

**TOWN OF WINDHAM, MAINE**

**Annual Financial Report**

**For the year ended June 30, 2019**

**TOWN OF WINDHAM, MAINE**  
**Annual Financial Report**  
**Year ended June 30, 2019**

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## 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, 2019, 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, 2019, 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 February 17, 2020 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 cursive script, reading "Raymond Weston Ouellette".

February 17, 2020  
South Portland, Maine

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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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, 2019. 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 of 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 similar to 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, 2019**

**REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

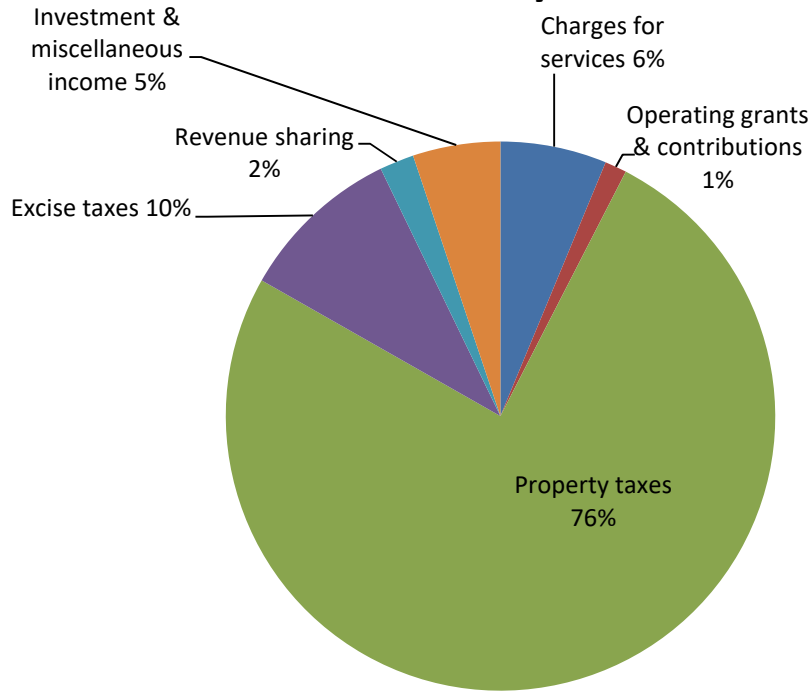
The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by law and by bond covenants. Other funds are established to help control and manage funds for particular purposes, or to demonstrate that the 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**

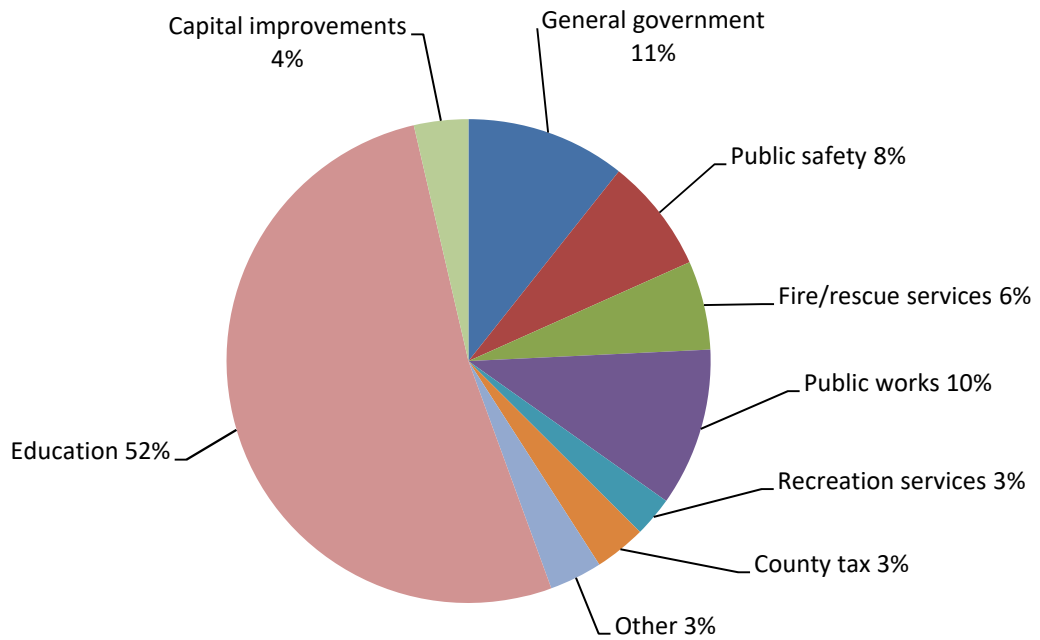
The Town is providing condensed financial information for the year 2019 and comparative information for 2018.

	<u>2019</u>		<u>2018</u>	
	<u>Governmental Activities</u>	<u>Component Unit (WEDC)</u>	<u>Governmental Activities</u>	<u>Component Unit (WEDC)</u>
<b>Assets:</b>				
Current and other assets	\$ 26,000,565	107,550	\$ 25,284,689	76,001
Capital assets (net)	38,456,433	366,332	30,135,401	367,239
Total assets	<u>64,456,998</u>	<u>473,882</u>	<u>55,420,090</u>	<u>443,240</u>
<b>Deferred outflows of resources:</b>				
Deferred charge on refunding	891,264	-	1,054,550	-
Related to pensions	665,180	-	367,887	-
Total deferred outflows of resources	<u>1,556,444</u>	<u>-</u>	<u>1,422,437</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	2,888,400	89,941	2,950,214	83,001
Taxes paid in advance	26,044,317	355,500	19,487,815	355,500
Total liabilities	<u>28,932,717</u>	<u>445,441</u>	<u>22,438,029</u>	<u>438,501</u>
<b>Deferred inflows of resources:</b>				
Related to pensions	291,964	-	200,601	-
Resources related to OPEB	169,013	-	74,443	-
Total deferred inflows of resources	<u>460,977</u>	<u>-</u>	<u>275,044</u>	<u>-</u>
<b>Net position:</b>				
Net investment in capital assets	26,416,262	10,832	26,375,174	11,739
Restricted	178,603	-	211,837	-
Unrestricted	10,024,883	17,609	7,542,443	(7,000)
Total net position	<u>\$ 36,619,748</u>	<u>28,441</u>	<u>\$ 34,129,454</u>	<u>4,739</u>

### Revenues by Source



### Expenses by Type





**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

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**GOVERNMENTAL ACTIVITIES**

The cost of all governmental activities for 2019 was \$39,880,067. Most of this amount, \$22,579,867, 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 \$31,697,220 because some of the cost (\$2,611,751) was borne by those who directly benefited from the programs.

The Town paid for the remaining "public benefit" portion of governmental activities with \$7,572,983 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 \$76,499,815 were available during the year to finance governmental activities, consisting of net position of \$34,617,861 at July 1, 2019, program revenues of \$3,690,391 and general revenues of \$38,191,563.

Total governmental activities expenses were \$39,880,067. Net position increased by \$2,001,887 from a balance of \$34,617,861 to \$36,619,748, or 5.78%.

Total governmental activities expenses rose by \$1,963,198, or 5.18%; net expenses for governmental activities increased by \$968,798.

