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In the opinion of Drummond Woodsum & MacMahon of Portland, Maine, Bond Counsel ("Bond Counsel"), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Notes (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not treated as a preference item in calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2022, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes interest paid on the Notes is exempt from taxation within the State of Maine (the "State"). **The Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE NOTES—TAX MATTERS" and "APPENDIX C" herein.

**REGIONAL SCHOOL UNIT NO. 14
(RAYMOND & WINDHAM, MAINE)
2024 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

**\$82,200,000^(*) ____ %
DATED APRIL 30, 2024; DUE MAY 15, 2025,
OFFERED @ __. __, TO YIELD ____ %
CUSIP: 75915P ____**

The 2024 General Obligation Bond Anticipation Notes (the "Notes") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bond owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the minimum denomination of \$100,000 or any \$5,000 integral multiple thereafter. Purchasers will not receive certificates representing their interest in Notes purchased. See "THE NOTES—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Notes will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Notes will be payable on May 15, 2025.

The legal opinion of Bond Counsel, will be provided to the original purchaser and will indicate that the Notes are valid general obligations of Regional School Unit No. 14 (the "RSU" or "Issuer") and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all the property within the territorial limits of the RSU (which territory includes the towns of Raymond, Maine and Windham, Maine) and taxable by it, except to the extent that the municipality within the territory of the RSU may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, to share its assessed valuation with another municipality; and except to the extent that a municipality within the territory of the RSU establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Notes. Both towns have established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to such districts. Within the limits established by statute, a town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. The Treasurers of the municipalities within the territory of the RSU have certified that no agreements under Chapter 223, Subchapter 5 of the Maine Revised Statutes now exist. Notes or Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, including the School Project (as defined herein) financed with a portion of the proceeds of the Notes, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The opinion will indicate that the enforceability of the obligations of the RSU, including the Notes, are subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Notes to the original purchasers.

Notes are not subject to redemption prior to their stated date of maturity.

The Notes are offered when, as and if issued, subject to the approval of legality by Drummond Woodsum & MacMahon of Portland, Maine, Bond Counsel. It is expected that the Notes in definitive form will be available for delivery to DTC on or about April 30, 2024

NOTE: ^(*) Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the RSU or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Notes, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the RSU and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the RSU. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the RSU since the date hereof.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP® numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the RSU and are included solely for the convenience of the holders of the Notes. Neither the RSU nor the Underwriter makes any representation with respect to the accuracy of such CUSIP® numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The RSU is not responsible for the selection or uses of the CUSIP® numbers and no representation is made as to their correctness on the Notes or as set forth in this Official Statement. The CUSIP® number for a specific maturity of the Notes is subject to change after the issuance of the Notes and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Notes.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by Regional School Unit No. 14 (the “RSU”) with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the RSU’s records and from various other public documents and sources, which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor or by Drummond Woodsum & MacMahon, its Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the RSU and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the RSU or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the undersigned, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the RSU is not guaranteed as to accuracy, completeness or fairness, the undersigned has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the undersigned and furnished at the closing.

This Official Statement is in a form “deemed final” by the issuer for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Christopher Howell, Treasurer
Regional School Unit No. 14

**OFFICIAL STATEMENT
REGIONAL SCHOOL UNIT NO. 14
(RAYMOND & WINDHAM, MAINE)
\$82,200,000^(*)**

2024 GENERAL OBLIGATION BOND ANTICIPATION NOTES

This Official Statement is provided for the purpose of presenting certain information relating to the sale of the above-referenced Regional School Unit No. 14 (the “RSU” or “RSU 14”) General Obligation Bond Anticipation Notes (the “Notes” or the “2024 Notes”).

THE RSU

Pursuant to the Maine Revised Statutes, Title 20-A, Section 1461 (the “School Consolidation Act”), the School Departments of the Towns of Raymond and Windham reorganized to form a regional school unit (an “RSU,” see “REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS IN MAINE INTO REGIONAL SCHOOL UNITS”) as Regional School Unit No. 14 (“the RSU” or the “Issuer”). The Raymond School Department and Windham School Department submitted a Reorganization Plan to the Commissioner on September 18, 2008 and received its Certificate of Organization dated December 1, 2008, evidencing its organization as a regional school unit, comprising the towns Raymond and Windham, under the laws of the State of Maine, which became effective July 1, 2009.

