

TOWN OF WINSLOW, MAINE

**AUDIT IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND THE UNIFORM GUIDANCE**

June 30, 2022

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Independent Auditor's Report on Internal Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

To the Town Council
Town of Winslow, Maine
Winslow, Maine

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winslow, Maine (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

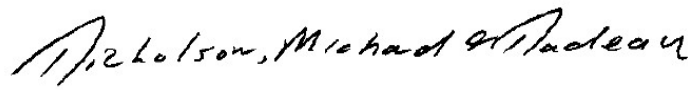
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Michael A. Maclean". The signature is written in a cursive, flowing style.

Waterville, Maine
March 30, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program; Internal Control Over Compliance; and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Town Council
Town of Winslow, Maine
Winslow, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Winslow, Maine's (the Town) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Winslow, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide legal determination of the Town's compliance with requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grants agreement applicable to the Town's major federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.


Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winslow, Maine (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated March 30, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "Michael A. Maclean".

Waterville, Maine

March 30, 2023

Town of Winslow, Maine

Schedule of expenditures of federal awards

For the year ended June 30, 2022

Federal agency/ listing number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor number	Program expenditures	Listing/ Cluster total	Pass-through to sub- recipients
Department of agriculture							
10.553	School breakfast program	Child nutrition	ME Dept of Education	3014	175,343		-
10.555	National school lunch program	Child nutrition	ME Dept of Education	3022/3024	494,867		-
10.555	National school lunch program - donated commodities	Child nutrition	ME Dept of Education	n/a	127,334		-
10.555	Special milk program for children	Child nutrition	ME Dept of Education	3022	2,154		-
10.559	Summer food service program for children	Child nutrition	ME Dept of Education	3016	72,062		-
10.582	Fresh fruit and vegetable program	Child nutrition	ME Dept of Education	3028	31,552	903,312	-
10.561	Supplemental nutrition assistance program		ME Dept of Education	6670	23,390		-
10.649	Pandemic EBT administration costs		ME Dept of Education	6184	1,842		-
10.760	Water and waste disposal systems for rural communities		Rural Development	n/a	798,802		-
	Total department of agriculture				1,727,346		
Department of housing and urban development							
14.228	Community development block grant		ME Emergency Mgmt Agency	DR 4522	2,115		-
Department of justice							
16.031	Coronavirus Emergency Supplemental Funding		Town of Winthrop	n/a	7,500		-
Department of transportation							
20.616	National priority safety programs	Highway safety	ME Bureau of Highway Safety	TRC21-053	2,400	2,400	-
Department of treasury							
21.027	Coronavirus state and local fiscal recovery funds		Direct	n/a	96,820		-
Environmental protection agency							
66.582	Capitalization grants for clean water state revolving		ME Municipal Bond Bank	C230085-02	3,831		-
Department of education							
84.010	Title I grants to local educational agencies		ME Dept of Education	3107	355,368		-
84.027	Special education grants to states	Special education	ME Dept of Education	3046	368,018		-
84.027X	Special education grants to states - ARP	Special education	ME Dept of Education	7170	68,497		-
84.173	Special education preschool grants	Special education	ME Dept of Education	6247	2,363		-
84.173X	Special education preschool grants - ARP	Special education	ME Dept of Education	7171	7,976	446,854	-
84.358	Rural education		ME Dept of Education	3305	17,621		-
84.367	Supporting effective instruction state grants		ME Dept of Education	3042	7,933		-
84.425D	Elementary and secondary school emergency relief 1		ME Dept of Education	7006	195,076		-
84.425D	Elementary and secondary school emergency relief 2		ME Dept of Education	7041	524,422		-
84.425U	Elementary and secondary school emergency relief 3		ME Dept of Education	7071	87,394		-
	Total department of education				1,634,668		
Northern border regional commission							
90.601	Norther border regional commission		Direct	NBRC17GME04	21,703		-
Department of homeland security							
97.036	Disaster grants - public assistance		ME Emergency Mgmt Agency	4522DRMEP00002661	14,400		-
	Total expenditures of federal awards				3,510,783		

Town of Winslow, Maine

NOTES to SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Winslow, Maine (the Town) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As a result, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Therefore, it is not intended to and does not present the financial position of governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards was prepared using the accrual method of accounting. Expenses are recognized as incurred using the cost accounting principles contained in the Uniform Guidance. Under those cost principles, certain types of expenses are not allowable or are limited as to reimbursement.

Expenditures include costs that can be directly identified to the program. During the year ended June 30, 2022, the Town did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance and did not allocate indirect costs to its programs.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – NONCASH ASSISTANCE – CHILD NUTRITION CLUSTER

The reported total of noncash assistance from the National School Lunch Program – donated commodities (CFDA 10.555) and the Fresh Fruit and Vegetable Program (10.582) represents the fair value of food commodities used.

Town of Winslow, Maine

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**
Internal control over financial reporting:
 Material weakness(es) identified? **No**
 Significant deficiency(ies) identified? **None reported**

Noncompliance material to financial statements
 noted? **No**

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? **No**
 Significant deficiency(ies) identified? **No**

Type of auditor's report issued on compliance
 for major programs: **Unmodified**

Any audit findings disclosed that are required
 To be reported in accordance with Section
 200.516(a) of the Uniform Guidance? **No**

Identification of Major Programs

Education Stabilization Funding – Assistance Listing #84.425D and #84.425U
Child Nutrition Cluster:
 National School Lunch Program – Assistance Listing #10.555
 Summer Food Service Program for Children – Assistance Listing #10.559
 Fresh Fruit and Vegetable Program – Assistance Listing #10.582

Dollar threshold used to distinguish between
 type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee? **Yes**

Town of Winslow, Maine

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

June 30, 2022

Section II Financial Statement Findings

No matters noted

Town of Winslow, Maine

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

June 30, 2022

Section III Federal Award Findings and Questioned Costs

No matters noted

Town of Winslow, Maine

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

June 30, 2022

Section IV Status of Prior Year Findings and Questioned Costs for Federal Awards and Government Auditing Standards

Government Auditing Standards –

2021-001 – Preparation of Financial Statements

Criteria: Client personnel designated as having responsibility over the financial reporting process would need to have the knowledge of all the various financial statement disclosure requirements in addition to an understanding of fund financial statements and government-wide financial statements.

Statement of Condition: Auditing standards require external auditors to determine whether or not client personnel designated as having responsibility over the financial reporting process possess the expertise to identify all financial reporting matters in compliance with generally accepted accounting principles without the reliance on external auditors.

Cause: The Town does not employ an individual that possesses the expertise to prepare a complete set of financial statements that are in accordance with generally accepted accounting principles.

Effect: The Town is considered to have a control deficiency in the design of internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles, and as a result, we are required to report this as such in this letter.

Recommendation: From a practical standpoint, the costs of maintaining the expertise in-house to meet these requirements often exceed the benefit. As a result, it is common practice for governmental entities to rely on assistance from their auditing firm to assist in the preparation of the financial statements and the related disclosures. When the auditing firm prepares the financial statements, the Town must assign a competent management level individual to oversee this service. Additionally, management must review, approve, and accept responsibility for the financial statements and related notes.

Status: Corrected



TOWN OF WINSLOW, MAINE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED, JUNE 30, 2022

Town of Winslow, Maine

Annual financial report

For the fiscal year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Winslow, Maine
Winslow, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winslow, Maine (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winslow, Maine as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund and School Department Operations Fund thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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 (GAAP); and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the schedule of Town's proportionate share of the net pension liability on page 50, the schedule of Town's pension contributions on page 50, the schedule of Town's proportionate share of the net OPEB liability on page 51, the schedule of Town's OPEB contributions on page 51, the schedule of changes in in the Town's total OPEB liability and related ratios on page 52, and the notes to required supplementary information on page 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

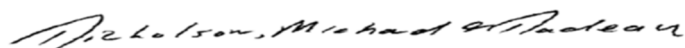
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winslow, Maine's basic financial statements. The accompanying schedules on pages 54 through 64 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, March 30, 2023, on our consideration of the Town of Winslow, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Winslow, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Winslow, Maine's internal control over financial reporting and compliance.



Waterville, Maine
March 30, 2023

Town of Winslow, Maine

Management's Discussion and Analysis

As management of the Town of Winslow, 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, 2022.

Financial highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,356,186 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$2,364,529.
- The Town's total net position increased \$2,040,499 due to revenues and debt issuances exceeding expenditures in the governmental fund by \$931,275. There are certain adjustments to this figure when reporting the change in net position. The largest of those during the year were the purchase of capital assets and depreciation expense. The Town made capital additions of \$3,151,654 during the year, these costs are expensed over the life of the capital assets as depreciation. Depreciation expense totaled \$2,163,313.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$9,355,779, an increase of \$931,275 in comparison with the prior year. Of this amount, \$4,500,901, or 48%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$5,067,290, or approximately 26% of total general fund expenditures and transfers.

Overview of the financial statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, recreation, social services, and education. The Town does not have any business-type activities.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the school department, and the capital improvements fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 16-20 of this report.

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

The Town maintains two different types of fiduciary funds. The *private-purpose trust fund* is used to report resources held in trust for scholarships and other programs for students. The *custodial funds* report resources, not in a trust, that are held for the Winslow Public Library.

The fiduciary fund financial statements can be found on pages 21-22 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 50-53.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 54-64 of this report.

Government-wide overall financial analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,356,186, at the close of the most recent fiscal year.

Governmental activities			
	2022	2021	Change
Assets			
Current and other assets	\$ 12,551,610	11,872,509	679,101
Capital assets	42,135,016	41,146,675	988,341
Total assets	54,686,626	53,019,184	1,667,442
Total deferred outflows of resources	1,515,688	1,080,212	435,476
Liabilities			
Long-term liabilities	18,296,932	19,433,331	(1,136,399)
Other liabilities	2,758,259	3,210,155	(451,896)
Total liabilities	21,055,191	22,643,486	(1,588,295)
Total deferred inflows of resources	1,790,937	140,223	1,650,714
Net position			
Net investment in capital assets	28,293,991	28,088,845	205,146
Restricted	2,697,666	1,104,964	1,592,702
Unrestricted	2,364,529	2,121,878	242,651
Total net position	\$ 33,356,186	31,315,687	2,040,499

Current and other assets increased by \$679 thousand from the prior year. Most of this increase can be attributed to increases in cash and cash equivalents. That increase coincides with the increase in fund balance of the governmental funds.

Other liabilities in governmental activities decreased \$452 thousand from the previous year due to decreases in short-term bond anticipation notes and accounts payable. This was partially offset by an increase in unearned revenues related to the unspent portion of funds from the American Rescue Plan.