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

**Statement of Activities**

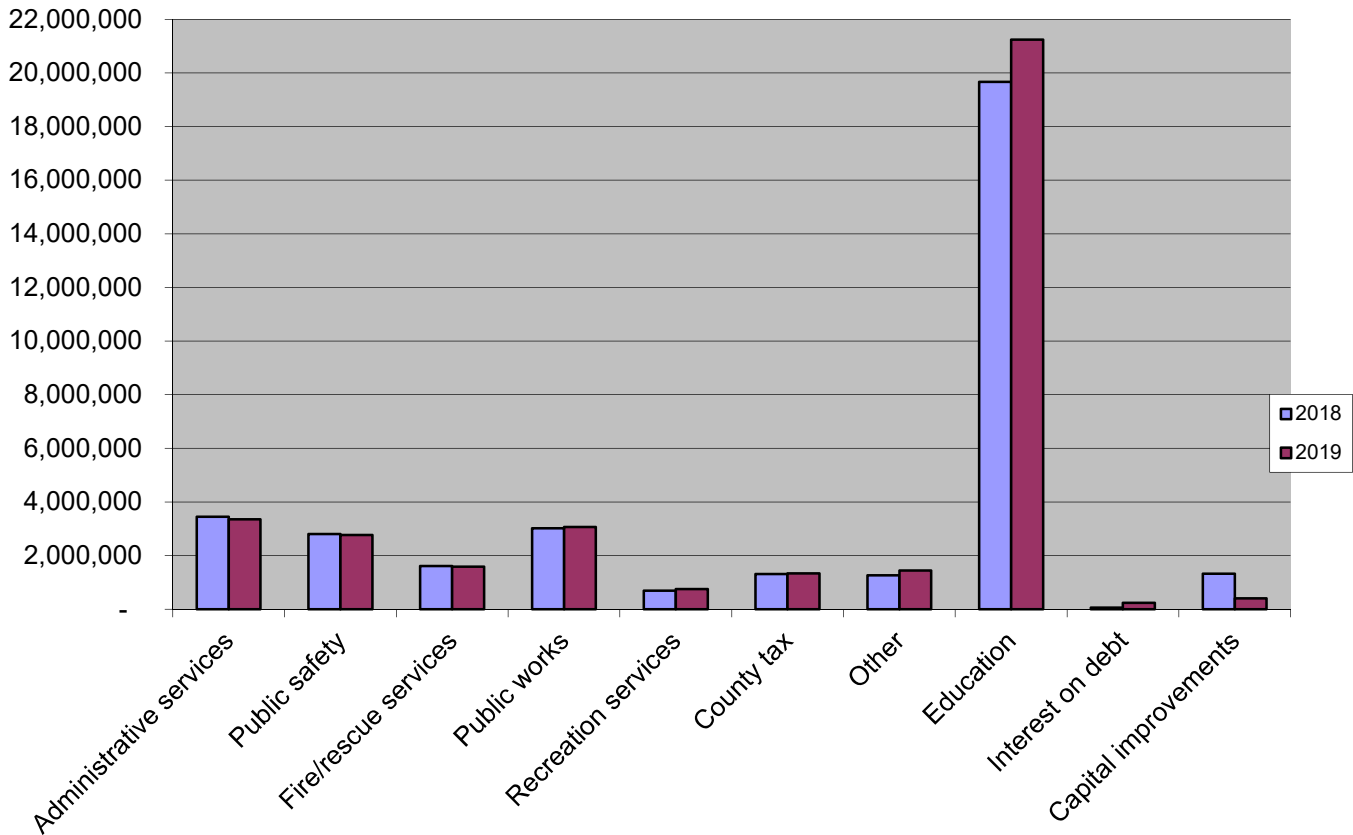
	<b>Primary Government Governmental Activities</b>	<b>Component Unit (WEDC)</b>	<b>2019 Primary Government and Component Unit</b>	<b>2018 Primary Government and Component Unit</b>
<b>Revenues:</b>				
Program Revenues:				
Charges for service	\$ 2,611,751	-	2,611,751	2,129,727
Operating grants and contributions	545,933	198,312	744,245	765,754
Capital grants and contributions	532,707	15,000	547,707	-
General Revenues:				
Property taxes	31,697,220	-	31,697,220	30,206,307
Excise tax	4,021,074	-	4,021,074	3,850,785
Franchise fees	224,951	-	224,951	212,861
Homestead and BETE exemptions	985,750	-	985,750	953,913
Other State aid	20,066	-	20,066	20,909
State revenue sharing	846,478	-	846,478	742,104
Unrestricted investment earnings	272,100	172	272,272	198,059
Miscellaneous revenues	123,924	1,406	125,330	215,637
<b>Total Revenues</b>	<b>41,881,954</b>	<b>214,890</b>	<b>42,096,844</b>	<b>39,296,056</b>
<b>Expenses:</b>				
Program Expenses:				
General government	4,003,200	-	4,003,200	4,058,569
Public safety	2,916,362	-	2,916,362	2,889,912
Fire/rescue services	2,223,693	-	2,223,693	2,253,199
Public works	4,314,007	-	4,314,007	4,044,872
Recreation services	1,153,377	-	1,153,377	1,023,211
Education	21,247,844	-	21,247,844	1,304,678
County Tax	1,332,023	191,188	1,523,211	1,528,594
Other	1,513,074	-	1,513,074	19,664,904
Interest on debt service	237,609	-	237,609	53,290
Capital maintenance expenses	938,878	-	938,878	1,291,522
<b>Total Expenses</b>	<b>39,880,067</b>	<b>191,188</b>	<b>40,071,255</b>	<b>38,112,751</b>
Net position – beginning	34,617,861	4,739	34,622,600	32,950,888
Change in net position	2,001,887	23,702	2,025,589	1,183,305
<b>Net position – ending</b>	<b>\$ 36,619,748</b>	<b>28,441</b>	<b>36,648,189</b>	<b>34,134,193</b>

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 2019:

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

	<u>2019 Expense</u>	<u>2019 Program Revenue</u>	<u>2019 Net Expense</u>	<u>2018 Net Expense</u>
Governmental activities:				
General government	\$ 4,003,200	652,189	3,351,011	3,462,732
Public safety	2,916,362	145,403	2,770,959	2,797,100
Fire/rescue services	2,223,693	636,708	1,586,985	1,612,380
Public works	4,314,007	1,247,791	3,066,216	3,072,217
Recreation services	1,153,377	409,280	744,097	700,676
County tax	1,332,023	-	1,332,023	1,304,678
Other	1,513,074	66,313	1,446,761	1,261,379
Education	21,247,844	-	21,247,844	19,664,904
Interest on debt service	237,609	-	237,609	53,290
Capital maintenance	938,878	532,707	406,171	1,291,522
<b>Total governmental activities</b>	<b>\$ 39,880,067</b>	<b>3,690,391</b>	<b>36,189,676</b>	<b>35,220,878</b>

**Change in Net Expenses 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, 2019**

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**DEBT ADMINISTRATION**

Windham voters approved a \$1.668 million 20-year bond in June of 2015 to purchase and renovate a building to serve as the South Windham Fire Station. Windham voters also approved \$9.3 million 20-year bond in November of 2017 that was bonded in November of 2018 to fund the Windham Shared Maintenance Facility.

**Statement of Governmental Activities Debt**

Debt payable at June 30, 2018	\$ 14,790,227
Capital lease reductions	(347,664)
Bond proceeds	9,300,000
Payment of general obligation debt	(1,868,400)

**Debt payable at June 30, 2019** **\$ 21,874,163**

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

**THE TOWN'S FUNDS**

The following is an analysis of account balances in the Town's general fund for 2019. Comparative information is presented for fiscal years 2018, 2017, and 2016.

	2019	2018	2017	2016
<b>Revenues:</b>				
Taxes	\$35,810,924	\$33,891,417	\$32,220,477	\$30,764,107
Licenses and permits	\$496,922	\$407,019	\$422,764	\$370,173
Intergovernmental	\$2,720,073	\$2,050,173	\$1,514,965	\$1,332,429
Charges for services	\$1,439,979	\$1,111,914	\$1,356,991	\$580,893
Interest earned	\$367,895	\$290,630	\$205,124	\$152,063
Other	\$414,011	\$416,627	\$403,469	\$910,053
<b>Total revenues</b>	<b>\$41,249,804</b>	<b>\$38,167,780</b>	<b>\$36,123,790</b>	<b>\$34,109,718</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$4,289,067	\$3,933,317	\$3,440,419	\$3,278,432
Public safety	\$2,724,421	\$2,610,165	\$2,533,986	\$2,324,180
Fire/rescue services	\$2,048,112	\$1,972,216	\$1,929,043	\$1,764,163
Public works	\$3,511,679	\$3,345,309	\$3,111,681	\$2,879,284
Recreation services	\$868,596	\$784,304	\$736,448	\$269,370
Education	\$21,247,844	\$19,664,904	\$18,263,875	\$17,699,917
County tax	\$1,332,023	\$1,304,678	\$1,264,831	\$1,216,178
Other	\$1,495,634	\$1,340,595	\$1,185,291	\$1,597,436
Debt service	\$456,073	\$313,886	\$233,016	\$200,625
Capital outlay	\$2,075,131	\$2,682,939	\$2,555,484	\$2,726,633
<b>Total expenditures</b>	<b>\$40,048,580</b>	<b>\$37,952,313</b>	<b>\$35,254,074</b>	<b>\$33,956,218</b>
<b>Excess of revenues over expenditures</b>	<b>\$1,201,224</b>	<b>\$215,467</b>	<b>\$869,716</b>	<b>\$153,500</b>
<b>Other financing sources (uses):</b>				
Capital Lease proceeds	\$ -	\$191,535	\$1,118,574	\$339,461
Transfers - in	\$359,800	\$402,997	\$398,402	\$331,110
Transfers - out	-\$451,120	-\$1,041,152	-\$443,029	\$ -
<b>Total other financing sources (uses)</b>	<b>-\$91,320</b>	<b>-\$446,620</b>	<b>\$1,073,947</b>	<b>\$670,571</b>
Net change in fund balances	\$1,109,904	-\$231,153	\$1,943,663	\$824,071
Fund balances, beginning of year	\$10,527,054	\$10,758,207	\$8,814,544	\$7,990,473
<b>Fund balances, end of year</b>	<b>\$11,636,958</b>	<b>\$10,527,054</b>	<b>\$10,758,207</b>	<b>\$8,814,544</b>

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

**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, 2019, net capital assets of governmental activities totaled \$38,456,433 an increase of \$7,832,625 from the year ending June 30, 2018. A detailed breakdown of the activity by asset type is shown below.

<b>Statement of Capital Assets</b>	<b>Balance 6/30/2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2019</b>
Governmental assets				
Land, buildings, and improvements	\$ 9,474,827	402,599	-	9,877,426
Infrastructure	20,737,784	665,292	-	21,403,076
Vehicles	5,741,236	233,808	53,688	5,921,356
Equipment	4,064,302	102,176	19,332	4,147,146
Construction in Progress	1,878,754	8,329,746	1,007,809	9,200,691
Total Capital Assets	41,896,903	9,733,621	1,080,829	50,549,695
Accumulated depreciation	11,273,095	893,187	73,020	12,093,262
Governmental assets, net	\$30,623,808	8,840,434	1,007,809	38,456,433

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 37 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 39% of non-property tax 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 2019, receipts were estimated conservatively at \$3.7 million, slightly less than actually collected in 2018.

<b>Excise Tax</b>	
FY16	\$ 3,364,943
FY17	3,627,003
FY18	3,850,785
FY19	4,021,074

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

Historically, state revenue sharing has been a significant source of revenues. Given the uncertain political climate surrounding this program, municipal revenue sharing has 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.

<b>Revenue Sharing</b>	
FY16	\$ 721,722
FY17	677,413
FY18	742,104
FY19	846,478

**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 \$19,155,878, an increase of \$1,055,596, or 5.83% from 2019, 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 valuation for the past four years are as follows:

TAX YEAR 2019	\$2,306,602,500	AN INCREASE OF	\$211,786,300	OVER 2018	Residential Update
TAX YEAR 2018	\$2,094,816,200	AN INCREASE OF	\$263,199,400	OVER 2017	Revaluation
TAX YEAR 2017	\$1,831,616,800	AN INCREASE OF	\$27,787,000	OVER 2016	
TAX YEAR 2016	\$1,803,829,800	AN INCREASE OF	\$9,647,000	OVER 2015	

The valuation increase in FY 20 (Tax Year 2019) is the result of a residential update and allowed the Tax Year 2019 tax rate decrease to \$14.64. The valuation increase in FY 19 (Tax Year 2018) was the result of a revaluation and allowed the FY 19 (Tax Year 2018) tax rate to decrease to \$15.18 - from (Tax Year 2017) tax rate of \$16.43.