THE NOTES

DESCRIPTION OF THE NOTES

The Notes will be issued only as fully-registered securities without coupons, one certificate per CUSIP assignment, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the minimum denomination of \$100,000 or any \$5,000 integral multiple thereafter. The Notes will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months), payable on May 15, 2025.

Principal of and interest on the Notes will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Notes by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE NOTES - BOOK-ENTRY-ONLY SYSTEM” herein.

The Notes will be dated April 30, 2024, will mature on May 15, 2025. The Notes are not subject to redemption prior to their stated date of maturity.

It is expected that the Notes will be available for delivery at DTC on or about April 30, 2024.

NOTE: ^(*) Preliminary, subject to change.

RECORD DATE; PAYMENT

The principal of the Notes is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Notes will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the last day of the month preceding the interest payment date for the Notes, and if such day is not a regular business day of the Paying Agent, the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE, THE PROJECT AND PLAN OF FINANCING

Financing State Qualified School Construction Projects in Maine

The State of Maine Board of Education (the "State Board") established *Rules for Major Capital School Construction Projects* (the "Rules") to provide a subsidy for state-approved new school construction projects and school additions (including additions plus renovation) projects (i.e., "qualified" for State subsidy). A school administrative unit ("SAU") whose project has qualified for State subsidy has its approved debt service costs for that project (which may be the debt service on all or a portion of the project costs) included in its education costs eligible for subsidy purposes under the State's Essential Programs and Services education funding model. See "THE NOTES - SOURCE OF PAYMENT AND REMEDIES - State Subsidy", herein.

RSU No. 14

Maine regional school units are authorized to issue notes or bonds for school construction and other purposes under and pursuant to the laws of the State of Maine, including Sections 1490 and 1501 and Chapter 609 of Title 20-A of the Maine Revised Statutes.

Pursuant to September 13, 2023 State Board of Education Concept Approval and November 7, 2023 local referendum approval, on November 15, 2023 the RSU School Board adopted a Resolution authorizing the RSU to issue notes or bonds for school construction purposes in an amount not to exceed \$171,551,289 to construct and equip a new consolidated Grade 5 through Grade 8 middle school in the Town of Windham, Maine, to be located on approximately 53 acres of land located on the southerly side of Windham Center Road and the easterly side of River



New Middle School Project Site and Design Overview

Road. The project will create a single consolidated middle school for Grades 5 through 8 (the "Project"). Space created by grade reconfiguration will provide the opportunity for universal Pre-K. The RSU will offer the two current middle schools, Jordan-Small Middle School and Windham Middle School, back to the towns in which they are located for community use or other disposition. Pursuant to the State construction program, upon completion of Project design, RSU 14 must submit the Project to the State Board of Education for design and funding approval, whereupon RSU 14 shall put the Project out to competitive construction bid. Subject to Department of Education approval, RSU 14 proposes to bifurcate

the design and funding approval and construction bids for the site work and the new building construction, respectively. Following the opening of construction bids on the building, the Maine Commissioner of Education issues final funding approval and in that approval is authorized to reduce the RSU 14 Project funding and the permanent bonds RSU 14 may issue to reflect savings, if any, from the construction bid process. Accordingly, the November 15, 2023 Resolution provides that the RSU may only issue bond anticipation notes in an amount not to \$100,000,000 until final funding approval, and thereafter shall not exceed the amount authorized by the final funding approval, if lower than \$171,551,289. The DOE has established a Proposed Project Schedule with approvals anticipated to occur:

State Board/DOE Proposed Project Schedule Approvals

Concept Approval	September 13, 2023 (received)
Design and Funding Approval	December 2024 ^(*)
Final Funding Approval	March 2025
First Bond Issue Approval Date	Spring 2025
Second Bond Issue Approval Date	Spring 2026
(The First and Second Bond Issue, collectively, the “Bonds”)	

NOTE: ^(*) If approved, bifurcated between April 2024 for the site work and December 2024 for the building.

