOWN OF WINDHAM, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued

	2020					
	2019 carryforward	Budget	Total available	Actual	Variance positive (negative)	2019 Actual
Expenditures, continued:						
Capital outlay:						
Equipment replacement	\$ -	875,000	875,000	817,400	57,600	733,245
Road improvements	416,071	1,909,000	2,325,071	2,420,081	(95,010)	754,813
Buildings and facilities improvements (includes TIF transfers)	-	1,097,370	1,097,370	912,576	184,794	550,822
Land and facilities improvements	-	207,370	207,370	201,370	6,000	33,576
Total capital outlay	416,071	4,088,740	4,504,811	4,351,427	153,384	2,072,456
Total expenditures	469,543	46,043,009	46,512,552	45,249,196	1,263,356	39,855,892
Excess (deficiency) of revenues over (under) expenditures	(469,543)	(3,173,932)	(3,643,475)	(1,906,533)	1,736,942	752,415
Other financing sources (uses):						
Transfers from other funds	-	484,526	484,526	438,108	(46,418)	359,800
Transfers to other funds	-	-	-	(416,762)	(416,762)	-
Utilization of prior year surplus and carried forward balances	469,543	2,689,406	3,158,949	-	(3,158,949)	-
Total other financing sources (uses)	469,543	3,173,932	3,643,475	21,346	(3,622,129)	359,800
Net change in fund balance - budgetary basis	-	-	-	(1,885,187)	(1,885,187)	1,112,215
Reconciliation to GAAP basis:						
Change in committed and assigned funds				118,426		(2,311)
Net change in fund balance - GAAP basis				(1,766,761)		1,109,904
Fund balance, beginning of year, restated				12,175,871		10,527,054
Fund balance, end of year	\$			10,409,110		11,636,958

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF WINDHAM
Combining Balance Sheet
All Other Governmental Funds
June 30, 2020

	Special Revenue Funds	Capital Project Fund	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	-	244,259	244,259
Accounts receivable	57,766	-	-	57,766
Interfund loans receivable	774,349	82,364	-	856,713
Total assets	\$ 832,115	82,364	244,259	1,158,738
LIABILITIES				
Accounts payable	73,528	-	-	73,528
Interfund loans payable	132,361	-	7,000	139,361
Total liabilities	205,889	-	7,000	212,889
FUND BALANCES				
Nonspendable	-	-	41,874	41,874
Restricted	540,738	-	-	540,738
Committed	160,347	82,364	223,601	466,312
Unassigned	(74,859)	-	(28,216)	(103,075)
Total fund balances (deficit)	626,226	82,364	237,259	945,849
Total liabilities and fund balances	\$ 832,115	82,364	244,259	1,158,738

TOWN OF WINDHAM, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Other Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds	Capital Project Fund	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 644,079	-	-	644,079
Charges for services	523,729	-	-	523,729
Interest revenue	-	-	1,383	1,383
Other revenue	31,980	7,381	3,200	42,561
Total revenues	1,199,788	7,381	4,583	1,211,752
Expenditures:				
Current:				
General government	278,750	-	-	278,750
Public safety	70,422	-	-	70,422
Public works	410,303	-	-	410,303
Recreation services	273,649	-	-	273,649
Capital outlay	717,457	442,921	-	1,160,378
Total expenditures	1,750,581	442,921	-	2,193,502
Excess (deficiency) of revenues over (under) expenditures	(550,793)	(435,540)	4,583	(981,750)
Other financing sources (uses):				
Transfer from other funds	1,352,276	-	-	1,352,276
Transfer to other funds	(435,308)	-	(2,800)	(438,108)
Total other financing sources (uses)	916,968	-	(2,800)	914,168
Net change in fund balances	366,175	(435,540)	1,783	(67,582)
Fund balances, beginning of year	260,051	517,904	235,476	1,013,431
Fund balances, end of year	\$ 626,226	82,364	237,259	945,849

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specified purposes that are restricted by law or administrative action.

Special revenue funds are established for the following purposes:

Little Falls Sewer Operations

To account for the revenues and expenditures of the Little Falls Sewer operations.

Recreation Program

To account for non-budgeted self-funded recreation programs and activities.

Be the Influence, Skate Park Grant, and Miscellaneous Small Grants

To account for grant activity.

T.I.F. Funds

To account for the revenues and related expenditures for the Pipeline Development T.I.F., the Roosevelt Promenade T.I.F., Gateway North T.I.F., and the Marblehead Manor T.I.F.

CDBG Grant

To account for community development block grants received by the Town.

JAG Grant

To account for justice assistance grants received by the Town.