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

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.

FY 20	\$22,081,146	AN INCREASE OF	\$833,302	3.9218%
FY 19	\$21,247,844	AN INCREASE OF	\$1,582,940	8.0496%
FY 18	\$19,664,904	AN INCREASE OF	\$1,401,029	7.6710%
FY 17	\$18,263,875	AN INCREASE OF	\$563,958	3.1862%

**Revenues/Fund Balance**

At June 30, 2019, unassigned fund balance stands at \$7.7 million. This is a decrease of \$751,191 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 fall, Town voters approved a \$9.3 million bond issue to build and equip a new shared vehicle maintenance facility for the joint use of RSU #14 and the Town. Windham's strong financial position translated into a very competitive interest rate on the bonds.

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, 2019, unrestricted fund balance as a percentage of budget stands at 24.5%. This equates to *three* months of expenses.

**Increasing Demands**

Similar to 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 uses capital lease purchase agreements as a means 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 21<sup>st</sup> Century Downtown plan and the updated Comprehensive Master Plan.



**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

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**The Future**

The Town maintains its strong financial position as the practice of conservative budgeting continues to pay dividends. Department managers do a fine job managing their budgets.

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. These changes include the Town's payment to RSU 14 and budgeting revenues received from RSU 14. Carry forward funds are included in the budget and revenue sharing has been budgeted as a revenue.

There are some personnel recommendations including: an additional Police Officer is budgeted to start on 1/1/2020; two additional Firefighter/EMTs are proposed to start on 1/1/2020 which will be paid for by reducing funding in the departments Part-Time Account (per diem); a part time position in the Town Clerk's Office is proposed to increase from 24 hours to 40 hours per week; and the Teen Services/Emerging Technology Librarian is proposed to increase from 24 hours to 40 hours per week.

**Major Operating Budget Increases**

Additional Debt Service – Public Works Garage	\$409,000
Additional Operating cost – Public Works Garage	\$126,000
Additional Employee Benefits	\$379,000

Annual purchase of police cruisers and payment for Regional Crime Lab are now being included in the Police Operating budget – rather than being included in Capital accounts. – This moves \$109,000 to the Police Operating accounts.

Equipment Lease purchases that the Town has been using to purchase equipment into the Debt Service Account (\$509,000) instead of the Capital Equipment account.

The Capital Equipment Account has been increased by \$150,000 to \$875,000. To assist with needed major equipment replacement.

There are a number of potentially large funding issues that are facing Windham:

- 1) Adequately funding annual Equipment Replacement and Building Improvements
- 2) Funding for the 21<sup>st</sup> Century Downtown Plan
- 3) Funding North Windham Wastewater Project
- 4) Funding for the Community Center
- 5) Funding to pave gravel roads
- 6) Funding of Public Safety Building improvements
- 7) Funding of Renovations/improvements to Town Hall

**TOWN OF WINDHAM, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2019**

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**Summary**

Fiscal year 2018-2019 will reflect a tax rate of \$15.18 per thousand dollars of assessed value. For every tax dollar raised, 29 cents goes to the Town to support municipal services, 67 cents to the school district for public education, and 4 cents to county government.

The Town continues to reduce its debt obligations, making payments of \$2.3 million in 2019. 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 \$1,287 is considerably below this benchmark. Another debt measure is debt service as a percentage of total expenditures. Rating agencies desire a range of 8-10%. Windham's ratio is *less than 5%*, well below the acceptable range.

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.

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, 2019**

	<b>Primary Governmental Activities</b>	<b>Component Unit WEDC</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,142,064	97,550
Receivables:		
Accounts, net of allowance of \$50,862	473,971	-
Taxes - current year	729,387	-
Taxes - prior years	104,934	-
Tax liens	708,294	-
Notes	413,710	10,000
Inventory and prepaids	33,205	-
Receivable - RSU #14 debt service payments	9,395,000	-
Capital assets, not being depreciated	30,883,004	358,175
Capital assets, being depreciated	7,573,429	8,157
Total assets	64,456,998	473,882
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	891,264	-
Deferred outflows of resources related to pensions	665,180	-
Total deferred outflows of resources	1,556,444	-
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	2,271,380	31,731
Accrued wages	473,796	-
Accrued interest	143,224	58,210
Noncurrent liabilities:		
Due within one year	2,859,733	355,500
Due in more than one year	23,184,584	-
Total liabilities	28,932,717	445,441
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	291,964	-
Deferred inflows of resources related to OPEB	169,013	-
Total deferred inflows of resources	460,977	-
<b>NET POSITION</b>		
Net investment in capital assets	26,416,262	10,832
Restricted:		
Tax increment financing districts	129,207	-
Grants	7,522	-
Nonexpendable trust principal	41,874	-
Unrestricted	10,024,883	17,609
<b>Total net position</b>	<b>\$ 36,619,748</b>	<b>28,441</b>

*See accompanying notes to basic financial statements.*

**TOWN OF WINDHAM, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

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	\$ 4,003,200	587,979	64,210	-	(3,351,011)	-
Public safety	2,916,362	9,215	136,188	-	(2,770,959)	-
Fire/rescue services	2,223,693	636,708	-	-	(1,586,985)	-
Public works	4,314,007	996,639	251,152	-	(3,066,216)	-
Recreation services	1,153,377	381,210	28,070	-	(744,097)	-
Education	21,247,844	-	-	-	(21,247,844)	-
County tax	1,332,023	-	-	-	(1,332,023)	-
Other	1,513,074	-	66,313	-	(1,446,761)	-
Interest on debt service	237,609	-	-	-	(237,609)	-
Capital maintenance expenses	938,878	-	-	532,707	(406,171)	-
Total governmental activities	39,880,067	2,611,751	545,933	532,707	(36,189,676)	-
<b>Total primary government</b>	<b>\$ 39,880,067</b>	<b>2,611,751</b>	<b>545,933</b>	<b>532,707</b>	<b>(36,189,676)</b>	<b>-</b>
Component unit:						
<b>WEDC</b>	<b>\$ 191,188</b>	<b>-</b>	<b>198,312</b>	<b>15,000</b>	<b>-</b>	<b>22,124</b>
General revenues:						
Property taxes, levied for general purposes				\$ 31,662,771		-
Excise taxes				4,021,074		-
Supplemental taxes and lien fees				34,449		-
Franchise fees				224,951		-
Grants and contributions not restricted to specific programs:						
Homestead and BETE exemptions				985,750		-
Other State aid				20,066		-
State Revenue Sharing				846,478		-
Unrestricted investment earnings				272,100		172
Miscellaneous				123,924		1,406
Total general revenues				38,191,563		1,578
Change in net position				2,001,887		23,702
Net position - beginning, as restated				34,617,861		4,739
<b>Net position - ending</b>				<b>\$ 36,619,748</b>		<b>28,441</b>

*See accompanying notes to basic financial statements.*

**TOWN OF WINDHAM, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Shared Maintenance Facility	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,902,788	-	239,276	14,142,064
Receivables:				
Accounts, net of allowance of \$50,862	442,128	-	31,843	473,971
Taxes - current year	729,387	-	-	729,387
Taxes - prior years	104,934	-	-	104,934
Tax liens	708,294	-	-	708,294
Notes	413,710	-	-	413,710
Interfund loans receivable	-	772,153	437,865	1,210,018
Inventory and prepaids	33,205	-	-	33,205
Receivable - RSU #14 debt service payments	9,395,000	-	-	9,395,000
<b>Total assets</b>	<b>\$ 25,729,446</b>	<b>772,153</b>	<b>708,984</b>	<b>27,210,583</b>
<b>LIABILITIES</b>				
Accounts payable	825,734	254,249	34,467	1,114,450
Accrued wages	473,796	-	-	473,796
Other liabilities	36,871	-	-	36,871
Interfund loans payable	1,031,028	-	178,990	1,210,018
Unearned income - impact fees	513,952	-	-	513,952
Inspection deposits and miscellaneous liabilities	606,107	-	-	606,107
<b>Total liabilities</b>	<b>3,487,488</b>	<b>254,249</b>	<b>213,457</b>	<b>3,955,194</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,210,000	-	-	1,210,000
Unavailable revenue - RSU #14 debt service payments	9,395,000	-	-	9,395,000
<b>Total deferred inflows of resources</b>	<b>10,605,000</b>	<b>-</b>	<b>-</b>	<b>10,605,000</b>
<b>FUND BALANCES</b>				
Nonspendable	446,915	-	41,874	488,789
Restricted	-	-	136,729	136,729
Committed	-	517,904	489,526	1,007,430
Assigned	3,496,406	-	-	3,496,406
Unassigned	7,693,637	-	(172,602)	7,521,035
<b>Total fund balances</b>	<b>11,636,958</b>	<b>517,904</b>	<b>495,527</b>	<b>12,650,389</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 25,729,446</b>	<b>772,153</b>	<b>708,984</b>	

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.	891,264
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,456,433
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Unavailable revenue - property taxes	1,210,000
Unavailable revenue - RSU #14 debt service payments	9,395,000
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	(741,390)
Accrued interest	(143,224)
Other postemployment benefits liability, including related deferred outflows and inflows of resources	(1,448,957)
Net pension liability, including related deferred outflows and inflows of resources	(797,863)
Capital leases	(952,963)
Premium on refunding bonds	(977,741)
Bonds payable	(20,921,200)