On September 14, 2016, the State Board designated the Project to be placed on the State Board’s *Major Capital School Construction Program - Approved Projects List*. On July 12, 2023, the State Board gave *Site Approval* and on September 13, 2023, the State Board gave *Concept Approval* for the Project. The RSU is now in the process of *Design and Funding Approval* from the State Board (if bifurcated, as proposed by RSU 14, currently scheduled for April 2024 for the “site work” and December 2024 for the “new building”). Immediately following receipt of *Design and Funding Approval*, the RSU will put construction of the Project out to a competitive bid. *Final Funding Approval* from the Commissioner of the DOE is currently scheduled for March 2025. The *Final Funding Approval* will combine both the “Early Site” and “School Construction” portions of the Project to establish the final budget for the Project. Once all of the approvals are obtained, the RSU currently expects to start construction of the Project in June 2024 and to complete construction by August 2027.

Of the authorized amount of Project bonds that RSU 14 issues following final funding approval, the Project Concept approval that RSU 14 has received provides that the debt service on 76.8% will be costs eligible for the purpose of calculating RSU 14’s state education subsidy, and the debt service on the remaining 23.2% is not eligible for State subsidy purposes.

In order to adhere to DOE’s schedule, \$8,000,000 Notes were issued on December 14, 2023 to provide initial interim funds, to finance the acquisition of land, design and engineering for the Project (the “2023 Notes”). With the proceeds from the sale of the 2024 Notes, the RSU intends to refund the 2023 Notes, on a current basis, with Notes to be issued on or about April 30, 2024, and that are expected to mature on or about May 15, 2025 (the “2024 Notes”). The RSU expects to issue its general obligation bonds on or about May 1, 2025 to repay the 2024 Notes and to provide additional long-term funds for the Project. The RSU expects to issue the remaining authorized bonds on or about May 1, 2026 to provide final funds to complete the Project.

SOURCE OF PAYMENT AND REMEDIES

General Obligation Pledge; Local Assessments

Bonds and Notes are general obligations of the RSU and their payment is not limited to a particular fund or revenue source. The RSU comprises the towns of Raymond and Windham (the “Member Municipalities”). Each Member Municipalities’ contribution to the annual school budget, which includes the RSU’s annual debt service obligation, is determined in accordance with the budget annually approved by the voters of the

RSU. The School Board issues warrants to the assessor of each Member Municipality requiring the assessor to assess upon the taxable estates of the respective Member Municipality an amount equal to each Member Municipality's contribution to the RSU's budget. The assessor of each Member Municipality is required to commit the assessment of the RSU to the respective Municipality's tax collectors, who have all the authority to collect the RSU's taxes as to collect State of Maine (the "State"), county, and municipal taxes. Ad valorem property taxes may be levied without limit as to rate or amount upon all the taxable property within the territorial limits of the RSU to pay principal and interest on the Notes, except to any extent that any municipality within the territory of the RSU may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, to share its assessed valuation with another municipality, and except to the extent that any Member Municipality within the territory of the RSU establishes or has established municipal development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, the captured tax increment of which may not be available for payment of debt service on the Notes. The towns have established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the development projects described in the development programs adopted with respect to the districts. Within the limits established by statute, towns have the right to designate additional development districts pursuant to Chapter 206 of Title 30-A and former (now repealed) Chapter 207 of the Maine Revised Statutes. There is no statutory provision for a lien on any portion of the tax levy to secure Bonds and Notes, or judgments thereon, in priority to other claims. The RSU is, however, subject to suit on Bonds and Notes.