Long-term liabilities, which consist of bonds, notes, leases, compensated absences and postemployment benefit obligations, decreased by \$1.1 million from the previous year. The Town issued a \$1.55 million note with Rural Development and a lease for copier equipment. Regularly schedule principal payments on bonds, notes, and leases totaled over \$1.5 million. The net pension liability decreased over \$1.3 million from the prior year.

By far, the largest portion of the Town's net position, \$28,293,991, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,697,666 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of \$2,364,529.

The Town's overall net position increased \$2,040,499 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections.

Governmental activities			
	2022	2021	Change
Revenues			
Program revenues			
Charges for services	\$ 2,556,570	3,044,619	(488,049)
Operating grants and cont.	12,794,959	13,230,315	(435,356)
Capital grants and cont.	72,387	377,317	(304,930)
General revenues			
Property taxes	14,557,756	13,312,344	1,245,412
Unrestricted grants and cont.	2,528,454	1,971,871	556,583
Other	315,830	389,321	(73,491)
Total revenues	32,825,956	32,325,787	500,169
Expenses			
General government	2,319,058	2,405,216	(86,158)
Public safety	2,641,415	2,611,010	30,405
Public works	3,792,343	3,472,998	319,345
Recreation	487,096	422,212	64,884
Social services	150,120	133,996	16,124
Education	20,266,564	20,209,298	57,266
County tax	701,228	685,557	15,671
Miscellaneous	8,820	10,713	(1,893)
Interest on debt	418,813	443,527	(24,714)
Total expenses	30,785,457	30,394,527	390,930
Increase (decrease) in net position	2,040,499	1,931,260	109,239
Net position - beginning	31,315,687	29,384,427	
Net position - ending	\$ 33,356,186	31,315,687	

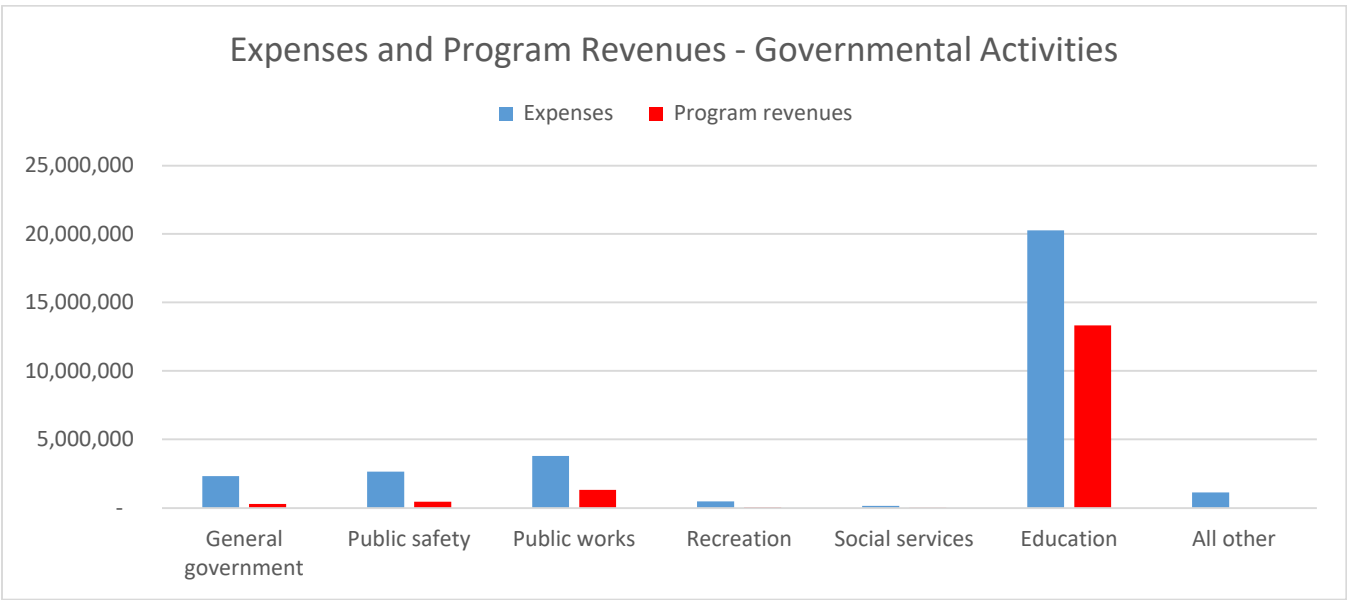
Governmental activities. During the current fiscal year, net position increased \$2,040,499 from the prior fiscal year for an ending balance of \$33,356,186. The increase in the overall net position is primarily due to revenues exceeding expenditures in the governmental funds, combined with the capitalization of assets purchased exceeding depreciation expense.

Revenues in total increased \$500 thousand from the prior year. Property taxes increased over \$1.2 million due to an increase in the mil rate and property valuations. The \$556 thousand increase in unrestricted grants and contributions can be attributed to increase in State revenue sharing the Town received during the fiscal year. These increases were offset in decreases in all three categories of program revenues. The decrease in charges for services is due to the Town selling the remaining portion of the Crowe Rope

building and no longer collecting rental payments for the property. The School Department had planned decreases in shared service revenue during the fiscal year which also affected charges for services. Operating grants saw a \$435 thousand decrease, which was mostly attributable to a decrease in COVID related funding at the School Department. Capital grants decreased from the prior year as the Town received capital funding for a turning lane during the year ended June 30, 2021.

Expenses grew slightly during the current year, increasing from \$30.4 million in the prior year to \$30.8 million in the current year. The most significant increase was in public works, which had increases to salaries and benefits due to entering into a new labor agreement during the year. Also, the price of fuel and materials for road repair increased sharply from the prior fiscal year. Recreational saw an increase in expenses due to recreational activities being shut down for a large portion of the 2021 fiscal year. General government saw an \$86 thousand decrease in expenses from the prior year. Most of this is attributed to the decrease in the net pension liability.

As shown in the chart below, revenues generated by the Town’s programs are not sufficient to cover the costs. The Town relies on property taxes, State subsidies, investment income, and other general revenues to cover the costs associated with the various programs.



Financial analysis of governmental funds

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

Governmental Funds. The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town’s Council.

At June 30, 2022, the Town's governmental funds reported combined fund balances of \$9,355,779, an increase of \$931,275 in comparison with the prior year. Of this amount, \$4,500,901, or 48%, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is (1) not in spendable form, \$227,877; (2) not spendable because it is legally required to be maintained intact, \$3,379; (3) restricted for particular purposes, \$2,512,951; (4) committed for particular purposes, \$1,546,144; or (5) assigned for particular purposes, \$564,527.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the general fund was \$5,113,831, a decrease of \$218,376. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers. Unassigned fund balance of \$4,500,901 represents 23.1% of total general fund expenditures and transfers, while total fund balance represents 26.3% of that same amount.

The school department, a major fund, had an increase in fund balance of \$690,872 to end the year at \$973,933. Although the entirety of the fund balance is classified as nonspendable (\$162,341) and restricted for education (\$811,592), the school department considers \$300,000 for use of fund balance for the 2022-2023 fiscal year budget. The remaining balance is considered unassigned and totals \$511,592, which represents 2.85% of total school department expenditures and transfers. The school department budgeted for a decrease of \$160,000 (use of fund balance) for the year ended June 30, 2022. Revenues exceeded budgeted figures by \$578,168, with the largest positive variances being State subsidy and tuition and fees. Expenditures came in under budget by \$243,443.

The capital improvements fund, a major fund, saw an increase in fund balance of \$308,041, ending the fiscal year with a balance of \$1,393,776. The Town transferred nearly \$2 million to the fund and issued a note for \$1.5 million during the year. The capital improvements fund incurred nearly \$3.3 million in expenditures, most of which were related to road and sewer repair projects. These projects include Benton Avenue paving, outer Benton Avenue sewer upgrades, Chaffee Brook pump station, Lee Street and Sunset Heights sewer improvements, and paving South Reynolds Road. Other projects expended in the fund include improvements to the Town Hall parking lot, the addition of heat pumps to Town Hall, a revaluation of property for assessing, a police vehicle, ambulance cots, and public works vehicles.

General fund budgetary highlights

Original budget compared to final budget. During the year, the Town Council amended the budget to increase transfers to the capital improvements fund by \$1,112,500. This increase was funded by an increase in the State revenue sharing budget of \$282,000, an increase in the sale of property revenue budget of \$215,500, the utilization of \$400,000 of sewer fund balance (assignment in the general fund) and the utilization of \$215,000 of unassigned fund balance. The Town was notified of an increase in State revenue sharing after the budget process was completed. The Town also sold the remainder of the Crowe Rope building during the fiscal year, which provided the funds to increase the sale of property budget.

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

Revenue source	Estimated revenues	Actual revenues	Difference
Real estate and personal property \$	12,838,108	12,650,239	(187,869)
Excise taxes	1,578,300	1,683,536	105,236
Ambulance fees	200,000	365,555	165,555
State subsidy - education	7,989,872	8,372,239	382,367
Tuition and fees	427,097	579,905	152,808

Real estate and personal property taxes came in under budget due to revenue recognition rules regarding deferred property taxes. The Town cannot recognize property tax revenue if it is not collected within 60 days of year end. The outstanding balance of real estate and personal property taxes on August 31 (60 days after year end) increased \$189,000 from the prior year. This increase can be attributed to two taxpayers with large outstanding balances. Excise taxes had higher than anticipated collections. The Town budgeted conservatively due to the economy and the effects COVID had on supply chains reducing the number of vehicles available for purchase. Ambulance fees exceeded budget due to limited data to project the amount of revenues as ambulance service began in during the 2021 fiscal year. State subsidy estimates were significantly increased at the state level after the budgeting process was complete. Tuition revenues exceeded budgeted amounts as the number of tuition students exceeded initial projections.

Expenditures	Estimated expenditures	Actual expenditures	Difference
Police \$	912,495	957,641	(45,146)
Ambulance	376,468	450,644	(74,176)
Fire	614,084	666,355	(52,271)
Public works	992,111	1,033,398	(41,287)
Special education	3,036,071	2,825,624	210,447

New labor contracts increased wages for public safety and public works employees effective July 1, 2021 (ambulance, fire, and public works) and January 1, 2022 (police). These budgets were also negatively impacted by increases in the price of fuel, utilities, and road maintenance materials. Special education had savings in salaries and benefits due to unfilled positions. There were also fewer out of district placement students than originally anticipated.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets as of June 30, 2022, amounts to \$42,135,016 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads, and sewer lines. The total increase in capital assets for the current fiscal year was 2.4%.