**Net position of governmental activities** **\$ 36,619,748**

*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, 2019**

	General	Shared Maintenance Facility	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 35,810,924	-	-	35,810,924
Licenses and permits	496,922	-	-	496,922
Intergovernmental	2,720,073	-	57,242	2,777,315
Charges for services	1,439,979	-	668,800	2,108,779
Interest earned	367,895	-	1,575	369,470
Other	414,011	78,912	15,621	508,544
Total revenues	41,249,804	78,912	743,238	42,071,954
<b>Expenditures:</b>				
Current:				
General government	4,289,067	-	138,561	4,427,628
Public safety	2,724,421	-	18,397	2,742,818
Fire/rescue services	2,048,112	-	-	2,048,112
Public works	3,511,679	-	333,604	3,845,283
Recreation services	868,596	-	260,743	1,129,339
Education	21,247,844	-	-	21,247,844
County tax	1,332,023	-	-	1,332,023
Other	1,495,634	-	-	1,495,634
Debt service	456,073	-	-	456,073
Capital outlay	2,075,131	7,812,260	124,963	10,012,354
Total expenditures	40,048,580	7,812,260	876,268	48,737,108
Excess (deficiency) of revenues over (under) expenditures	1,201,224	(7,733,348)	(133,030)	(6,665,154)
<b>Other financing sources (uses):</b>				
Proceeds from the issuance of debt	-	9,300,000	-	9,300,000
Transfers - in	359,800	-	451,120	810,920
Transfers - out	(451,120)	-	(359,800)	(810,920)
Total other financing sources (uses)	(91,320)	9,300,000	91,320	9,300,000
Net change in fund balances	1,109,904	1,566,652	(41,710)	2,634,846
Fund balances (deficits), beginning of year	10,527,054	(1,048,748)	537,237	10,015,543
<b>Fund balances, end of year</b>	<b>\$ 11,636,958</b>	<b>517,904</b>	<b>495,527</b>	<b>12,650,389</b>

*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, 2019**

Net change in fund balances - total governmental funds (from Statement 4)	\$ 2,634,846
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. This is the amount by which capital outlay (\$8,725,812) exceeded depreciation expense (\$893,187).	7,832,625
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(190,000)
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. This is the increase in accrued interest (\$32,156) and other postemployment benefits liability with the related changes in deferred inflows and outflows of resources (\$12,000) and the decrease in accrued compensated absences (\$24,185).	(19,971)
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease 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 lease repayments.	347,664
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 by which bond proceeds (\$9,300,000) exceeded bond repayments (\$1,868,400).	(7,431,600)
The Town is amortizing the deferred charge on refunding and the issuance premium over the life of the refunding bond. This is the amount by which the amortization of the premium (\$180,506) exceeded the amortization of the deferred charge on refunding (\$163,286).	17,220
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the increase in the net pension liability with the related changes in deferred inflows and outflows of resources.	446,103
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 \$9,395,000 with principal amounts paid off during the year totaling \$1,635,000.	(1,635,000)
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$ 2,001,887</b>

*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, 2019**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 35,539,310	35,539,310	35,810,924	271,614
Licenses and permits	488,533	488,533	496,922	8,389
Intergovernmental	1,950,466	1,950,466	2,143,712	193,246
Charges for services	1,435,500	1,435,500	1,439,979	4,479
Interest earned	235,000	235,000	367,895	132,895
Other	299,247	299,247	348,875	49,628
Total revenues	39,948,056	39,948,056	40,608,307	660,251
<b>Expenditures:</b>				
Current:				
General government	4,303,525	4,303,525	4,233,967	69,558
Public works	3,614,491	3,614,491	3,511,679	102,812
Public safety	2,753,940	2,753,940	2,676,294	77,646
Fire/rescue services	2,217,692	2,217,692	2,048,112	169,580
Recreation services	830,352	830,352	842,601	(12,249)
Education	21,247,844	21,247,844	21,247,844	-
County tax	1,332,023	1,332,023	1,332,023	-
Other	1,953,290	2,056,793	1,434,843	621,950
Debt service	473,073	473,073	456,073	17,000
Capital outlay (includes TIF transfers)	2,560,665	3,341,386	2,072,456	1,268,930
Total expenditures	41,286,895	42,171,119	39,855,892	2,315,227
Excess (deficiency) of revenues over (under) expenditures	(1,338,839)	(2,223,063)	752,415	2,975,478
<b>Other financing sources:</b>				
Use of fund balance	846,039	1,730,263	-	(1,730,263)
Transfers from other funds	492,800	492,800	359,800	(133,000)
Total other financing sources	1,338,839	2,223,063	359,800	(1,863,263)
Net change in fund balance - budgetary basis	-	-	1,112,215	1,112,215
<b>Reconciliation to GAAP basis:</b>				
Change in assigned funds			(2,311)	
Net change in fund balance - GAAP basis			1,109,904	
Fund balance, beginning of year			10,527,054	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>11,636,958</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF WINDHAM, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

		<b>Private-purpose Trust Fund (Scholarships)</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	67,159
<b>Total assets</b>		<b>67,159</b>
<b>LIABILITIES</b>		
Due to Town		11
<b>Total liabilities</b>		<b>11</b>
<b>NET POSITION</b>		
Restricted	\$	<b>67,148</b>

*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, 2019**

	<b>Private-purpose Trust Fund (Scholarships)</b>
Additions:	
Investment income	\$ 1,449
Total additions	1,449
Deductions:	
Scholarships awarded	1,000
Total deductions	1,000
Change in net position	449
Net position, beginning of year	66,699
<b>Net position, end of year</b>	<b>\$ 67,148</b>

*See accompanying notes to basic financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

The Shared Maintenance Facility fund accounts for the construction of a maintenance facility, which is funded through the issuance of bonds.

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."

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**F. Inventories**

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

**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. The Town performed a physical assessment for all major infrastructure conditions in 2013. This condition assessment is performed every 3 years.

The Town commissioned a triennial physical condition assessment of the streets and roads in 2016. 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 rating (PCR), a nationally recognized rating, was assigned to each street and expressed in a continuous scale from 0 to 5, where 0 is impassable and 5 is perfect. The following conditions were defined: very good condition was assigned to those segments with a rating between 3.61 – 5.00, good condition was assigned to those segments with a rating between 3.21 – 3.60, Fair - good condition was assigned to those segments with a rating between 2.81 – 3.20, fair condition was assigned to those segments with a rating between 2.41 – 2.80, poor - fair condition was assigned to those segments with a rating between 2.01 – 2.40, poor condition was assigned to those segments with a rating between 1.61 – 2.00, and very poor condition was assigned to those segments with a rating between 0.00 – 1.60. The Town's policy relative to maintaining the street assets is to achieve a minimum rating of 2.81 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

**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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

**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.



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

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.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**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, 2019, the following expenditures exceeded appropriations:

Recreation services	\$ 12,249
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This overexpenditure lapsed to fund balance at year end.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

**C. 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>
2019 budget as originally adopted	\$ 39,948,056	41,286,895	1,338,839
Assigned carryforward balance	-	884,224	884,224
<b>Totals</b>	<b>\$ 39,948,056</b>	<b>42,171,119</b>	<b>2,223,063</b>

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

Budgeted use of surplus	\$ 1,523,451
State revenue sharing added to certificate of assessment	(677,412)
Transfer from TIF Funds	490,000
<u>Transfer from Cemetery</u>	<u>2,800</u>
<b>Total other financing sources</b>	<b>\$ 1,338,839</b>

**D. Deficit Fund Balances**

At June 30, 2019, the following funds had deficit balances:

Little Falls Sewer Operations	\$ 14,062
Be the Influence Grant	74,960
JAG Grant	17,685
Skate Park Grant	40,388

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

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

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**DEPOSITS**

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As of June 30, 2019, the Town reported deposits of \$14,209,223 with a bank balance of \$14,548,309. \$14,540,429 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 \$7,880 was exposed to custodial credit risk as it was uninsured and uncollateralized at year end.

The Town's component unit, WEDC, reported deposits of \$97,550, which were fully covered by F.D.I.C.

Deposits have been reported as follows:

Reported in governmental funds	\$ 14,142,064
Reported in fiduciary funds	67,159
<u>Reported in component unit (WEDC)</u>	<u>97,550</u>
<b><u>Total deposits</u></b>	<b><u>\$ 14,306,773</u></b>

*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**

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PROPERTY TAXES

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Property taxes for the current year were committed on August 7, 2018 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 8.0% on all tax bills unpaid as of October 1, 2018 and April 1, 2019. 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 \$154,278 for the year ended June 30, 2019.

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 2019 and 2018 levies:

	<u>2019</u>	<u>2018</u>
Assessed value	\$ 2,094,816,200	1,831,616,800
Tax rate (per \$1,000)	15.18	16.43
Commitment	31,799,310	30,093,464
Supplemental taxes assessed	21,440	61,670
	31,820,750	30,155,134
Less:		
Abatements	45,433	31,279
Collections	31,045,930	29,397,735
<b>Receivable at June 30</b>	<b>\$ 729,387</b>	<b>726,120</b>
Due date(s)	½ October 1, 2018 ½ April 1, 2019	½ October 3, 2017 ½ April 3, 2018
Interest rate on delinquent taxes	8.00%	7.00%
Collection rate	97.71%	97.59%

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

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**INTERFUND BALANCES**

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Individual interfund receivable and payable balances at June 30, 2019 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	1,031,028
Shared Maintenance Facility	772,153	-
Other Governmental Funds:		
Little Falls Sewer Operations	-	45,905
Recreation Program	284,522	-
Be the Influence Grant	-	71,612
JAG Grant	-	17,685
Skate Park Grant	-	40,388
Miscellaneous Small Grants	7,680	-
Pipeline Development T.I.F.	6,672	-
Marblehead Manor T.I.F.	9,913	-
Gateway North T.I.F.	129,078	-
Permanent Funds	-	3,400
Total other governmental funds	437,865	178,990
<b>Totals</b>	<b>\$ 1,210,018</b>	<b>1,210,018</b>

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.