Pursuant to Title 20-A, Section 1490(5) of the Maine Revised Statutes, the RSU is a quasi-municipal corporation within the meaning of Title 30-A, Section 5701 of the Maine Revised Statutes. Section 5701 provides that the personal property of the residents and the real estate within the boundaries of a quasi-municipal corporation may be taken to pay any debt due from the body corporate. However, there has been no judicial determination of whether this remedy is constitutional under current due process and equal protection standards. Further, Title 20-A, Section 1489(6) of the Maine Revised Statutes, provides that if the treasurer of either of the RSU's Member Municipality fails to pay an assessment when due, the RSU treasurer, following notice and a 60 day cure period from the due date, may initiate an action in Superior Court to compel payment of the delinquent installment. The court shall determine the amount owed by the municipality to the RSU and shall order the municipal treasurer to pay all delinquent installments and accrued interest (along with court costs and reasonable attorney's fees). To ensure prompt payment of the delinquent installments, the court may require that amounts due to the municipality from the State under Title 30-A, Section 5681 and Title 36, Sections 578 and 685 be paid to the RSU until the amount determined by the court is satisfied. The court shall promptly notify the disbursing State agency of the determination and direct the agency to make the required change in payee and the amounts to be paid. If additional funds are needed to satisfy the amount determined by the court to be paid to the RSU, the court may order the attachment or trustee process and sale of real or personal property owned by the municipality or the attachment of the municipality's bank accounts or require property tax payments to the municipality to be turned over to the court and may pay the amount owed the RSU from the proceeds and return any excess to the municipality.

The RSU's assessments of its Member Municipalities do not include amounts for expenses, including debt service, to the extent the expenses are expected to be paid from budgeted revenues other than revenues from the assessment of taxes. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Bonds or Notes are not guaranteed by the State.

State Subsidy

The State subsidizes local school administrative units (“SAUs”), which include regional school units (“RSUs”), pursuant to Chapter 606-B of Title 20-A of the Maine Revised Statutes. Chapter 606-B, is known as the “Essential Programs and Services Funding Act,” (the “EPS Act”) and is summarized in this section. Pursuant to Section 15671 of the EPS Act, Essential Programs and Services (“EPS”) are identified as those educational resources required for all students to meet the standards in the eight content standard subject areas of the system of learning results established by statute. In order to achieve this system of learning results, school funding based on EPS must be available in all schools on an equitable basis and utilize resources including federal funds that are currently provided or could be adapted to implement a system of learning results, as well as additional resources that are also needed to ensure that these programs and services are available to all students. The objective of school funding is to make adequate provision to provide for staffing and other material resource needs of the essential programs and services identified by the Legislature. Funding is subject to appropriation by the State legislature. The EPS Act and State funding under the EPS Act are subject to amendment by the Legislature.

The State and SAU are jointly responsible for contributing to the cost of the components of EPS. The State contribution to the cost of the components of EPS is proposed by the Commissioner of Education (the “Commissioner”) and established by the Legislature. The current statutory objective is for the State to provide 55% of the statewide EPS costs to SAUs. See “THE NOTES - SOURCE OF PAYMENT AND REMEDIES - Uncertainty Regarding School Funding,” below.

Based upon the State’s funding level for a fiscal year, the EPS Act establishes that the Commissioner set a statewide, full-value education mill rate that determines a municipality’s required local contribution. The full-value mill rate is that rate which, if applied to the statewide valuation, would produce a sufficient amount to achieve the statewide total local share of the total State/local allocation. The statewide mill rate applied to a municipality’s property valuation determines the municipality’s required local contribution, also referred to as the “local cost share expectation” for that municipality. The required local contribution is subject to certain adjustments, including, where applicable a minimum receiver adjustment. In some cases, an SAU’s formula for dividing costs among its member municipalities creates a “re-allocation” of the member municipalities’ contributions towards the SAU’s local allocation.

Each year, the Commissioner notifies each SAU of the local cost share expectation for the SAU and its member municipalities, and each superintendent reports to the municipal officers whenever an SAU is notified of the local cost share expectation or a change made in the local cost share expectation resulting from an adjustment.

The legislative body of an SAU may approve an additional local appropriation that exceeds the SAU’s local allocation for EPS costs only if that action is approved in a separate article by a vote of the SAU’s legislative body as part of the school budget approval process in that SAU and in accordance the EPS Act. For SAUs whose legislative bodies are town or city councils, the vote for additional local appropriation must be accomplished by a majority vote of the full membership of the school board, followed by approval of the town or city council. For SAUs whose legislative bodies are budget meetings conducted as a New England-style open meeting of voters, the additional local appropriation is accomplished by a secret ballot, simple majority vote. In most SAUs, following legislative body approval of the school budget, the voters of an SAU must ratify the school budget by a referendum vote.