		Capital assets, net	
		2022	2021
Land	\$	453,606	453,606
Books and collections		811,782	811,782
Construction in progress		1,752,179	1,951,986
Buildings and improvements		19,918,643	20,462,250
Machinery and equipment		2,339,816	2,267,544
Vehicles		2,569,433	2,844,440
Infrastructure		14,289,557	12,355,067
	\$	<u>42,135,016</u>	<u>41,146,675</u>

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

- Various projects related to streets, sewer and storm water drains, and pump station upgrades at a cost of \$2,515,533.
- Upgrades to the Town Hall parking lot got underway during the year at a cost of \$103,733 through year end.
- Heat pumps were added to Town Hall at a total cost of \$53,720.
- Public works purchased a garage lift with jack stands, a sidewalk plow with snow blower, and two Viking model 13 foot dump bodies for a total of \$259,425.
- The fire department added new ambulance costs at a total cost of \$23,484.
- A new Ford Explorer for the police department was purchased for \$39,846.
- Work has begun on a new wing at the elementary school with costs totaling \$107,626 through the end of the fiscal year.

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

Long-term Debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$10,301,600. The remainder of the Town's long-term obligations is comprised of notes and leases payable.

		Outstanding debt	
		2022	2021
Bonds payable	\$	10,301,600	11,442,400
Bond anticipation notes		-	524,255
Notes payable		3,130,241	1,950,398
Leases payable		43,576	-
	\$	<u>13,475,417</u>	<u>13,917,053</u>

The Town's total debt decreased by \$441,636 (3.2%) during the current fiscal year. During the current year the Town issued a note through the United States Department of Agriculture for sewer and storm water improvements on Benton Avenue for \$1,551,132. This project was funded with a bond anticipation note in the prior year. The Town also issued a lease for copier equipment for \$45,588. The new issuances were offset by the regularly scheduled principal reductions on the existing outstanding debt.

The Town maintained "Aa3" rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of the average full valuation of taxable property within the jurisdiction. The current debt limitation for the Town is \$106 million, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Notes III.F through III.I of this report.

Economic factors and next year's budgets and rates

The following economic factors currently affect the Town and were considered in developing the 2022-2023 fiscal year budget.

- The FY23 budget was prepared with the goal of addressing the fund balance to increase it to the level where the Town's bond rating will again be Aa3. This is increasingly challenging given the significant aging infrastructure in the Town, rising wages, materials, and utility costs. The overarching goal is to continue to deliver all the services that the residents are accustomed to while protecting the Town's long-term financial stability and keeping taxes as low as possible. Town leadership is acutely aware that taxes were held steady for too many years while budgets were supported by use of fund balance, and that this practice can no longer continue.
- The mil rate increased 1 mil from the FY22 rate of \$20.20 to \$21.20.
- Wages were a major focus of the FY23 budget. The Town conducted a comprehensive salary study encompassing all employees and adjusted salaries to market rate. The Fire and EMS Department was also evaluated for proper staffing levels which resulted in the addition of a Deputy Chief/EMS Supervisor and three new Firefighter/EMTs. Together these changes account for the bulk of the FY23 increase. Road and sewer infrastructure, as well as facility and equipment needs were high priority items as well. ARPA funding and unanticipated FY22 revenues allowed the Town to address some of these capital items without further burdening the taxpayers.
- Inflation pressures have had a significant impact on the FY23 budget. The most startling increase is in fuel oil and gasoline, but we are also seeing construction contracts significantly increase as that sector struggles with increased costs of their own, driven by low unemployment, labor competition, and the same commodity increases as the Town. The Town has two major sewer and stormwater infrastructure projects that should be started in FY23: Chaffee Brook Pump Station and Sunset Heights Sewer and Stormwater. The projected costs of these projects rose \$2 million and \$6 million respectively over the estimates that were provided in FY22. While the Town continues to seek grant funding to help offset these costs, the increases will place additional burden on the Town's debt service going forward.

At the end of the current fiscal year, the fund balance in the general fund was \$5,113,831, of which \$135,604 is assigned for sewer. The School Department had a total fund balance of \$973,933, of which \$300,000 has been appropriated for spending in the 2022-2023 fiscal year budget. These actions were taken as additional measures to lessen the burden to local taxpayers.

Requests for information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, 114 Benton Avenue, Winslow, Maine 04901.

Town of Winslow, Maine

Statement of net position

June 30, 2022

	Governmental activities
Assets	
Cash and cash equivalents	\$ 10,313,070
Investments	4,901
Taxes receivable	980,862
Accounts receivable, net	432,810
Intergovernmental receivables	592,090
Prepaid items	175,532
Inventory	52,345
Capital assets, not being depreciated	3,017,567
Capital assets, net of accumulated depreciation	39,117,449
Total assets	<u>54,686,626</u>
Deferred outflows of resources	
Pension related	1,262,632
OPEB related	253,056
Total deferred outflows of resources	<u>1,515,688</u>
Liabilities	
Accounts payable	389,446
Accrued wages and benefits	1,531,577
Unearned revenue	726,808
Accrued interest	110,428
Noncurrent liabilities:	
Due within one year	1,740,425
Due in more than one year	16,556,507
Total liabilities	<u>21,055,191</u>
Deferred inflows of resources	
Pension related	1,551,545
OPEB related	239,392
Total deferred inflows of resources	<u>1,790,937</u>
Net position	
Net investment in capital assets	28,293,991
Restricted	2,697,666
Unrestricted	2,364,529
Total net position	<u>\$ 33,356,186</u>

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

Town of Winslow, Maine

Statement of activities

For the year ended June 30, 2022

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position Governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,319,133	183,308	96,820	17,308	(2,021,697)
Public safety	2,641,415	367,359	60,799	20,539	(2,192,718)
Public works	3,792,343	1,126,709	161,847	34,540	(2,469,247)
Recreation	487,096	23,278	12,579	-	(451,239)
Social services	150,120	-	78	-	(150,042)
Education	20,266,489	855,916	12,462,836	-	(6,947,737)
County tax	701,228	-	-	-	(701,228)
Miscellaneous	8,820	-	-	-	(8,820)
Interest on debt	418,813	-	-	-	(418,813)
Total governmental activities	30,785,457	2,556,570	12,794,959	72,387	(15,361,541)
General revenues:					
Property taxes					14,557,756
Grants and contributions not restricted to specific programs					2,528,454
Unrestricted investment earnings					12,579
Sale of property					256,312
Miscellaneous					46,939
Total general revenues					17,402,040
Change in net position					2,040,499
Net position - beginning					31,315,687
Net position - ending					\$ 33,356,186

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

Town of Winslow, Maine

Balance sheet

Governmental funds

June 30, 2022

	General	School department	Capital improvements	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,914,120	3,248,444	-	150,506	10,313,070
Investments	-	-	-	4,901	4,901
Taxes receivable	980,862	-	-	-	980,862
Accounts receivable, net	424,497	8,313	-	-	432,810
Intergovernmental receivables	254,430	-	-	337,660	592,090
Due from other funds	-	-	1,551,165	2,079,139	3,630,304
Prepaid items	13,191	162,341	-	-	175,532
Inventory	33,350	-	-	18,995	52,345
Total assets	\$ 8,620,450	3,419,098	1,551,165	2,591,201	16,181,914
Liabilities					
Accounts payable	195,822	-	157,389	8,266	361,477
Accrued wages and benefits	121,806	1,409,771	-	-	1,531,577
Accrued liabilities	27,969	-	-	-	27,969
Unearned revenue	18,112	-	-	708,696	726,808
Due to other funds	2,594,910	1,035,394	-	-	3,630,304
Total liabilities	2,958,619	2,445,165	157,389	716,962	6,278,135
Deferred inflows of resources					
Unavailable revenue - property taxes	548,000	-	-	-	548,000
Total deferred inflows of resources	548,000	-	-	-	548,000
Fund balances					
Nonspendable	46,541	162,341	-	22,374	231,256
Restricted	-	811,592	-	1,701,359	2,512,951
Committed	1,862	-	1,393,776	150,506	1,546,144
Assigned	564,527	-	-	-	564,527
Unassigned	4,500,901	-	-	-	4,500,901
Total fund balances	5,113,831	973,933	1,393,776	1,874,239	9,355,779
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,620,450	3,419,098	1,551,165	2,591,201	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	42,135,016
Other long-term assets that are not available to pay for current period expenditures and, therefore, are deferred in the funds.	548,000
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Bonds payable	(10,301,600)
Premium on bonds	(365,608)
Notes payable	(3,130,241)
Leases payable	(43,576)
Accrued interest on long-term debt	(110,428)
Compensated absences	(501,234)
Net pension liability with related deferred inflows and outflows	(585,330)
Total OPEB liability with related deferred inflows and outflows	(3,644,592)
Net position of governmental funds	33,356,186

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

Town of Winslow, Maine

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

For the year ended June 30, 2022

	General	School department	Capital improvements	Total Nonmajor Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 14,368,756	-	-	-	14,368,756
Intergovernmental	2,682,444	9,588,973	9,958	2,853,278	15,134,653
Licenses and permits	178,363	-	-	-	178,363
Charges for services	1,522,291	670,729	-	185,187	2,378,207
Student activity fees and fundraisers	-	-	-	121,289	121,289
Interest income (loss)	7,972	5,085	-	(478)	12,579
Miscellaneous	383,364	15,880	27,418	3,139	429,801
Total revenues	19,143,190	10,280,667	37,376	3,162,415	32,623,648
Expenditures					
Current:					
General government	2,007,443	-	206,970	327,081	2,541,494
Public safety	2,316,957	-	131,122	1,200	2,449,279
Public works	2,539,609	-	2,894,784	30,254	5,464,647
Recreation	412,109	-	30,603	-	442,712
Social services	150,879	-	-	-	150,879
Education	-	16,776,335	-	2,892,974	19,669,309
County tax	701,228	-	-	-	701,228
Miscellaneous	8,820	-	-	-	8,820
Debt service	596,191	1,097,075	10,577	-	1,703,843
Capital outlay	45,588	-	-	111,294	156,882
Total expenditures	8,778,824	17,873,410	3,274,056	3,362,803	33,289,093
Excess (deficiency) of revenues over (under) expenditures	10,364,366	(7,592,743)	(3,236,680)	(200,388)	(665,445)
Other financing sources (uses)					
Transfers in	41,015	8,343,615	1,993,589	392,141	10,770,360
Transfers out	(10,669,345)	(60,000)	-	(41,015)	(10,770,360)
Notes and leases issued	45,588	-	1,551,132	-	1,596,720
Total other financing sources (uses)	(10,582,742)	8,283,615	3,544,721	351,126	1,596,720
Net change in fund balances	(218,376)	690,872	308,041	150,738	931,275
Fund balances - beginning	5,332,207	283,061	1,085,735	1,723,501	8,424,504
Fund balances - ending	\$ 5,113,831	973,933	1,393,776	1,874,239	9,355,779

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

Town of Winslow, Maine

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2022

Net change in fund balances - total governmental funds	\$	931,275
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Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

Capital outlays	3,151,654
Depreciation expense	(2,163,313)

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

Earned but unavailable taxes	189,000
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bonds and notes issued	(1,551,132)
Leases issued	(45,588)
Principal paid on bonds and notes	1,498,781
Principal paid on leases	2,012
Amortization of bond premium	43,593
Gain on payoff of note	13,308

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

Accrued interest on long-term debt	10,722
Compensated absences	(92,114)
Changes in pension liabilities and related deferred outflows and inflows of resources	111,951
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(59,650)

Change in net position of governmental activities	\$	<u>2,040,499</u>
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The notes to financial statements are an integral part of this statement.