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**INTERFUND TRANSFERS**

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Individual fund transfers for the year ended June 30, 2019 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 359,800	451,120
Other Governmental Funds:		
Pipeline Development T.I.F.	154,481	47,000
Marblehead Manor T.I.F.	9,913	-
Roosevelt Promenade T.I.F.	210,000	210,000
Gateway North T.I.F.	76,726	100,000
Perpetual Care Trust Funds	-	2,800
Total other governmental funds	451,120	359,800
<b>Totals</b>	<b>\$ 810,920</b>	<b>810,920</b>

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Restated Balance July 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,997,612	-	-	1,997,612
Construction in progress	1,878,754	8,329,746	1,007,809	9,200,691
Infrastructure	19,034,409	650,292	-	19,684,701
<b>Total capital assets, not being depreciated</b>	<b>22,910,775</b>	<b>8,980,038</b>	<b>1,007,809</b>	<b>30,883,004</b>
Capital assets, being depreciated:				
Land improvements	312,588	-	-	312,588
Buildings	7,164,627	402,599	-	7,567,226
Equipment	4,064,302	102,176	19,332	4,147,146
Vehicles	5,741,236	233,808	53,688	5,921,356
Infrastructure	1,703,375	15,000	-	1,718,375
<b>Total capital assets, being depreciated</b>	<b>18,986,128</b>	<b>753,583</b>	<b>73,020</b>	<b>19,666,691</b>
Less accumulated depreciation for:				
Land improvements	107,575	12,255	-	119,830
Buildings	3,425,781	200,013	-	3,625,794
Equipment	3,136,351	201,768	19,332	3,318,787
Vehicles	3,554,464	437,402	53,688	3,938,178
Infrastructure	1,048,924	41,749	-	1,090,673
<b>Total accumulated depreciation</b>	<b>11,273,095</b>	<b>893,187</b>	<b>73,020</b>	<b>12,093,262</b>
<b>Total capital assets being depreciated, net</b>	<b>7,713,033</b>	<b>(139,604)</b>	<b>-</b>	<b>7,573,429</b>
<b>Governmental capital assets, net</b>	<b>\$ 30,623,808</b>	<b>8,840,434</b>	<b>1,007,809</b>	<b>38,456,433</b>

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

<b>Governmental activities:</b>	
General government	\$ 58,712
Public safety	140,341
Fire/rescue services	189,397
Public works	467,383
Recreation services	35,741
Other	1,613
<b>Total depreciation expense – governmental activities</b>	<b>\$ 893,187</b>

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

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CAPITAL ASSETS, CONTINUED

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**Discretely Presented Component Unit:**

Activity for the Windham Economic Development Corporation (WEDC):

	Balance July 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
<b>Component unit:</b>				
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
<b>Total capital assets, being depreciated</b>	<b>14,445</b>	<b>-</b>	<b>-</b>	<b>14,445</b>
Less accumulated depreciation for:				
Land improvements	-	907	-	907
Office furniture	5,381	-	-	5,381
<b>Total accumulated depreciation</b>	<b>5,381</b>	<b>907</b>	<b>-</b>	<b>6,288</b>
<b>Total capital assets being depreciated, net</b>	<b>9,064</b>	<b>(907)</b>	<b>-</b>	<b>8,157</b>
<b>Component unit capital assets, net</b>	<b>\$ 367,239</b>	<b>(907)</b>	<b>-</b>	<b>366,332</b>

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CHANGES IN LONG-TERM LIABILITIES

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Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 13,489,600	9,300,000	1,868,400	20,921,200	2,323,400
Premium on refunding bonds	1,158,247	-	180,506	977,741	180,506
Capital leases	1,300,627	-	347,664	952,963	355,827
Accrued compensated absences	765,575	-	24,185	741,390	-
Net pension liability	1,411,252	-	240,173	1,171,079	-
Other postemployment benefits	1,362,514	-	82,570	1,279,944	-
<b>Totals</b>	<b>\$ 19,487,815</b>	<b>9,300,000</b>	<b>2,743,498</b>	<b>26,044,317</b>	<b>2,859,733</b>

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

LONG-TERM DEBT

General obligation bonds, notes, and capital leases payable at June 30, 2019 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>
<b>General Obligation Bonds</b>				
2011 General Obligation Refunding Bonds	\$ 19,045,000	2.50-5.00%	2025	10,120,000 (1)
2016 General Obligation Bonds – Series A	1,668,000	0.25-3.50%	2037	1,501,200
2018 General Obligation Bonds – Series B	9,300,000	2.20-4.23%	2039	9,300,000
Total general obligation bonds				20,921,200
<b>Capital Leases</b>				
Fire truck and ambulances		2.22%	2022	457,504
Plow truck, MUNIS, and other equipment		2.48%	2022	225,529
Loader and dump truck		2.44%	2021	140,713
Dump truck with plow		2.50%	2021	91,198
Thermal cameras		2.50%	2021	38,019
Total capital leases				952,963
<b>Total primary government general obligation bonds and capital leases</b>				<b>\$ 21,874,163</b>

(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 \$9,395,000, 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, 2019 on primary government general obligation bonds with interest ranging from 0.25% to 5.00% are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,323,400	760,561	3,083,961
2021	2,323,400	673,620	2,997,020
2022	2,323,400	581,742	2,905,142
2023	2,318,400	489,482	2,807,882
2024	2,318,400	387,949	2,706,349
2025-2029	3,997,000	1,220,744	5,217,744
2030-2034	2,742,000	762,141	3,504,141
2035-2038	2,575,200	252,227	2,827,427
<b>Totals</b>	<b>\$ 20,921,200</b>	<b>5,128,466</b>	<b>26,049,666</b>



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

**LONG-TERM DEBT, CONTINUED**

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2019:

Fiscal year <u>ending</u>	Total capital <u>leases</u>
2020	\$ 378,241
2021	378,241
<u>2022</u>	<u>238,257</u>
Total minimum lease payments	994,739
<u>Less amount representing interest</u>	<u>(41,776)</u>
<b>Present value of future minimum lease payments</b>	<b><u>\$ 952,963</u></b>

**Discretely Presented Component Unit:**

Note Payable

During the year ended June 30, 2010, WEDC purchased land with a promissory note of \$455,500 from the Town of Windham. WEDC sold a portion of this land and paid the Town \$100,000 in 2014, which was applied against the principal balance. The remaining principal balance at June 30, 2019 was \$355,500. The note is due on demand, on or after December 30, 2019, and accrues interest at 2%, until all remaining principal is paid.

**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, 2019, 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	\$ 20,921,200	100.00%	20,921,200
Cumberland County	37,893,997	4.47%	1,692,982
Portland Water District - Water	53,286,036	6.65%	3,543,522
Portland Water District - Wastewater	39,114,203	2.96%	1,156,359

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

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**JOINTLY GOVERNED ORGANIZATION**

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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, 2019 includes total assets of \$63,227,321, total liabilities of \$18,166,889 and unrestricted net position of \$14,041,866. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,082,777. 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.

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**RISK MANAGEMENT**

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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, 2019.

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**NET POSITION**

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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 and capital leases 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, 2019:

Capital assets	\$ 50,549,695
Accumulated depreciation	(12,093,262)
Bonds payable	(20,921,200)
Less RSU No. 14 portion of bonds payable	9,395,000
Less unspent proceeds	438,992
Capital leases	(952,963)
<b><u>Net investment in capital assets</u></b>	<b><u>\$ 26,416,262</u></b>

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

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RESTATEMENT OF NET POSITION

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The Town noted certain construction in progress costs that were not capitalized in the prior year that should have been capitalized. Capital assets and net position as of July 1, 2018 were increased by \$488,407.

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DEFERRED COMPENSATION PLAN

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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.

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NET PENSION LIABILITY

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***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.maineopers.org](http://www.maineopers.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.

**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, 2019, was 12.7% 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 \$293,732 for the year ended June 30, 2019.

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

NET PENSION LIABILITY, CONTINUED

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

At June 30, 2019, the Town reported a liability of \$1,171,079 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the Town's proportion was 0.4279%.

For the year ended June 30, 2019, the Town recognized pension gain of \$152,371. At June 30, 2019, 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	\$ -	9,195
Changes of assumption	186,912	-
Net difference between projected and actual earnings on pension plan investments	-	282,769
Changes in proportion and differences between Town contributions and proportionate share of contributions	184,536	-
Town contributions subsequent to the measurement date	293,732	-
<b>Total</b>	<b>\$ 665,180</b>	<b>291,964</b>

\$293,732 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 225,691
2021	119,242
2022	(192,366)
2023	(73,083)

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

**NET PENSION LIABILITY, CONTINUED**

**Actuarial Assumptions** - The total pension liability in the June 30, 2018 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, 2018 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, 2016 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. 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.

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

**NET PENSION LIABILITY, CONTINUED**

**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	\$ 2,760,078	\$ 1,171,079	\$ (314,199)

**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, 2019.

**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, 2019, \$154,481 of tax revenues were captured and reported as TIF district revenues.

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

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**TAX INCREMENT FINANCING DISTRICT, CONTINUED**

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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, 2019, \$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 21<sup>st</sup> 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, 2019, \$76,726 of tax revenues were captured and reported as TIF revenues; no property tax abatements were granted under this agreement.

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, 2019, \$9,913 of tax revenues were captured and reported as TIF revenues; property taxes abated and remitted under this agreement amounted to \$9,913 this year.

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**LANDFILL CLOSURE COSTS AND POSTCLOSURE CARE COSTS**

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The Town of Windham presently has one landfill, closure of which is substantially complete. Some monitoring costs will be required in the future; however, these costs are not deemed to be material.

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

**FUND BALANCE**

The General Fund unassigned fund balance total of \$7,693,637 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 (\$25,507) is also reported for the perpetual care trust fund and (\$147,095) for nonmajor special revenue funds as of June 30, 2019.