TOWN OF WINDHAM, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2020

	Little Falls Sewer Operations	Recreation Program	Be The Influence Grant	JAG Grant	Skate Park Grant	Misc. Small Grants	Pipeline Development T.I.F.	Marblehead Manor T.I.F.	Roosevelt Promenade T.I.F.	Gateway North A T.I.F.	Gateway North B T.I.F.	Total
ASSETS												
Accounts receivable	\$ 57,766	-	-	-	-	-	-	-	-	-	-	57,766
Interfund loans receivable	-	162,248	55,635	-	61,722	-	425,078	9,561	-	60,105	-	774,349
Total assets	\$ 57,766	162,248	55,635	-	61,722	-	425,078	9,561	-	60,105	-	832,115
LIABILITIES												
Accounts payable	-	1,901	80	-	61,722	264	-	9,561	-	-	-	73,528
Interfund loans payable	121,981	-	-	9,416	-	964	-	-	-	-	-	132,361
Total liabilities	121,981	1,901	80	9,416	61,722	1,228	-	9,561	-	-	-	205,889
FUND BALANCES (DEFICITS)												
Restricted	-	-	55,555	-	-	-	425,078	-	-	60,105	-	540,738
Committed	-	160,347	-	-	-	-	-	-	-	-	-	160,347
Unassigned	(64,215)	-	-	(9,416)	-	(1,228)	-	-	-	-	-	(74,859)
Total fund balances (deficits)	(64,215)	160,347	55,555	(9,416)	-	(1,228)	425,078	-	-	60,105	-	626,226
Total liabilities and fund balances	\$ 57,766	162,248	55,635	-	61,722	-	425,078	9,561	-	60,105	-	832,115

TOWN OF WINDHAM, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	Little Falls Sewer Operations	Recreation Program	Be The Influence Grant	JAG Grant	Skate Park Grant	Misc. Small Grants	Pipeline Development T.I.F.	Marblehead Manor T.I.F.	Roosevelt Promenade T.I.F.	Gateway North A T.I.F.	Gateway North B T.I.F.	Total
Revenues:												
Intergovernmental revenues	\$ -	-	291,406	36,591	306,414	9,668	-	-	-	-	-	644,079
Charges for services	360,150	163,579	-	-	-	-	-	-	-	-	-	523,729
Other revenues	-	-	-	-	-	31,980	-	-	-	-	-	31,980
Total revenues	360,150	163,579	291,406	36,591	306,414	41,648	-	-	-	-	-	1,199,788
Expenditures:												
Current:												
General government	-	-	160,891	-	-	8,298	-	9,561	-	100,000	-	278,750
Public safety	-	-	-	28,322	-	42,100	-	-	-	-	-	70,422
Public works	410,303	-	-	-	-	-	-	-	-	-	-	410,303
Recreation services	-	273,649	-	-	-	-	-	-	-	-	-	273,649
Capital expenditures	-	-	-	-	651,659	-	65,798	-	-	-	-	717,457
Total expenditures	410,303	273,649	160,891	28,322	651,659	50,398	65,798	9,561	-	100,000	-	1,750,581
Excess (deficiency) of revenues over (under) expenditures	(50,153)	(110,070)	130,515	8,269	(345,245)	(8,750)	(65,798)	(9,561)	-	(100,000)	-	(550,793)
Other financing sources (uses):												
Transfer from other funds	-	-	-	-	385,633	-	565,747	9,561	210,000	107,753	73,582	1,352,276
Transfer to other funds	-	-	-	-	-	-	(75,000)	-	(210,000)	(76,726)	(73,582)	(435,308)
Total other financing sources (uses)	-	-	-	-	385,633	-	490,747	9,561	-	31,027	-	916,968
Net change in fund balances	(50,153)	(110,070)	130,515	8,269	40,388	(8,750)	424,949	-	-	(68,973)	-	366,175
Fund balances (deficits), beginning of year	(14,062)	270,417	(74,960)	(17,685)	(40,388)	7,522	129	-	-	129,078	-	260,051
Fund balances (deficits), end of year	\$ (64,215)	160,347	55,555	(9,416)	-	(1,228)	425,078	-	-	60,105	-	626,226

NONMAJOR PERMANENT FUNDS

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

Cemetery Acquisition Fund

Funds restricted for the acquisition of a Town cemetery.

Perpetual Care Trust Funds

Consisting of numerous trust funds restricted for the perpetual care of specific lots or cemeteries.

Library Trust Fund

Consisting of a single fund established to assist the library.

TOWN OF WINDHAM, MAINE
Permanent Funds
Combining Balance Sheet
June 30, 2020

	Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 221,664	15,658	6,937	244,259
Total assets	\$ 221,664	15,658	6,937	244,259
LIABILITIES				
Accounts payable	-	-	-	-
Interfund loans payable	4,200	2,800	-	7,000
Total liabilities	4,200	2,800	-	7,000
FUND BALANCES				
Nonspendable	-	41,074	800	41,874
Committed	217,464	-	6,137	223,601
Unassigned	-	(28,216)	-	(28,216)
Total fund balances	217,464	12,858	6,937	237,259
Total liabilities and fund balances	\$ 221,664	15,658	6,937	244,259

TOWN OF WINDHAM, MAINE
Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
Revenues:				
Interest and dividends	\$ 1,251	91	41	1,383
Lot sales	3,200	-	-	3,200
Total revenues	4,451	91	41	4,583
Expenditures:				
Other	-	-	-	-
Total expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	(2,800)	-	(2,800)
Total other financing uses	-	(2,800)	-	(2,800)
Net change in fund balances	4,451	(2,709)	41	1,783
Fund balances, beginning of year	213,013	15,567	6,896	235,476
Fund balances, end of year	\$ 217,464	12,858	6,937	237,259