Town of Winslow, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 14,447,408	14,447,408	14,368,756	(78,652)
Intergovernmental	2,342,268	2,624,268	2,669,387	45,119
Licenses and permits	161,500	161,500	178,363	16,863
Charges for services	1,396,219	1,396,219	1,592,211	195,992
Interest	4,000	4,000	7,972	3,972
Miscellaneous	54,500	270,000	303,251	33,251
Total revenues	18,405,895	18,903,395	19,119,940	216,545
Expenditures				
Current:				
General government	2,029,369	2,029,369	2,005,573	23,796
Public safety	2,151,413	2,151,413	2,315,388	(163,975)
Public works	2,656,981	2,656,981	2,735,973	(78,992)
Recreation	398,394	398,394	377,860	20,534
Social services	167,366	167,366	150,879	16,487
Education (transfer out)	8,343,615	8,343,615	8,343,615	-
County tax	701,288	701,288	701,228	60
Miscellaneous	20,000	20,000	8,820	11,180
Debt service	594,809	594,809	596,191	(1,382)
Capital outlay (transfer out)	676,589	1,789,089	1,789,089	-
Total expenditures	17,739,824	18,852,324	19,024,616	(172,292)
Excess (deficiency) of revenues over (under) expenditures	666,071	51,071	95,324	44,253
Other financing sources (uses)				
Transfers in	-	-	41,015	41,015
Transfers out	(332,141)	(332,141)	(332,141)	-
Use of fund balance	-	615,000	-	(615,000)
Total other financing sources (uses)	(332,141)	282,859	(291,126)	(573,985)
Net change in fund balance - budgetary basis	333,930	333,930	(195,802)	(529,732)
Reconciliation to GAAP				
Change in committed balances (reserves)			(22,574)	
Net change in fund balance - GAAP basis			(218,376)	
Fund balance - beginning			5,332,207	
Fund balance - end		\$	5,113,831	

Town of Winslow, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

		Original budget	Final budget	Actual	Variance positive (negative)
Revenues					
Local assessments (transfer in)	\$	8,343,614	8,343,614	8,343,615	1
Intergovernmental		8,014,872	8,014,872	8,421,973	407,101
Charges for services		502,628	502,628	670,729	168,101
Interest		-	-	5,085	5,085
Miscellaneous		18,000	18,000	15,880	(2,120)
Total revenues		16,879,114	16,879,114	17,457,282	578,168
Expenditures					
Current:					
Regular instruction		7,271,438	7,271,438	7,198,610	72,828
Special education		3,036,071	3,036,071	2,825,624	210,447
Other instruction		602,615	602,615	641,494	(38,879)
Student and staff support		1,297,793	1,297,793	1,278,281	19,512
System administration		468,210	468,210	490,707	(22,497)
School administration		986,654	986,654	1,002,474	(15,820)
Transportation		781,711	781,711	767,350	14,361
Facilities maintenance		1,437,547	1,437,547	1,434,056	3,491
Debt service		1,097,075	1,097,075	1,097,075	-
Total expenditures		16,979,114	16,979,114	16,735,671	243,443
Excess (deficiency) of revenues over (under) expenditures		(100,000)	(100,000)	721,611	821,611
Other financing sources (uses)					
Transfers out		(60,000)	(60,000)	(60,000)	-
Use of fund balance		160,000	160,000	-	(160,000)
Total other financing sources (uses)		100,000	100,000	(60,000)	(160,000)
Net change in fund balance - budgetary basis		-	-	661,611	661,611
Reconciliation to GAAP					
Change in accrued teacher summer salaries and benefits				29,261	
Net change in fund balance - GAAP basis				690,872	
Fund balance - beginning				283,061	
Fund balance - end				\$ 973,933	

Town of Winslow, Maine

Statement of fiduciary net position

Fiduciary funds

June 30, 2022

	Private-purpose trust funds	Custodial funds
Assets		
Cash and cash equivalents	\$ 14,679	298,538
Investments	383,110	117,130
Total assets	397,789	415,668
Liabilities		
Accounts payable	-	-
Total liabilities	-	-
Net position		
Restricted	397,789	415,668
Total net position	\$ 397,789	415,668

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

Town of Winslow, Maine

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2022

	Private-purpose trust funds	Custodial funds
Additions		
Contributions/donations	\$ 32,258	-
Investment earnings:		
Investment income	23,002	10,218
Unrealized gain (loss)	(82,359)	(16,930)
Less investment expense	(2,344)	(2,307)
Total additions	(29,443)	(9,019)
Deductions		
Scholarships	7,926	-
Library	-	2,463
Total deductions	7,926	2,463
Net increase (decrease) in fiduciary net position	(37,369)	(11,482)
Net position - beginning	435,158	427,150
Net position - ending	\$ 397,789	415,668

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

Town of Winslow, Maine

Notes to the financial statements

June 30, 2022

I. Summary of significant accounting policies

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

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The Town is a municipal corporation governed by an elected seven-member Governing Council (Town Council). The School Department is governed by an elected seven-member School Board. The accompanying financial statements present information for the primary government. The Town is not financially accountable for any other organizations and therefore does not report any component units.

Joint venture

FirstPark was formed in 1998 through an act of the Maine State legislature. FirstPark's primary purposes according to the act was to strengthen the financial condition of local governments within the geographic territory of the authority, while combining resources and sharing costs for meeting regional economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities and other conditions to positively affect regional development. Members are funding the startup costs and then sharing in the benefit of future tax revenues. There are currently 24 local governments who are members of FirstPark including the Town.

FirstPark derives the bulk of its operating revenue from the participants, but also receives some grant revenues from the State of Maine. For the year ended June 30, 2022, the Town contributed \$36,679. Complete financial statements may be obtained from FirstPark at 46C FirstPark Drive, Oakland, ME 04963.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town does not report any business-type activities or proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

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

The Town reports the following major governmental funds:

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

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

The *capital improvements fund* accounts for the financial activity of a reserve established for major capital improvements.

Additionally, the Town reports the following fund types:

The *private-purpose trust fund* accounts for scholarships and other programs that benefit students.

The *custodial funds* account for monies held for the Winslow Public Library.

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

funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus and basis of accounting

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

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

F. Budgetary information

Budgetary basis of accounting

An annual budget of the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The capital project funds are appropriated on a project-length basis. Other special

revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The general fund budget is legally adopted by the Town Council through the passage of an appropriation order. By State law, that portion appropriated for educational purposes must be validated through a referendum vote. The budget is formally adopted for the school department operations each year through the passage of articles through a referendum vote and is prepared on a basis consistent with accounting principles generally accepted in the United States of America except for teachers' salaries, which are budgeted on a cash basis, and Maine Public Employees Retirement System on-behalf payments. The level of control (level at which expenditures may not exceed budget) is the article level. Generally, all unexpended budgetary accounts lapse to fund balance at the close of the fiscal year.

Excess of expenditures over appropriations

The following appropriations were overspent as of June 30, 2022.

Information technology	\$21,649	Police	45,146
Ambulance	74,176	Fire	52,271
Public works	41,287	Sewer	25,121
Sanitation	12,584	Parks and recreation	1,276
Debt service	1,382	Education - other instruction	38,879
Education - system administration	22,497	Education - school administration	15,820

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

Cash and cash equivalents

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

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel and food supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sewer lines, and similar items), and are reported in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in note I.G. Leases below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	15-50
Machinery, equipment, and vehicles	5-30
Right-to-use leased equipment	5
Infrastructure	25-50

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. *Unavailable revenue* is reported only in the

governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension and OPEB.

Net position

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

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

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

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

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

Fund Balance

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

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

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

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

Assigned fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Council has authorized the town manager to assign fund balance. The Town Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

Leases

Lessee: The Town is a lessee for a noncancellable lease of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

H. Revenues and expenditures/expenses

Program revenues

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

Property taxes

Property taxes were committed on August 20, 2021, on the assessed value listed as of the previous April 1. Taxes are due in four installments, on October 8, 2021, December 10, 2021, March 11, 2022, and June 10, 2022. Taxes unpaid by the due dates are assessed interest of 6%. Tax liens are placed on real property of delinquent tax accounts within twelve months following the date taxes are committed for collection. Maine law permits the Town to levy taxes up to 105% of its net property tax requirement (budgeted expenditures less budgeted non-property tax revenues) for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$333,930 for the year ended June 30, 2022.

Compensated absences

The Town's policy permits employees to accumulate earned but unused vacation and sick leave, which are eligible for payment upon separation from government service. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2022.

B. Deficit fund balance

At June 30, 2022, the Town had no funds with deficit balances.

III. Detailed notes on activities and funds

A. Cash and investments

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

B. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank's failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, none of the Town's bank balance of \$11,690,551 was exposed to custodial credit risk because it was insured or collateralized with securities held by the pledging or financial institution in the Town's name.

C. Investments

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, and corporate bonds.

Interest rate risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The Town does not have an investment policy for interest rate risk.

As of June 30, 2022, the Town had the following investments:

Investment type	Fair Value	Investment maturities (in years)		
		Less than 1 year	1-5 years	More than 5 years
Mutual funds	\$350,892	350,892	-	-
MCF funds	154,249	154,249	-	-
Total investments	\$505,141	505,141	-	-

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Town does not have an investment policy for credit risk. The mutual and MCF funds are not rated.

Custodial credit risk - investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk.

Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by the Town's investment in a single issuer. The Town does not have an investment policy for concentration of credit risk.

Fair value of investments. The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows: *Level 1* - quoted prices for identical investments in active markets; *Level 2* - observable inputs other than those in Level 1; and *Level 3* - unobservable inputs. The mutual funds are classified as level 2 and are valued using broker quotes that utilize observable market inputs. The MCF funds are classified as level 3 due to unobservable inputs.