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	\$ 33,205	-	-	-
Note receivable	413,710	-	-	-
Subsequent year budget	-	-	-	1,791,451
Public safety	-	-	-	162,549
Recreation	-	-	-	12,106
Human services	-	-	-	129,748
Other	-	-	-	53,472
Capital outlay	-	-	-	1,347,080
Shared Maintenance Facility	-	-	517,904	-
Special Revenue Funds:				
Recreation program	-	-	270,417	-
Grants	-	7,522	-	-
T.I.F. Districts	-	129,207	-	-
Permanent Funds:				
Cemetery Acquisition Fund	-	-	213,013	-
Perpetual Care Trust Funds	41,074	-	-	-
Library Trust Fund	800	-	6,096	-
<b>Totals</b>	<b>\$ 488,789</b>	<b>136,729</b>	<b>1,007,430</b>	<b>3,496,406</b>

**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*.



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

**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

**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 June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employee entitled to but not yet receiving benefits	-
Active employees	89
Total	101

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

The Town’s total OPEB liability of \$1,279,944 was measured as of January 1, 2019, and was determined based upon a rollforward of the January 1, 2018 actuarial valuation results.

*Changes in the Total OPEB Liability*

Balance at June 30, 2018	\$ 1,362,514
Changes for the year:	
Service Cost	46,754
Interest	47,513
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(120,234)
Benefit payments	(56,603)
Net changes	(82,570)
Balance at June 30, 2019	\$ 1,279,944

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

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

**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

For the year ended June 30, 2019, The Town recognized OPEB expense of \$12,000. At June 30, 2019, 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	\$ -	16,999
Changes of assumption or other inputs	-	152,014
Total	\$ -	169,013

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

Year ended June 30:	
2020	\$ (25,664)
2021	(25,664)
2022	(25,664)
2023	(25,664)
2024	(25,664)
Thereafter	(40,693)

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2019 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	3.00% per year
Salary increases	2.75% per year
Discount rate	4.10% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
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, 2018 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 4.10% 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.

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

**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

**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 (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

	<u>1% Decrease (3.10%)</u>	<u>Discount Rate (4.10%)</u>	<u>1% Increase (5.10%)</u>
Total OPEB liability	\$ 1,468,807	1,279,944	1,125,664

**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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,107,428	1,279,944	1,495,337

**CONSTRUCTION COMMITMENTS**

The Town has entered into contracts in connection with the construction of the shared maintenance facility and the reconstruction of Brand Road. The following is a summary of commitments at June 30, 2019.

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Retainage</u>	<u>Balance Remaining</u>
Shared Maintenance Facility	\$ 8,322,310	94%	7,843,343	159,976	318,991
Brand Road Reconstruction	637,099	24%	152,267	8,014	476,818

**TOWN OF WINDHAM, MAINE**  
**Required Supplementary Information**

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**MODIFIED APPROACH FOR TOWN INFRASTRUCTURE ASSETS**

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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 2016, 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 survey was conducted using the Visual Condition Survey for Flexible Pavements methodology, developed by the Maine Department of Transportation (MaineDOT) Pavement Management Division. The pavement condition data is collected using the MaineDOT Visual Condition Survey (VCS) methodology. This methodology is similar to the ASTM D6433 methodology, except that it only looks at seven types of pavement distresses versus twenty-eight types of distresses. We have found that the Visual Condition Survey method provides similar results as the ASTM methodology, and it reduces the data collection time.

The pavement condition data is collected using a pavement distress survey approach developed by the MaineDOT. Streets that are less than one mile in length are surveyed every  $\frac{1}{4}$  mile. Streets that are greater than a mile in length are surveyed every  $\frac{1}{2}$  mile. At each survey location, we evaluate the pavement distresses within a 100 foot long sample area. The distress survey records the extent and the severity of commonly occurring Maine pavement distresses. These distresses include cracking, distortion and patching.

The raw pavement distresses are collected and entered into a spreadsheet that calculates a Pavement Condition Rating (PCR). The PCR is a rating from 0 to 5, with a 5 being a newly paved roadway. The following table describes the pavement condition relative to the PCR ranges:

**TOWN OF WINDHAM, MAINE**  
**Required Supplementary Information, Continued**

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MODIFIED APPROACH FOR TOWN INFRASTRUCTURE ASSETS, CONTINUED

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**Pavement Condition Rating Scale**

PCR Range	Condition
0.00 – 1.60	Very Poor
1.61 – 2.00	Poor
2.01 – 2.40	Poor – Fair
2.41 – 2.80	Fair
2.81 – 3.20	Fair – Good
3.21 – 3.60	Good
3.61 – 5.00	Very Good

Roads with ratings of 2.40 or less are considered poor and in obvious need of rehabilitation or reconstruction. Roads rated between 2.40 and 3.20 are candidates for an overlay. Roads with ratings of 3.21 and above are considered good and not in need of improvement beyond routine maintenance.

There were approximately 229 streets or street sections resulting in 103.8 miles of rated roads. The overall roadway condition in Windham was determined by calculating the total miles of roadway within each pavement condition category. Some of the roadways in Windham, within the Urban Compact Area, are maintained by both the State and the Town, depending on the season and type of maintenance. For this reason, the overall road network is separated into two categories, State Roads and Town Roads. The State Roads for 2016 were assessed as follows: 87.5% were very good (3.61-5.00 PCR), 8.6% were good (3.21-3.60 PCR), and 3.9% were fair-good (2.81-3.20 PCR). The Town Roads for 2016 were rated as follows: 78.1% were very good (3.61-5.00 PCR), 13.0% were good (3.21-3.60 PCR), and 8.9% were fair-good (2.81-3.20 PCR). All roads (State and Town Roads) for 2013 were assessed as follows: 70.2% were very good (3.61-5.00 PCR), 19.6% were good (3.21-3.60 PCR), and 10.2% were fair-good (2.81-3.20 PCR).

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.

As of 2017, the estimated cost to treat all eligible roadways (with condition ratings of less than 3.21) was estimated at \$1,031,301 through 2020. The estimated cost to treat all eligible state roads for which the Town has maintenance responsibility is estimated at \$6,667,779 through 2026. The Town expended \$663,554 on road and street maintenance and \$753,894 for improvements for the fiscal year ended June 30, 2019. Both types of activities may contribute to improvements in the overall condition of roads.

**TOWN OF WINDHAM, MAINE**  
**Required Supplementary Information, Continued**

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MODIFIED APPROACH FOR TOWN INFRASTRUCTURE ASSETS, CONTINUED

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Pavement condition rating (PCR) surveys only look at one element of a road's condition, but one which can communicate a great deal about underlying problems. Overlay alone may be enough to improve a road's rating for the short term, but more extensive work may be needed to address other issues. The Town estimates that the amount of annual expenditures required to improve and maintain the Town's roads and streets, and portions of state highways for which the Town is responsible for maintenance, at an average PCR score of 3.21 to be at least \$1,718,000. Continued increases in the cost of asphalt could put pressure on this estimate, possibly leading to the need for increases in paving expenditures to maintain quality. Since 2001 the Town has appropriated at least \$500,000 annually for road improvement activities. It should be noted, however, that this amount relates mainly to the maintenance of current pavement infrastructure and does not contemplate more extensive improvements as might be required in the future for storm water management, improved safety, added capacity, or additional amenities such as sidewalks.

During 2019, 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 conducted a complete cleaning of drainage structures in 2007, subsequent to the condition assessment, and 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, Continued**

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

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service Cost	\$ 46,754	41,139
Interest	47,513	53,779
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(22,665)
Changes of assumptions or other inputs	(120,234)	(62,413)
Benefit payments	(56,603)	(57,285)
<b>Net change in total OPEB Liability</b>	<b>(82,570)</b>	<b>(47,445)</b>
Total OPEB liability - beginning	1,362,514	1,409,959
Total OPEB liability - ending	\$ 1,279,944	1,362,514
Covered-employee payroll	\$ 4,728,753	4,728,753
Total OPEB liability as a percentage of covered-employee payroll	27.10%	28.81%

\* Only two years of information available.

**TOWN OF WINDHAM, MAINE**  
**Required Supplementary Information, Continued**

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

	Last 10 Fiscal Years*				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.4279%	0.3447%	0.3467%	0.3902%	0.4077%
Town's proportionate share of the net pension liability	1,171,079	1,411,252	1,842,379	1,244,764	627,369
Town's covered payroll	2,306,612	2,087,654	1,908,722	2,043,137	1,896,934
Town's proportion share of the net pension liability as a percentage of its covered payroll	50.77%	67.60%	96.52%	60.92%	33.07%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%

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



**TOWN OF WINDHAM, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town Contributions**  
**Maine Public Employees Retirement System Consolidated Plan**

	Last 10 Fiscal Years*					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	293,732	247,799	176,664	162,710	157,620	140,823
Contributions in relation to the contractually required contribution	<u>(293,732)</u>	<u>(247,799)</u>	<u>(176,664)</u>	<u>(162,710)</u>	<u>(157,620)</u>	<u>(140,823)</u>
<b><u>Contribution deficiency (excess)</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	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	12.70%	10.74%	8.46%	8.52%	7.71%	7.42%

*\*Only six years of information was available.*

**TOWN OF WINDHAM, MAINE**  
**Notes to Required Supplementary Information**

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**Net Pension Liability**

**Changes of Benefit Terms - None**

**Changes of Assumptions** - The PLD Plan changed the discount rate of 7.125%, inflation rate of 3.5%, and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75%, and 1.91%, respectively in the 2016 valuation. The PLD Plan changed the salary increases in the 2015 valuation of 3.5% - 9.5% to 2.75% - 9.0% in the 2016 valuation. In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation, was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. The PLD Plan changed the discount rate of 6.875% in the 2017 valuation to 6.75% in the 2018 valuation.

The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

**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>Fiscal Year</u>	<u>Discount Rate</u>
2019	4.10%
2018	3.44%
2017	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.