D. Receivables

Amounts other than taxes and intergovernmental receivables are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for the general fund. Below is the detail of receivables for the general fund, including the applicable allowances for doubtful accounts:

Accounts receivable	\$17,457
Sewer receivables	120,433
Unbilled sewer receivables	183,020
Ambulance receivables	136,448
<u>Allowance for doubtful accounts</u>	<u>(32,861)</u>
Total receivables, net	\$424,497

E. Capital assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Governmental activities				
Capital assets, not being depreciated				
Land	\$453,606	-	-	453,606
Books and collections	811,782	-	-	811,782
Construction in progress	1,951,986	2,720,892	2,920,699	1,752,179
Total capital assets, not being depreciated	3,217,374	2,720,892	2,920,699	3,017,567
Capital assets, being depreciated				
Land improvements	851,395	-	-	851,395
Buildings and improvements	28,272,725	53,720	-	28,326,445
Machinery and equipment	8,618,049	291,533	-	8,909,582
Right-to-use leased equipment	-	45,663	-	45,663
Vehicles	4,095,566	39,846	87,301	4,048,111
Infrastructure	38,522,432	2,920,699	-	41,443,131
Total capital assets, being depreciated	80,360,167	3,351,461	87,301	83,624,327
Less accumulated depreciation for				
Land improvements	473,406	45,564	-	518,970
Buildings and improvements	8,188,464	551,763	-	8,740,227
Machinery and equipment	6,350,505	261,880	-	6,612,385
Right-to-use leased equipment	-	3,044	-	3,044
Vehicles	1,251,126	314,853	87,301	1,478,678
Infrastructure	26,167,365	986,209	-	27,153,574
Total accumulated depreciation	42,430,866	2,163,313	87,301	44,506,878
Total capital assets, being depreciated, net	37,929,301	1,188,148	-	39,117,449
Total governmental activities capital assets	\$41,146,675	3,909,040	2,920,699	42,135,016

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

General government	\$13,220
Public safety	196,762
Public works	1,197,711
Recreation	44,605
Education	711,015
Total depreciation expense	\$2,163,313

F. Short-term debt

The Town issued a bond anticipation note for interim financing through Rural Development for the Benton Avenue sewer rehabilitation project. The bond anticipation note was for \$1,902,000 with an interest rate of 1.50% and due on April 1, 2022. Bond anticipation note activity for the year ended June 30, 2022, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Bond anticipation notes				
Clean water revolving	\$524,255	1,008,161	1,532,416	-

G. Changes in long-term liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2022, are as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Bonds payable	\$ 11,442,400	-	1,140,800	10,301,600	1,155,800
Bond premium	409,201	-	43,593	365,608	41,366
Notes payable	1,950,398	1,551,132	371,289	3,130,241	387,735
Leases	-	45,588	2,012	43,576	8,201
Compensated absences	409,120	92,114	-	501,234	147,323
Net pension liability	1,610,077	-	1,313,660	296,417	-
Total OPEB liability - MMEHT	294,331	-	5,255	289,076	-
Total OPEB liability - MEABT	3,317,804	51,376	-	3,369,180	-
Total governmental activities	\$19,433,331	1,740,210	2,876,609	18,296,932	1,740,425

H. Bonds and notes payable

The Town issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Bonds and notes payable at June 30, 2022, are as follows:

	<u>Original borrowing</u>	<u>Interest rates</u>	<u>Final maturity</u>	<u>Outstand- ing at year end</u>
Governmental activities				
Bonds payable				
Refunding - school	\$3,590,000	3.0%-4.0%	2027	\$1,920,000
Refunding - town	500,000	3.0%	2023	95,000
Storm drains and roads	2,000,000	2.0%-4.0%	2028	1,200,000
Sewer truck	504,000	3.14%	2024	201,600
School renovations	7,695,000	3.0%-4.0%	2039	6,885,000
Total bonds payable				10,301,600
Notes payable				
Bus	92,913	4.08%	2023	19,355
Bus	102,474	3.29%	2024	41,718
Bus	102,474	3.29%	2024	41,718
Bus	98,000	1.95%	2025	58,830
Bus	98,000	1.95%	2025	58,830
Copiers	51,534	4.56%	2026	34,050
Phone system	48,479	9.03%	2025	38,187
Fire truck	1,094,282	3.30%	2030	905,193
Pumper truck	613,086	3.30%	2025	381,228
Sewer improvements	1,551,132	1.50%	2051	1,551,132
Total notes payable				3,130,241
Total governmental activities				\$13,431,841

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

Year ending	<u>Bonds payable</u>		<u>Notes payable</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$1,155,800	361,700	387,735	72,996	1,978,231
2024	1,075,800	325,992	379,882	60,704	1,842,378
2025	985,000	291,050	348,021	48,777	1,672,848
2026	1,005,000	256,275	158,012	39,681	1,458,968
2027	1,020,000	218,800	160,410	35,355	1,434,565
2028-2032	2,225,000	771,500	606,239	113,772	3,716,511
2033-2037	2,025,000	364,500	257,659	74,131	2,721,290
2038-2042	810,000	32,400	277,573	54,217	1,174,190
2043-2047	-	-	299,024	32,766	331,790
2048-2052	-	-	255,686	9,687	265,343
Totals	\$10,301,600	2,622,217	3,130,241	542,056	16,596,114

I. Leases

Leases payable

During the current fiscal year, the Town entered into a 63-month finance lease agreement as lessee for the acquisition and use of copier equipment. An initial lease liability was recorded in the amount of \$45,588 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$43,576. The Town is required to make monthly principal and interest payments of \$783. The lease has an interest rate of 3%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$45,663 and had accumulated amortization of \$3,044.

The future principal and interest lease payments as of June 30, 2022, were as follows:

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$8,201	1,195	9,396
2024	8,451	945	9,396
2025	8,707	689	9,396
2026	8,971	425	9,396
2027	9,246	150	9,396
<u>Totals</u>	<u>\$43,576</u>	<u>3,404</u>	<u>46,980</u>

J. Pension plans

Plan description

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

Benefits provided

Benefit terms are established in Maine statute; in the case of the PLD plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MPERS retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for SET members; separate legislation enacted the same reduced requirement for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for SET members is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. 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 statute for SET members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MPERS Board of Trustees and is currently 0.93%.

Contributions

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

PLD plan - Employees were required to contribute 7.05%, 7.8%, and 8.4% of their annual pay for the age 65 AC Plan, the age 60 AC Plan, and the Special 2C Plan, respectively. The Town's contractually required rate for the year ended June 30, 2022, was 10.3% and 11.3% of annual pay for the AC Plan and 2C Plan, respectively. The Town made contributions to the pension plan of \$197,926 for the year ended June 30, 2022.

SET plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2022, was 18.73% of annual payroll of which 3.84% of payroll was required from the Town and 14.89% was required from the State. The Town made contributions to the pension plan of \$345,001 for the year ended June 30, 2022. For grant funded teachers, the School's contractually required contribution rate for the year ended June 30, 2022 was 18.73%, all of which was required from the School.

Proportionate share of the net pension (asset) liability

PLD plan - At June 30, 2022, the Town reported an asset of \$75,696 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the pension liability was based on the Town's contributions recognized by the plan during the measurement period, adjusted for contributions for employer-specific and employer-paid employee contributions. The Town's proportionate share was 0.2355% at the end of the measurement period and 0.2344% for the beginning of the period, which represents an increase of 0.0011%.

SET plan - At June 30, 2022, the Town reported a liability of \$372,113 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability associated with the Town was \$5,001,397, for a total of \$5,373,510. The pension liability was measured as of June 30, 2021, and the

total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the pension liability was based on unfunded actuarial liability contributions to the plan. The Town's proportionate share was 0.044% at the end of the measurement period and 0.0416% for the beginning of the period, which represents an increase of 0.0024%.

Actuarial assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2021	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Assumptions		
Investment rate of return	6.50%	6.50%
Inflation rate	2.75%	2.75%
Annual salary increases	2.75%-11.48%	2.80%-13.03%
Cost of living adjustments	1.91%	2.20%

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

The actuarial assumptions used for the year ended June 30, 2021 actuarial valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.3%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.0%
Alternative credit	7.2%
Diversifiers	5.9%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2021 for each plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

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

	<u>5.5% rate 1% decrease</u>	<u>6.5% rate Current rate</u>	<u>7.5% rate 1% increase</u>
PLD plan - proportionate share net pension (asset) liability	\$1,077,191	(75,696)	(1,029,285)
SET plan – proportionate share net pension (asset) liability	977,210	372,113	(131,692)

Pension expense and deferred items summary

For the year ended June 30, 2022, the Town recognized pension expense of \$98,719 and \$419,319 for its proportionate share of the pension expense for the PLD and SET plans, respectively. Additionally, the Town recognized revenue of \$1,120,688 for support provided by the State for the SET plan. At June 30, 2022, the Town reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PLD plan		
Differences between expected and actual experience	\$48,966	5,145
Differences between expected and actual investment earnings	-	1,031,758
Changes of assumptions	254,179	-
Changes in proportion	109,884	-
Contributions paid subsequent to the measurement date	197,926	-
<u>Totals PLD plan</u>	<u>610,955</u>	<u>1,036,903</u>
SET plan		
Differences between expected and actual experience	5,515	7,607
Differences between expected and actual investment earnings	-	507,034
Changes of assumptions	253,700	-
Changes in proportion	47,461	1
Contributions paid subsequent to the measurement date	345,001	-
<u>Totals SET plan</u>	<u>651,677</u>	<u>514,642</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$1,262,632</u>	<u>1,551,545</u>

Deferred outflows of resources reported \$542,927 related to pensions resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending		
<u>June 30</u>	<u>PLD plan</u>	<u>SET plan</u>
2023	(\$6,148)	21,350
2024	(96,155)	27,188
2025	(234,865)	(115,175)
2026	(286,706)	(141,329)

Pension plan fiduciary net position

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

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

K. Other postemployment benefit (OPEB) obligations – life insurance

Plan description

The Town participates in the State Employee and Teacher (SET) Group Life Insurance Plan, which is a cost-sharing, multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

The group life insurance plans provide basic group life insurance benefits, during retirement, to retirees who participated in the plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree’s average final compensation. The initial amount of basic group life insurance is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions and funding policy

Premium rates are those determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year’s annual required contribution.

The State of Maine made contributions to the SET plan on-behalf of the Town of \$34,418 for the year ended June 30, 2022. The Town and employees are not required to contribute to the SET plan.

Proportionate share of the net OPEB liability

At June 30, 2022, the Town reported no liability for its proportionate share of the net OPEB liability. The State’s proportionate share of the net OPEB liability associated with the Town was \$119,587, for a total of \$119,587. The OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the OPEB liability was 0% at the end of the measurement period.

Actuarial assumptions

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation method	Fair value

Assumptions

Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.80%-13.03%

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

The actuarial assumptions used for the year ended June 30, 2021 actuarial valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020.

Long-term expected rate of return

Assets of the plans are pooled for investment purposes and are allocated to each plan based on each plan's fiduciary net position. The long-term expected rate of return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
U.S. government securities	2.3%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2021 for the plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB expense

For the year ended June 30, 2022, the Town recognized OPEB expense \$1,501 for its proportionate share of the OPEB expense. Additionally the Town recognized revenue of \$28,014 for support provided by the State.

OPEB plan fiduciary net position

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

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

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

Plan description

The Town offers two post-retirement benefit plans providing health insurance to retiring employees. For municipal employees, the Town sponsors a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. For School Department employees, the State sponsors a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature 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*, for MMEHT or MEABT.

Plan membership

At January 1, 2022 (MMEHT) and June 30, 2020 (MEABT), membership consisted of:

	<u>MMEHT</u>	<u>MEABT</u>
Inactive members currently receiving benefits	2	90
Inactive members entitled to but not yet receiving benefits	-	-
Active members	41	165
Total	43	255

Benefits provided

MMEHT – Healthcare and life insurance benefits are provided for retirees and their dependents. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for postretirement benefits. The retiree pays 100% of the premium equivalent rate for coverage elected. The non-Medicare retirees are offered the same plans that are available to the active employees. Medicare retirees are assumed to be enrolled in Medicare Parts A and B, which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage. Medical benefits are provided for the life of the retiree and surviving spouses. The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but

surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

MEABT - Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 55% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 45% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree (and/or spouse).

Net OPEB liability

At June 30, 2022, the Town reported a total OPEB liability of \$289,076 for MMEHT and \$3,369,180 for MEABT. The MMEHT OPEB liability was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date. The MEABT OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions

The total OPEB liability in the January 1, 2022 (MMEHT) and the June 30, 2020 (MEABT) actuarial valuations were determined using the following actuarial assumptions:

	<u>MMEHT</u>	<u>MEABT</u>
Actuarial valuation date	January 1, 2022	June 30, 2020
Measurement date	January 1, 2022	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Assumptions		
Inflation rate	2.00%	2.00%
Annual salary increases	2.75%	2.80%-13.03%
Healthcare cost trend rates - non-Medicare	7.67% in 2022	6.21% in 2021
decreasing to	3.53% in 2042	3.25% in 2040
Healthcare cost trend rates - Medicare	8.60% in 2022	0.00% in 2021
decreasing to	3.53% in 2042	3.25% in 2040

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

Actuarial assumptions used for the January 1, 2022, MMEHT valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. Actuarial assumptions used for the June 30, 2020, MEABT valuation are the teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June

30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020.

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liabilities were 2.06% for MMEHT and 2.16% for MEABT. These rates are assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in total OPEB liability

	<u>MMEHT</u>	<u>MEABT</u>
Balances beginning of year	\$294,331	3,317,804
Changes for the period		
Service cost	25,504	45,788
Interest	6,693	73,287
Changes of benefits	-	-
Differences between expected and actual experience	(45,252)	-
Changes of assumptions	16,140	27,677
Benefit payments	(8,340)	(95,376)
Net changes	(5,255)	51,376
Balances end of year	\$289,076	3,369,180

Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 2.06% for MMEHT and 2.16% for MEABT as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
MMEHT - total OPEB liability	\$345,514	289,076	244,205
MEABT – total OPEB liability	3,993,760	3,369,180	2,869,962

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
MMEHT - total OPEB liability	\$239,307	289,076	355,269
MEABT – total OPEB liability	2,811,390	3,369,180	4,083,186

OPEB expense and deferred items summary

For the year ended June 30, 2022, the Town recognized OPEB expense of \$29,642 for MMEHT and \$105,330 for MEABT. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
MMEHT		
Differences between expected and actual experience	\$ -	84,687
Changes of assumptions	75,628	15,586
Contributions paid subsequent to the measurement date	4,171	-
<u>Totals MMEHT</u>	<u>79,799</u>	<u>100,273</u>
MEABT		
Differences between expected and actual experience	-	71,038
Changes of assumptions	104,354	68,081
Contributions paid subsequent to the measurement date	68,903	-
<u>Totals MEABT</u>	<u>173,257</u>	<u>139,119</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$253,056</u>	<u>239,392</u>

Deferred outflows of resources reported \$73,074 related to OPEB resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending		
<u>June 30</u>	<u>MMEHT</u>	<u>MEABT</u>
2023	\$(2,555)	(13,543)
2024	(2,555)	18,485
2025	(2,555)	(22,161)
2026	(2,557)	(22,158)
2027	(5,465)	4,612
Thereafter	(8,958)	-

M. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$46,541	-	-	-
General government	-	-	1,862	71,596
Public safety	-	-	-	67,570
Public works	-	-	-	216,427
Recreation	-	-	-	73,330
Sewer	-	-	-	135,604
School department - education	162,341	811,592	-	-
Capital improvements	-	-	1,393,776	-
Special revenue funds				
Tax incremental financing projects	-	326,783	-	-
Education	-	531,984	150,506	-
Food service	18,995	208,195	-	-
Capital projects	-	632,875	-	-
Permanent funds				
Held in perpetuity	3,379	-	-	-
Cemetery upkeep	-	1,522	-	-
Total	\$231,256	2,512,951	1,546,144	564,527

As of June 30, 2022, the school department fund balance totaled \$973,933 and is reported as nonspendable and restricted for education in the financial statements. Of this total, \$300,000 is assigned for use of surplus for the 2022-2023 fiscal year budget, and the remaining \$511,592 is considered unassigned for educational purposes.

N. Interfund balances

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund. The composition of interfund balances as of June 30, 2022, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
Capital improvements	General fund	\$1,551,165
Town grant funds	General fund	708,696
TIF funds	General fund	335,049
School grants and other funds	School department	233,830
Adult education	School department	7,693
School lunch	School department	160,996
Capital projects	School department	632,875
Total		\$3,630,304

O. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

	Transfers in				
	General fund	School department	Capital improvements	Nonmajor funds	Total
Transfers out:					
General fund	\$ -	8,343,615	1,993,589	332,141	10,669,345
School department	-	-	-	60,000	60,000
Nonmajor funds	41,015	-	-	-	41,015
Total	\$41,015	8,343,615	1,993,589	392,141	10,770,360

During the year, transfers are used to move revenues from the fund with collection authorization, the general fund, to the school department (\$8,343,615), capital improvements fund (\$1,593,589), and the TIF fund (\$332,141). The school department budgeted to move amounts to the school lunch fund (\$60,000).

Further, during the year ended June 30, 2022, the Town made the following one-time transfers:

The general fund made a one-time transfer totaling \$400,000 from its assigned fund balance for sewer to the capital improvements fund for the Chaffee Brook pump station project.

The Town grant fund made a one-time transfer totaling \$7,600 to the general fund to clear out residual balances that have carried for multiple fiscal years.

The TIF fund transferred \$33,415 to the general fund to cover a portion of wages of Town employees which are covered under the parameters of the TIF agreements.

P. Risk management

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial insurance and participates in public entity risk pools sponsored by the Maine Municipal Association and the Maine School Management Association. Based on the coverages provided, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2022.

Q. Contingencies

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

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

R. Construction and other significant commitments

The Town has active construction projects as of June 30, 2022. The projects include street construction on Benton Avenue, construction of an additional wing at the elementary school, and engineering work for pump station and sewer/storm drain upgrades. The Town is also performing a revaluation of town properties. At year end, the Town's commitments with contractors/engineers are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining commitment</u>
Benton Avenue rehabilitation project	\$948,424	195,289
Sunset Heights sewer and storm - engineering	46,076	36,044
Chaffee Brook pump station - engineering	14,214	50,286
Revaluation	74,250	125,750
Wing at elementary school - construction	-	2,350,000

S. Tax abatements

The Town has entered into property tax abatement agreements (credit enhancement agreements) with individual organizations under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2022, the Town abated property taxes totaling \$152,320 through these credit enhancement agreements. ALCOM Inc., a high-end aluminum recreational trailer manufacturer, received a 25% property tax abatement on all new value created with the expansion of their facilities. The abatement amounted to \$20,035. Lohmann Animal Health International, a manufacturer and supplier of poultry biologics, received a 60% tax abatement on all new value created with the expansion of their facilities. The abatement amounted to \$117,836. ITAC Thompson Property MGT LLC received a 75% property tax abatement on all new value created with the construction of an industrial warehouse facility for Standard Waterproofing's business operations. The abatement amounted to \$14,449.

Town of Winslow, Maine

Required supplementary information

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

Maine Public Employees Retirement System

Last ten fiscal years (only eight years available)

	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan (Town joined during 2018)								
Town's proportion of the net pension liability	0.2355%	0.2344%	0.2028%	0.1056%	0.0505%			
Town's proportionate share of the net pension liability	\$ (75,696)	931,484	620,017	289,077	206,696		not applicable	
Town's covered payroll	1,516,782	1,447,071	1,190,812	584,373	584,373			
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-4.99%	64.37%	52.07%	49.47%	35.37%			
Plan fiduciary net position as a percentage of the total pension liability	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
SET plan								
Town's proportion of the net pension liability	0.0440%	0.0416%	0.0371%	0.0387%	0.0385%	0.0388%	0.0388%	0.0386%
Town's proportionate share of the net pension liability	\$ 372,113	678,593	544,162	522,653	559,677	684,722	524,237	417,051
State's proportionate share of the net pension liability associated with the Town	5,001,397	9,598,469	8,556,930	7,310,488	8,039,926	10,015,808	7,916,658	6,198,199
Total	\$ 5,373,510	10,277,062	9,101,092	7,833,141	8,599,603	10,700,530	8,440,895	6,615,250
Town's covered payroll	\$ 8,601,162	8,155,639	7,922,994	7,130,379	7,160,836	7,111,584	7,112,501	6,868,246
Town's proportionate share of the net pension liability as a percentage of its covered payroll	4.33%	8.32%	6.87%	7.33%	7.82%	9.63%	7.37%	6.07%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

Schedule of Town's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years (only eight years available)

	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan (Town joined during 2018)								
Contractually determined contribution	\$ 197,926	161,152	151,440	124,083	59,022		not applicable	
Contributions in relation to the contractually required contribution	(197,926)	(161,152)	(151,440)	(124,083)	(59,022)			
Contribution deficiency (excess)	\$ -	-	-	-	-			
Town's covered payroll	1,771,134	1,516,782	1,447,071	1,190,812	584,373			
Contributions as a percentage of covered payroll	11.18%	10.62%	10.47%	10.42%	10.10%			
SET plan								
Contractually determined contribution	\$ 345,001	357,808	339,275	314,543	283,076	240,604	238,949	188,481
Contributions in relation to the contractually required contribution	(345,001)	(357,808)	(339,275)	(314,543)	(283,076)	(240,604)	(238,949)	(188,481)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
Town's covered payroll	\$ 8,984,398	8,601,162	8,155,639	7,922,994	7,130,379	7,160,836	7,111,584	7,112,501
Contributions as a percentage of covered payroll	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