## **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, 2019 and 2018**

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,902,788	11,190,527
Receivables:		
Accounts, net of allowance of \$50,862 and \$52,292, respectively	442,128	573,091
Taxes - current year	729,387	726,120
Taxes - prior years	104,934	348,371
Tax liens - prior years	708,294	662,172
Notes	413,710	406,600
Interfund loans receivable	-	250,569
Inventory and prepaids	33,205	83,385
Receivable - RSU #14 debt service payments	9,395,000	11,030,000
<b>Total assets</b>	<b>\$ 25,729,446</b>	<b>25,270,835</b>
<b>LIABILITIES</b>		
Accounts payable	825,734	782,746
Accrued wages	473,796	461,380
Other liabilities	36,871	161,287
Interfund loans payable	1,031,028	-
Taxes paid in advance	-	142,626
Unearned income - impact fees	513,952	445,684
Inspection deposits	606,107	320,058
<b>Total liabilities</b>	<b>3,487,488</b>	<b>2,313,781</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	1,210,000	1,400,000
Unavailable revenue - RSU #14 debt service payments	9,395,000	11,030,000
<b>Total deferred inflows of resources</b>	<b>10,605,000</b>	<b>12,430,000</b>
<b>FUND BALANCE</b>		
Nonspendable	446,915	489,985
Assigned	3,496,406	1,592,241
Unassigned	7,693,637	8,444,828
<b>Total fund balance</b>	<b>11,636,958</b>	<b>10,527,054</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 25,729,446</b>	<b>25,270,835</b>

**TOWN OF WINDHAM, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2019**  
**with comparative actual amounts for the year ended June 30, 2018**

	2018 carryforward	2019		Variance positive (negative)	2018 Actual	
		Budget	Total available			Actual
<b>Revenues:</b>						
<b>Taxes:</b>						
Property taxes	\$ -	31,799,310	31,799,310	31,755,401	(43,909)	29,963,618
Excise taxes	-	3,725,000	3,725,000	4,021,074	296,074	3,850,785
Supplemental taxes and lien fees	-	15,000	15,000	34,449	19,449	77,014
<b>Total taxes</b>	<b>-</b>	<b>35,539,310</b>	<b>35,539,310</b>	<b>35,810,924</b>	<b>271,614</b>	<b>33,891,417</b>
<b>Licenses and permits:</b>						
Town Clerk fees	-	45,000	45,000	37,634	(7,366)	35,919
Building permits	-	150,000	150,000	159,208	9,208	148,930
Plumbing fees	-	50,000	50,000	53,010	3,010	48,455
Planning fees	-	66,500	66,500	84,376	17,876	56,104
License and other fees	-	52,033	52,033	71,680	19,647	63,429
Recreation impact fees	-	75,000	75,000	33,577	(41,423)	-
Motor vehicle registration fees	-	50,000	50,000	57,437	7,437	54,182
<b>Total licenses and permits</b>	<b>-</b>	<b>488,533</b>	<b>488,533</b>	<b>496,922</b>	<b>8,389</b>	<b>407,019</b>
<b>Intergovernmental:</b>						
State Revenue Sharing	-	677,412	677,412	846,478	169,066	742,104
State highway block grant	-	252,604	252,604	251,152	(1,452)	253,006
Homestead and BETE exemptions	-	985,750	985,750	985,750	-	953,913
General assistance reimbursement	-	14,700	14,700	40,266	25,566	42,464
State Tree Growth	-	20,000	20,000	20,066	66	20,909
<b>Total intergovernmental</b>	<b>-</b>	<b>1,950,466</b>	<b>1,950,466</b>	<b>2,143,712</b>	<b>193,246</b>	<b>2,012,396</b>
<b>Charges for services:</b>						
Solid waste disposal fees	-	550,000	550,000	634,461	84,461	365,445
Rescue reimbursement	-	705,000	705,000	636,708	(68,292)	640,819
RSU service payment/shared services	-	120,000	120,000	91,057	(28,943)	45,000
Library fines and fees	-	7,500	7,500	8,800	1,300	7,394
False alarm fees/police fines and fees	-	4,000	4,000	9,215	5,215	7,398
Park fees	-	49,000	49,000	59,738	10,738	45,858
<b>Total charges for services</b>	<b>-</b>	<b>1,435,500</b>	<b>1,435,500</b>	<b>1,439,979</b>	<b>4,479</b>	<b>1,111,914</b>

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

	2018 carryforward	2019		Actual	Variance positive (negative)	2018 Actual
		Budget	Total available			
Revenues, continued:						
Interest earned:						
Interest on delinquent taxes	\$ -	100,000	100,000	97,370	(2,630)	93,689
Interest earned on investments	-	135,000	135,000	270,525	135,525	196,941
Total interest earned	-	235,000	235,000	367,895	132,895	290,630
Other revenues:						
Cable television franchise	-	140,000	140,000	224,951	84,951	212,861
Fee in lieu of taxes	-	29,247	29,247	7,761	(21,486)	-
Rent	-	-	-	-	-	9,416
Miscellaneous	-	130,000	130,000	116,163	(13,837)	138,123
Total other revenues	-	299,247	299,247	348,875	49,628	360,400
Total revenues	-	39,948,056	39,948,056	40,608,307	660,251	38,073,776
Expenditures:						
Current:						
General government:						
Town Council	-	192,793	192,793	200,128	(7,335)	197,903
Town management	-	576,818	576,818	496,869	79,949	511,627
Collection and registration	-	278,871	278,871	262,983	15,888	241,533
Information services	-	290,003	290,003	288,681	1,322	288,071
Boards and commissions	-	133,257	133,257	81,944	51,313	73,839
Communication and E-Government	-	61,415	61,415	52,372	9,043	47,491
Town Clerk	-	221,081	221,081	226,146	(5,065)	193,594
Insurance	-	142,500	142,500	136,118	6,382	128,769
Employee benefits	-	2,406,787	2,406,787	2,488,726	(81,939)	2,259,594
Total general government	-	4,303,525	4,303,525	4,233,967	69,558	3,942,421

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

	2018 carryforward	2019		Actual	Variance positive (negative)	2018 Actual
		Budget	Total available			
Expenditures, continued						
Current, continued:						
Public works:						
Public works administration	\$ -	243,051	243,051	233,355	9,696	196,356
Highway maintenance	-	759,354	759,354	663,554	95,800	660,251
Traffic safety	-	186,986	186,986	175,811	11,175	191,233
Snow removal	-	450,016	450,016	469,786	(19,770)	457,134
Building maintenance	-	520,661	520,661	554,809	(34,148)	559,758
Grounds maintenance	-	109,819	109,819	82,174	27,645	11,218
Vehicle maintenance	-	471,571	471,571	467,818	3,753	425,834
Waste management	-	873,033	873,033	864,372	8,661	843,525
Total public works	-	3,614,491	3,614,491	3,511,679	102,812	3,345,309
Public safety:						
Police services	-	2,169,272	2,169,272	2,088,870	80,402	2,017,459
Communications	-	405,642	405,642	403,286	2,356	391,930
Animal control	-	68,773	68,773	63,112	5,661	62,557
Vehicle maintenance	-	110,253	110,253	121,026	(10,773)	110,479
Total public safety	-	2,753,940	2,753,940	2,676,294	77,646	2,582,425
Fire/rescue services:						
Fire-rescue services	-	1,968,827	1,968,827	1,792,187	176,640	1,742,453
Water main charges	-	99,412	99,412	106,764	(7,352)	102,961
Emergency management	-	1,400	1,400	-	1,400	40
Vehicle maintenance	-	148,053	148,053	149,161	(1,108)	126,762
Total fire/rescue services	-	2,217,692	2,217,692	2,048,112	169,580	1,972,216

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

	2018 carryforward	2019		2018 Actual	Variance positive (negative)	2018 Actual
		Budget	Total available			
Expenditures, continued						
Current, continued:						
Recreation services:						
Recreation	\$ -	205,644	205,644	208,613	(2,969)	192,534
Parks and trails	-	126,959	126,959	151,698	(24,739)	137,837
Skate park	-	650	650	-	650	655
Library services	-	497,099	497,099	482,290	14,809	430,279
Total recreation services	-	830,352	830,352	842,601	(12,249)	761,305
Education	-	21,247,844	21,247,844	21,247,844	-	19,664,904
County tax	-	1,332,023	1,332,023	1,332,023	-	1,304,678
Other:						
Property and inspection:						
Code enforcement	-	281,077	281,077	292,328	(11,251)	242,911
Assessing	3,379	359,344	362,723	324,226	38,497	360,083
Geographic information systems	-	19,985	19,985	13,896	6,089	13,773
Abatements	-	154,278	154,278	45,433	108,845	31,279
Development and conservation:						
Planning services	-	400,099	400,099	251,299	148,800	303,595
Comprehensive planning	50,124	30,000	80,124	4,104	76,020	3,307
Economic development	-	198,312	198,312	198,312	-	184,490
Health and welfare:						
Social services	-	136,195	136,195	140,105	(3,910)	121,442
Social services agency funding	-	74,000	74,000	55,147	18,853	22,675
Contingency:						
Contingency	50,000	150,000	200,000	109,993	90,007	43,269
Energy and weather emergency fund	-	150,000	150,000	-	150,000	-
Total other	103,503	1,953,290	2,056,793	1,434,843	621,950	1,326,824
Debt service:						
Principal	-	233,400	233,400	233,400	-	233,400
Interest	-	239,673	239,673	222,673	17,000	80,486
Total debt service	-	473,073	473,073	456,073	17,000	313,886