Town of Winslow, Maine

Required supplementary information

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

Maine Public Employees Retirement System

Last ten fiscal years (only five years available)

	2022	2021	2020	2019	2018
SET plan					
Town's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Town's proportionate share of the net OPEB liability	\$ -	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	119,587	243,375	223,923	205,352	189,237
Total	\$ 119,587	243,375	223,923	205,352	189,237
Town's covered-employee payroll	\$ 8,601,162	8,155,639	7,922,994	7,130,379	7,160,836
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	62.90%	49.51%	49.22%	48.04%	47.29%

Schedule of Town's OPEB contributions

Maine Public Employees Retirement System

Last ten fiscal years (only five years available)

	2022	2021	2020	2019	2018
SET plan					
Contractually determined contribution	\$ -	-	-	-	-
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	-	-	-	-
Town's covered-employee payroll	\$ 8,984,398	8,601,162	8,155,639	7,922,994	7,130,379
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Town of Winslow, Maine

Required supplementary information

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

Last ten fiscal years (only five and four years available)

	2022	2021	2020	2019	2018
<u>Total OPEB liability - MMEHT plan</u>					
Service cost	\$ 25,504	22,059	13,578	15,484	12,243
Interest	6,693	7,446	10,875	9,510	8,759
Changes of benefits	-	-	(5,109)	-	-
Differences between expected and actual experience	(45,252)	-	(63,427)	-	(3,764)
Changes of assumptions	16,140	19,164	49,302	(28,058)	29,988
Benefit payments	(8,340)	(8,019)	(6,365)	(6,120)	(5,336)
Net change in total OPEB liability - MMEHT plan	(5,255)	40,650	(1,146)	(9,184)	41,890
Total OPEB liability - beginning	294,331	253,681	254,827	264,011	222,121
Total OPEB liability - ending	\$ 289,076	294,331	253,681	254,827	264,011
Covered-employee payroll	\$ 2,165,739	2,033,965	2,033,965	1,886,942	1,886,942
Total OPEB liability as a percentage of covered-employee payroll	13.35%	14.47%	12.47%	13.50%	13.99%
	2022	2021	2020	2019	
<u>Total OPEB liability - MEABT plan</u>					
Service cost	\$ 45,788	22,573	18,733	20,297	
Interest	73,287	132,896	138,239	133,045	
Changes of benefits	-	(381,037)	-	-	
Differences between expected and actual experience	-	(106,558)	-	-	
Changes of assumptions	27,677	(54,083)	203,222	(160,138)	
Benefit payments	(95,376)	(139,660)	(138,385)	(133,602)	
Net change in total OPEB liability - MEABT plan	51,376	(525,869)	221,809	(140,398)	
Total OPEB liability - beginning	3,317,804	3,843,673	3,621,864	3,762,262	
Total OPEB liability - ending	\$ 3,369,180	3,317,804	3,843,673	3,621,864	
Covered-employee payroll	\$ 7,813,358	7,622,789	7,937,801	7,725,354	
Total OPEB liability as a percentage of covered-employee payroll	43.12%	43.52%	48.42%	46.88%	

Town of Winslow, Maine

Notes to required supplementary information

Pension plans

Changes of benefit terms - None

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

	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate - PLD	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.80-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

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

Other postemployment benefit (OPEB) obligations - life insurance

Changes of benefit terms - None

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

	2021	2020	2019	2018	2017
Discount rate	6.50%	6.75%	6.75%	6.75%	6.875%

Other postemployment benefit (OPEB) obligations - health insurance

Changes of benefit terms - In 2020, MEABT implemented the Medicare Advantage plan.

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

	2021	2020	2019	2018	2017	2016
Discount rate - MMEHT	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%
Discount rate - MEABT	2.16%	2.21%	3.50%	3.87%	3.58%	n/a

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

Town of Winslow, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

		2022				
		Original budget	Final budget	Actual	Variance positive (negative)	2021 actual
Revenues						
Property taxes						
Real estate and personal property	\$	12,838,108	12,838,108	12,650,239	(187,869)	11,704,730
Excise taxes		1,578,300	1,578,300	1,683,536	105,236	1,632,614
Interest on taxes		26,000	26,000	30,649	4,649	20,175
Lien costs and fees		5,000	5,000	4,332	(668)	
Total property taxes		14,447,408	14,447,408	14,368,756	(78,652)	13,357,519
Intergovernmental						
State revenue sharing		1,181,491	1,463,491	1,497,950	34,459	946,383
Homestead exemption		771,934	771,934	771,934	-	719,721
Business equipment tax reimbursement		207,243	207,243	207,243	-	266,417
Veterans exemption		17,700	17,700	19,007	1,307	17,782
Tree growth		21,500	21,500	32,320	10,820	21,568
Snowmobile reimbursement		2,500	2,500	2,341	(159)	2,463
General assistance		3,000	3,000	78	(2,922)	1,918
MDOT funding		18,900	18,900	20,458	1,558	29,889
Urban rural initiative payment		118,000	118,000	118,056	56	109,148
Total intergovernmental		2,342,268	2,624,268	2,669,387	45,119	2,115,289
Licenses and permits						
Permits and fees		82,500	82,500	100,841	18,341	112,455
Cable television franchise		79,000	79,000	77,522	(1,478)	81,795
Total licenses and permits		161,500	161,500	178,363	16,863	194,250
Charges for services						
Sewer fees and interest		1,050,211	1,050,211	1,079,729	29,518	1,113,761
Ambulance fees		200,000	200,000	365,555	165,555	303,506
Public works/sanitation		140,158	140,158	141,920	1,762	140,433
Police department fees		2,000	2,000	1,804	(196)	1,855
Library fees		3,000	3,000	1,825	(1,175)	1,471
Recreation fees		850	850	1,378	528	445
Rental payments		-	-	-	-	183,832
Total charges for services		1,396,219	1,396,219	1,592,211	195,992	1,745,303
Interest		4,000	4,000	7,972	3,972	34,781
Sale of property		20,000	235,500	256,312	20,812	1,207,620
Miscellaneous		34,500	34,500	46,939	12,439	48,870
Total revenues		18,405,895	18,903,395	19,119,940	216,545	18,703,632

Town of Winslow, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

	2022				
	Original budget	Final budget	Actual	Variance positive (negative)	2021 actual
Expenditures					
Current:					
Administration	437,133	437,133	414,100	23,033	481,094
Town Council	9,800	9,800	9,711	89	8,336
Assessors	125,556	125,556	120,925	4,631	139,165
Elections	20,700	20,700	17,127	3,573	34,477
Library	232,643	232,643	210,833	21,810	211,915
Information technology	50,430	50,430	72,079	(21,649)	58,010
Police	912,495	912,495	957,641	(45,146)	869,716
Ambulance	376,468	376,468	450,644	(74,176)	85,458
Fire	614,084	614,084	666,355	(52,271)	815,583
Emergency management	2,500	2,500	2,500	-	-
Code enforcement	71,040	71,040	70,067	973	68,355
Public works	992,111	992,111	1,033,398	(41,287)	933,167
Sewer	1,046,211	1,046,211	1,071,332	(25,121)	636,648
Sanitation	618,659	618,659	631,243	(12,584)	621,457
Parks and recreation	165,751	165,751	167,027	(1,276)	160,276
Education (transfer out)	8,343,615	8,343,615	8,343,615	-	8,361,522
General assistance	23,000	23,000	17,636	5,364	2,239
Insurance and pensions	1,385,750	1,385,750	1,371,631	14,119	1,373,688
Other town utilities	174,826	174,826	168,181	6,645	186,635
Community services	115,366	115,366	104,243	11,123	104,007
Organization support	29,000	29,000	29,000	-	27,750
County tax	701,288	701,288	701,228	60	685,557
Contingency	20,000	20,000	8,820	11,180	26,713
Debt service	594,809	594,809	596,191	(1,382)	740,684
Capital improvements (transfer out)	676,589	1,789,089	1,789,089	-	794,005
Total expenditures	17,739,824	18,852,324	19,024,616	(172,292)	17,426,457
Excess (deficiency) of revenues over (under) expenditures	666,071	51,071	95,324	44,253	1,277,175
Other financing sources (uses)					
Transfers in	-	-	41,015	41,015	-
Transfers out	(332,141)	(332,141)	(332,141)	-	(287,812)
Use of fund balance	-	615,000	-	(615,000)	-
Total other financing sources (uses)	(332,141)	282,859	(291,126)	(573,985)	(287,812)
Net change in fund balance - budgetary basis	333,930	333,930	(195,802)	(529,732)	989,363
Reconciliation to GAAP					
Change in committed/assigned balances			(22,574)		(168,883)
Net change in fund balance - GAAP basis			(218,376)		820,480
Fund balance - beginning			5,332,207		4,511,727
Fund balance - end		\$	5,113,831		5,332,207

Town of Winslow, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2022

(with comparative totals for the year ended June 30, 2021)

	2022				
	Original budget	Final budget	Actual	Variance positive (negative)	2021 actual
Revenues					
Local assessments (transfer in)	\$ 8,343,614	8,343,614	8,343,615	1	8,361,522
Intergovernmental					
State subsidy	7,989,872	7,989,872	8,372,239	382,367	7,699,356
State agency client	25,000	25,000	35,415	10,415	21,695
Other	-	-	14,319	14,319	13,831
Total intergovernmental	8,014,872	8,014,872	8,421,973	407,101	7,734,882
Charges for services					
Tuition and fees	427,097	427,097	579,905	152,808	494,456
Transportation and facilities rental	3,000	3,000	8,150	5,150	16,874
Shared services reimbursements	72,531	72,531	82,674	10,143	333,419
Total charges for services	502,628	502,628	670,729	168,101	844,749
Interest	-	-	5,085	5,085	3,350
Miscellaneous					
Student activities	18,000	18,000	13,197	(4,803)	-
Other	-	-	2,683	2,683	328
Total miscellaneous	18,000	18,000	15,880	(2,120)	328
Total revenues	16,879,114	16,879,114	17,457,282	578,168	16,944,831
Expenditures					
Current:					
Regular instruction	7,271,438	7,271,438	7,198,610	72,828	6,983,400
Special education	3,036,071	3,036,071	2,825,624	210,447	2,675,408
Other instruction	602,615	602,615	641,494	(38,879)	543,648
Student and staff support	1,297,793	1,297,793	1,278,281	19,512	1,399,045
System administration	468,210	468,210	490,707	(22,497)	444,968
School administration	986,654	986,654	1,002,474	(15,820)	964,582
Transportation	781,711	781,711	767,350	14,361	741,083
Facilities maintenance	1,437,547	1,437,547	1,434,056	3,491	1,526,779
Debt service	1,097,075	1,097,075	1,097,075	-	1,116,375
Total expenditures	16,979,114	16,979,114	16,735,671	243,443	16,395,288
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(100,000)	721,611	821,611	549,543
Other financing sources (uses)					
Transfers out	(60,000)	(60,000)	(60,000)	-	(60,000)
Use of fund balance	160,000	160,000	-	(160,000)	-
Total other financing sources (uses)	100,000	100,000	(60,000)	(160,000)	(60,000)
Net change in fund balance - budgetary basis	-	-	661,611	661,611	489,543
Reconciliation to GAAP					
Change in accrued teacher summer salaries and benefits			29,261		(34,688)
Net change in fund balance - GAAP basis			690,872		454,855
Fund balance - beginning			283,061		(171,794)
Fund balance - end		\$	973,933		283,061

Town of Winslow, Maine

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

Assigned funds - general fund

For the year ended June 30, 2022

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Sick leave buy-out	\$ 1,961	-	99	-	1,862
201 industrial park	(4,207)	-	-	-	(4,207)
Police gifts - donations - grants	-	9,900	-	-	9,900
Fire gifts - donations - grants	-	4,357	1,569	-	2,788
Insurance claims - police	-	14,072	-	(4,500)	9,572
Misc reimbursement - police	-	4,400	-	-	4,400
Cable TV grant	(78)	-	-	-	(78)
Insurance claims - public works	-	23,333	-	-	23,333
Police academy	-	24,360	-	-	24,360
Assessing map sales	(140)	-	-	-	(140)
Recreation volleyball	479	-	-	-	479
Co-ed bBasketball	601	-	554	-	47
New soccer field - 2002	280	120	-	-	400
Fort Halifax Days	4,200	5,804	9,104	-	900
Recreation field hockey	15,882	2,090	3,403	-	14,569
Library donations	9,430	4,314	2,900	-	10,844
Recreation center	46	-	-	-	46
Recreation rentals	3,319	-	200	-	3,119
Boys summer soccer	1,870	125	1,164	-	831
Fall soccer	3,114	1,600	2,182	-	2,532
Winter basketball	1,868	2,909	604	-	4,173
Summer fun camp	19,032	4,225	4,078	-	19,179
Community gardens	2,067	210	243	-	2,034
Recreation cheering	5,544	540	667	-	5,417
Girls high school softball	375	-	-	-	375
Boys lacrosse	167	-	-	-	167
Wellness program	227	-	-	-	227
Fire department equipment	1,067	-	-	-	1,067
Recreation wrestling	235	-	-	-	235
Police confiscated funds	12,000	2,510	-	-	14,510
Girls summer basketball	1,072	-	-	-	1,072
Girls summer soccer	1	980	-	-	981
Boys summer basketball	53	680	-	-	733
Tennis recreation	(4)	-	-	-	(4)
Recreation summer track	7,404	6,716	9,150	-	4,970
Telephone clearing	4,606	-	-	-	4,606
Subdivision prelim & final fees	19,508	4,800	-	-	24,308
Subdivision sewer impact fees	4,074	-	-	-	4,074
Subdivision recreation fees	(287)	-	-	-	(287)
Sewer taps	300	-	-	-	300
Street opening	(609)	3,751	50	-	3,092
Postage clearing	8,489	-	1,771	-	6,718
Copier acct	2,286	145	-	-	2,431
Mapping fees	2,142	-	-	-	2,142
Animal control	973	-	-	-	973
Garage door maintenance	(2,249)	-	-	-	(2,249)
Stumpage	8,386	41,067	3,586	-	45,867
MSW reserve	279,519	-	-	(139,758)	139,761
	\$ 415,003	163,008	41,324	(144,258)	392,429

Town of Winslow, Maine

Combining balance sheet

Nonmajor governmental funds

June 30, 2022

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	\$ 150,506	-	-	150,506
Investments	-	-	4,901	4,901
Intergovernmental receivables	337,660	-	-	337,660
Due from other funds	1,446,264	632,875	-	2,079,139
Inventory	18,995	-	-	18,995
Total assets	\$ 1,953,425	632,875	4,901	2,591,201
Liabilities				
Accounts payable	8,266	-	-	8,266
Unearned revenues	708,696	-	-	708,696
Total liabilities	716,962	-	-	716,962
Fund balances				
Nonspendable	18,995	-	3,379	22,374
Restricted	1,066,962	632,875	1,522	1,701,359
Committed	150,506	-	-	150,506
Total fund balances	1,236,463	632,875	4,901	1,874,239
Total liabilities and fund balances	\$ 1,953,425	632,875	4,901	2,591,201

Town of Winslow, Maine

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

Nonmajor governmental funds

For the year ended June 30, 2022

	Special revenue funds	Capital project funds	Permanent funds	Total nonmajor governmental funds
Revenues				
Intergovernmental	\$ 2,853,278	-	-	2,853,278
Charges for services	185,187	-	-	185,187
Student activity fees and fundraisers	121,289	-	-	121,289
Interest income (loss)	-	-	(478)	(478)
Miscellaneous	3,139	-	-	3,139
Total revenues	3,162,893	-	(478)	3,162,415
Expenditures				
Current:				
General government	327,081	-	-	327,081
Public safety	1,200	-	-	1,200
Public works	30,254	-	-	30,254
Education	2,892,974	-	-	2,892,974
Capital outlay	-	111,294	-	111,294
Total expenditures	3,251,509	111,294	-	3,362,803
Excess (deficiency) of revenues over (under) expenditures	(88,616)	(111,294)	(478)	(200,388)
Other financing sources (uses)				
Transfers in	392,141	-	-	392,141
Transfers out	(41,015)	-	-	(41,015)
Total other financing sources (uses)	351,126	-	-	351,126
Net change in fund balances	262,510	(111,294)	(478)	150,738
Fund balances - beginning	973,953	744,169	5,379	1,723,501
Fund balances - ending	\$ 1,236,463	632,875	4,901	1,874,239

Town of Winslow, Maine

Combining balance sheet

Special revenue funds

June 30, 2022

		Town grant funds	TIF funds	School grants and other funds	Adult education	School lunch	Student activities	Total special revenue funds
Assets								
Cash and cash equivalents	\$	-	-	-	-	-	150,506	150,506
Intergovernmental receivables		-	-	290,461	-	47,199	-	337,660
Due from other funds		708,696	335,049	233,830	7,693	160,996	-	1,446,264
Inventory		-	-	-	-	18,995	-	18,995
Total assets	\$	708,696	335,049	524,291	7,693	227,190	150,506	1,953,425
Liabilities								
Accounts payable		-	8,266	-	-	-	-	8,266
Unearned revenues		708,696	-	-	-	-	-	708,696
Total liabilities		708,696	8,266	-	-	-	-	716,962
Fund balances								
Nonspendable		-	-	-	-	18,995	-	18,995
Restricted		-	326,783	524,291	7,693	208,195	-	1,066,962
Committed		-	-	-	-	-	150,506	150,506
Total fund balances		-	326,783	524,291	7,693	227,190	150,506	1,236,463
Total liabilities and fund balances	\$	708,696	335,049	524,291	7,693	227,190	150,506	1,953,425

Town of Winslow, Maine

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

Special revenue funds

For the year ended June 30, 2022

	Town grant funds	TIF funds	School grants and other funds	Adult education	School lunch	Student activities	Total special revenue funds
Revenues							
Intergovernmental	\$ 96,820	21,703	1,799,122	-	935,633	-	2,853,278
Charges for services	-	-	145,485	-	39,702	-	185,187
Student activity fees and fundraisers	-	-	-	-	-	121,289	121,289
Miscellaneous	1,200	-	1,939	-	-	-	3,139
Total revenues	98,020	21,703	1,946,546	-	975,335	121,289	3,162,893
Expenditures							
Current:							
General government	96,820	230,261	-	-	-	-	327,081
Public safety	1,200	-	-	-	-	-	1,200
Public works	-	30,254	-	-	-	-	30,254
Education	-	-	1,921,859	-	842,903	128,212	2,892,974
Total expenditures	98,020	260,515	1,921,859	-	842,903	128,212	3,251,509
Excess (deficiency) of revenues over (under) expenditures	-	(238,812)	24,687	-	132,432	(6,923)	(88,616)
Other financing sources (uses)							
Transfers in	-	332,141	-	-	60,000	-	392,141
Transfers out	(7,600)	(33,415)	-	-	-	-	(41,015)
Total other financing sources (uses)	(7,600)	298,726	-	-	60,000	-	351,126
Net change in fund balances	(7,600)	59,914	24,687	-	192,432	(6,923)	262,510
Fund balances - beginning	7,600	266,869	499,604	7,693	34,758	157,429	973,953
Fund balances - ending	\$ -	326,783	524,291	7,693	227,190	150,506	1,236,463

Town of Winslow, Maine

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

School grants and other funds

For the year ended June 30, 2022

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Title IA	\$ -	355,368	355,368	-
MaineCare	338,467	126,052	37,381	427,138
Local entitlement	-	436,515	436,515	-
Pre-school	-	10,339	10,339	-
Title IIA - supporting effective instruction	-	7,933	7,933	-
Title V - rural low income	-	17,621	17,621	-
Education stabilization fund	-	806,892	806,892	-
E-rate	20,261	-	-	20,261
Fiscal agent	32,212	38,402	9,743	60,871
Before and after school care	92,449	145,485	237,934	-
Insurance proceeds	2,713	1,939	-	4,652
Gizmo garden fund	2,010	-	-	2,010
Covid donations	8,427	-	1,647	6,780
Homeless	3,065	-	486	2,579
	\$ 499,604	1,946,546	1,921,859	524,291

Town of Winslow, Maine

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

Student activity funds

For the year ended June 30, 2022

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Winslow High School	\$ 46,191	77,296	83,665	39,822
Winslow High School Athletics	15,311	6,865	5,532	16,644
Winslow Junior High School	56,847	10,492	10,700	56,639
Winslow Elementary School	39,080	26,636	28,315	37,401
	<u>\$ 157,429</u>	<u>121,289</u>	<u>128,212</u>	<u>150,506</u>

Town of Winslow, Maine

Combining statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2022

	Bowden scholarship	Esther Gagne scholarship	High School scholarships	Total
Additions				
Contributions/donations	\$ 1,398	-	30,860	32,258
Investment earnings:				
Investment income	6	2,146	20,850	23,002
Unrealized gain (loss)	-	(4,657)	(77,702)	(82,359)
Less investment expense	-	(635)	(1,709)	(2,344)
Total additions	1,404	(3,146)	(27,701)	(29,443)
Deductions				
Scholarships	401	-	7,525	7,926
Total deductions	401	-	7,525	7,926
Change in net position	1,003	(3,146)	(35,226)	(37,369)
Net position - beginning	11,449	35,364	388,345	435,158
Net position - ending	\$ 12,452	32,218	353,119	397,789