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

	2019					2017 Actual
	2018 carryforward	Budget	Total available	Actual	Variance positive (negative)	
Expenditures, continued:						
Capital outlay:						
Equipment replacement	\$ 9,698	725,000	734,698	733,245	1,453	799,793
Road improvements	179,966	1,150,000	1,329,966	754,813	575,153	1,583,751
Buildings and facilities improvements (includes TIF transfers)	425,038	595,665	1,020,703	550,822	469,881	1,115,310
Land and facilities improvements	166,019	90,000	256,019	33,576	222,443	24,912
Total capital outlay	780,721	2,560,665	3,341,386	2,072,456	1,268,930	3,523,766
Total expenditures	884,224	41,286,895	42,171,119	39,855,892	2,315,227	38,737,734
Excess (deficiency) of revenues over (under) expenditures	(884,224)	(1,338,839)	(2,223,063)	752,415	2,975,478	(663,958)
Other financing sources (uses):						
Transfers from other funds	-	492,800	492,800	359,800	(133,000)	402,997
Transfers to other funds	-	-	-	-	-	(8,790)
Utilization of prior year surplus and carried forward balances	884,224	846,039	1,730,263	-	(1,730,263)	-
Total other financing sources (uses)	884,224	1,338,839	2,223,063	359,800	(1,863,263)	394,207
Net change in fund balance - budgetary basis	-	-	-	1,112,215	1,112,215	(269,751)
Reconciliation to GAAP basis:						
Change in assigned funds				(2,311)		38,598
Net change in fund balance - GAAP basis				1,109,904		(231,153)
Fund balance, beginning of year				10,527,054		10,758,207
<b>Fund balance, end of year</b>	<b>\$</b>			<b>11,636,958</b>		<b>10,527,054</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF WINDHAM**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	239,276	239,276
Accounts receivable	31,843	-	31,843
Interfund loans receivable	437,865	-	437,865
<b>Total assets</b>	<b>\$ 469,708</b>	<b>239,276</b>	<b>708,984</b>
<b>LIABILITIES</b>			
Accounts payable	34,067	400	34,467
Interfund loans payable	175,590	3,400	178,990
<b>Total liabilities</b>	<b>209,657</b>	<b>3,800</b>	<b>213,457</b>
<b>FUND BALANCES</b>			
Nonspendable	-	41,874	41,874
Restricted	136,729	-	136,729
Committed	270,417	219,109	489,526
Unassigned	(147,095)	(25,507)	(172,602)
<b>Total fund balances (deficit)</b>	<b>260,051</b>	<b>235,476</b>	<b>495,527</b>
<b>Total liabilities and fund balances</b>	<b>\$ 469,708</b>	<b>239,276</b>	<b>708,984</b>

**TOWN OF WINDHAM, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 57,242	-	57,242
Charges for services	668,800	-	668,800
Interest revenue	-	1,575	1,575
Other revenue	9,571	6,050	15,621
Total revenues	735,613	7,625	743,238
Expenditures:			
Current:			
General government	138,561	-	138,561
Public safety	18,397	-	18,397
Public works	333,604	-	333,604
Recreation services	260,743	-	260,743
Other	-	-	-
Capital outlay	124,963	-	124,963
Total expenditures	876,268	-	876,268
Excess (deficiency) of revenues over (under) expenditures	(140,655)	7,625	(133,030)
Other financing sources (uses):			
Transfer from other funds	451,120	-	451,120
Transfer to other funds	(357,000)	(2,800)	(359,800)
Total other financing sources (uses)	94,120	(2,800)	91,320
Net change in fund balances	(46,535)	4,825	(41,710)
Fund balances, beginning of year	306,586	230,651	537,237
<b>Fund balances, end of year</b>	<b>\$ 260,051</b>	<b>235,476</b>	<b>495,527</b>

## **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, 2019**

	Little Falls Sewer Operations	Recreation Program	Be The Influence Grant	JAG Grant	CDBG Grant	Skate Park Grant	Misc. Small Grants	Pipeline Development T.I.F.	Marblehead Manor T.I.F.	Roosevelt Promenade T.I.F.	Gateway North T.I.F.	Total
<b>ASSETS</b>												
Accounts receivable	\$ 31,843	-	-	-	-	-	-	-	-	-	-	31,843
Interfund loans receivable	-	284,522	-	-	-	-	7,680	6,672	9,913	-	129,078	437,865
<b>Total assets</b>	<b>\$ 31,843</b>	<b>284,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,680</b>	<b>6,672</b>	<b>9,913</b>	<b>-</b>	<b>129,078</b>	<b>469,708</b>
<b>LIABILITIES</b>												
Accounts payable	-	14,105	3,348	-	-	-	158	6,543	9,913	-	-	34,067
Interfund loans payable	45,905	-	71,612	17,685	-	40,388	-	-	-	-	-	175,590
<b>Total liabilities</b>	<b>45,905</b>	<b>14,105</b>	<b>74,960</b>	<b>17,685</b>	<b>-</b>	<b>40,388</b>	<b>158</b>	<b>6,543</b>	<b>9,913</b>	<b>-</b>	<b>-</b>	<b>209,657</b>
<b>FUND BALANCES (DEFICITS)</b>												
Restricted	-	-	-	-	-	-	7,522	129	-	-	129,078	136,729
Committed	-	270,417	-	-	-	-	-	-	-	-	-	270,417
Unassigned	(14,062)	-	(74,960)	(17,685)	-	(40,388)	-	-	-	-	-	(147,095)
<b>Total fund balances (deficit)</b>	<b>(14,062)</b>	<b>270,417</b>	<b>(74,960)</b>	<b>(17,685)</b>	<b>-</b>	<b>(40,388)</b>	<b>7,522</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>129,078</b>	<b>260,051</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,843</b>	<b>284,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,680</b>	<b>6,672</b>	<b>9,913</b>	<b>-</b>	<b>129,078</b>	<b>469,708</b>

**TOWN OF WINDHAM, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

	Little Falls Sewer Operations	Recreation Program	Be The Influence Grant	JAG Grant	CDBG Grant	Skate Park Grant	Misc. Small Grants	Pipeline Development T.I.F.	Marblehead Manor T.I.F.	Roosevelt Promenade T.I.F.	Gateway North T.I.F.	Total
<b>Revenues:</b>												
Intergovernmental revenues	\$ -	-	55,880	712	650	-	-	-	-	-	-	57,242
Charges for services	356,128	312,672	-	-	-	-	-	-	-	-	-	668,800
Other revenues	-	-	-	-	-	1,891	7,680	-	-	-	-	9,571
<b>Total revenues</b>	<b>356,128</b>	<b>312,672</b>	<b>55,880</b>	<b>712</b>	<b>650</b>	<b>1,891</b>	<b>7,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735,613</b>
<b>Expenditures:</b>												
<b>Current:</b>												
General government	-	-	127,840	-	650	-	158	-	9,913	-	-	138,561
Public safety	-	-	-	18,397	-	-	-	-	-	-	-	18,397
Public works	333,604	-	-	-	-	-	-	-	-	-	-	333,604
Recreation services	-	231,559	-	-	-	29,184	-	-	-	-	-	260,743
Capital expenditures	-	-	-	-	-	-	-	124,963	-	-	-	124,963
<b>Total expenditures</b>	<b>333,604</b>	<b>231,559</b>	<b>127,840</b>	<b>18,397</b>	<b>650</b>	<b>29,184</b>	<b>158</b>	<b>124,963</b>	<b>9,913</b>	<b>-</b>	<b>-</b>	<b>876,268</b>
Excess (deficiency) of revenues over (under) expenditures	22,524	81,113	(71,960)	(17,685)	-	(27,293)	7,522	(124,963)	(9,913)	-	-	(140,655)
<b>Other financing sources (uses):</b>												
Transfer from other funds	-	-	-	-	-	-	-	154,481	9,913	210,000	76,726	451,120
Transfer to other funds	-	-	-	-	-	-	-	(47,000)	-	(210,000)	(100,000)	(357,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,481</b>	<b>9,913</b>	<b>-</b>	<b>(23,274)</b>	<b>94,120</b>
<b>Net change in fund balances</b>	<b>22,524</b>	<b>81,113</b>	<b>(71,960)</b>	<b>(17,685)</b>	<b>-</b>	<b>(27,293)</b>	<b>7,522</b>	<b>(17,482)</b>	<b>-</b>	<b>-</b>	<b>(23,274)</b>	<b>(46,535)</b>
Fund balances (deficits), beginning of year	(36,586)	189,304	(3,000)	-	-	(13,095)	-	17,611	-	-	152,352	306,586
<b>Fund balances (deficits), end of year</b>	<b>\$ (14,062)</b>	<b>270,417</b>	<b>(74,960)</b>	<b>(17,685)</b>	<b>-</b>	<b>(40,388)</b>	<b>7,522</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>129,078</b>	<b>260,051</b>

## **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, 2019**

		Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$	216,813	15,567	6,896	239,276
<b>Total assets</b>	<b>\$</b>	<b>216,813</b>	<b>15,567</b>	<b>6,896</b>	<b>239,276</b>
<b>LIABILITIES</b>					
Accounts payable		400	-	-	400
Interfund loans payable		3,400	-	-	3,400
Total liabilities		3,800	-	-	3,800
<b>FUND BALANCES</b>					
Nonspendable		-	41,074	800	41,874
Committed		213,013	-	6,096	219,109
Unassigned		-	(25,507)	-	(25,507)
Total fund balances		213,013	15,567	6,896	235,476
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>216,813</b>	<b>15,567</b>	<b>6,896</b>	<b>239,276</b>

**TOWN OF WINDHAM, MAINE**  
**Permanent Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

	Cemetery Acquisition Fund	Perpetual Care Trust Funds	Library Trust Fund	Total
Revenues:				
Interest and dividends	\$ 1,405	124	46	1,575
Lot sales	6,050	-	-	6,050
Total revenues	7,455	124	46	7,625
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	7,455	(2,676)	46	4,825
Fund balances, beginning of year	205,558	18,243	6,850	230,651
<b>Fund balances, end of year</b>	<b>\$ 213,013</b>	<b>15,567</b>	<b>6,896</b>	<b>235,476</b>