Uncertainty Regarding School Funding

State subsidies for SAUs are based upon a number of factors set forth in the EPS Act that are subject to change each year. In addition the subsidy formula itself is subject to change each year by the Legislature. Furthermore, subsidies for SAUs are an annual item in the State's budgetary process and are subject to legislative appropriation each year.

The level of State subsidy is subject in any year to approval by the State legislature. Since the State's establishment of school subsidy programs in 1969, in some years the State has curtailed its subsidy of EPS costs⁽¹⁾. In 2005, the State legislature passed "LD 1," a bill that required the State to increase the State contribution to EPS costs to 55%. It was not until 2021 that the State met this 55% funding goal. Still, no assurances can be given that future legislation will not have an adverse impact on school funding in Maine. In addition, no assurances can be given regarding the current, or future, annual appropriation by the Legislature of an amount sufficient to fund the State's share of EPS allocation as it is currently defined and determined under the EPS Act. Because of the uncertainties involved in the legislative process, it is not possible to predict the level of State subsidy to SAUs in future years or indeed, whether the State's subsidy program will continue in its present form.

NOTE: ⁽¹⁾ It is noted that in those years where the State has curtailed its subsidy of EPS costs, it always has excluded from curtailment the debt service for school construction projects that the State has approved for inclusion in EPS costs for subsidy services. No assurance can be given, however, that the State will not change this practice in some manner that would affect the level of such debt service subsidy. In any case, however, debt service on the Bonds is not included in EPS costs as State approved debt service for subsidy purposes.

Recent Years' State General Purpose Aid to Local Schools

Beginning in fiscal year 2011/2012, the State set targets that include EPS costs *plus* the State contribution to teacher retirement, retired teacher health insurance, and retired teacher life insurance. The State target for General Purpose Aid to Local Schools was established at the following level in the following fiscal years:

<u>Fiscal Year</u>	<u>State % Target</u>	<u>State % Target Including Teacher Retirement Contribution</u>
2019/2020	50.78%	55.00%
2020/2021	51.78%	55.00%
2021/2022	55.00%	55.00%
2022/2023	55.00%	55.00%
2023/2024	55.00%	55.00%

From time-to-time, the State Legislature may change the costs includable in EPS and the method of calculating the achievement of the State target. For example, in fiscal year 2013/2014 the State target for the total cost of K-12 education as measured by the EPS school funding model, included the total "normal cost" of the teachers' retirement premium. The appropriation represents approximately \$29 million over the distribution of school subsidy for the current fiscal year before that was reduced by \$12.6 million through a curtailment order issued by the Governor in December 2012, as an emergency procedure to keep the State Budget in balance. The \$29 million funding increase, however, is accompanied by transferring the financial obligation from the State to the schools for the "normal costs" of teachers' retirement under MainePERS (as defined herein). As seen in the percentages set forth in this section, transferring the State funding of these costs to the EPS formula in prior years brought the State closer to its stated 55% funding goal for EPS costs, without providing a net funding increase. Neither the future amount nor future rate of State subsidy can be calculated on a pro forma basis due to the variable nature of the factors included in the State's determination of funding.

State Subsidy for Bonds

Bonds, when issued, will be eligible for State debt service subsidy (see “THE NOTES - AUTHORIZATION AND PURPOSE, THE PROJECT, AND PLAN OF FINANCING” herein. The State Board of Education has established *Rules for Major Capital School Construction Projects* (the “Rules”) to provide a subsidy for all or a portion of the debt service costs for certain eligible new school construction projects and school addition (including addition plus renovation) projects (i.e., “qualified” for State subsidy). An SAU whose project has qualified for State subsidy has its approved debt service costs for that project (which may be the debt service on all or a portion of the project costs) included in its State local allocation for subsidy purposes.

The State Board has given *Concept Approval* for the Project for the total cost of \$171,551,289 of which \$131,712,845 (or 76.78%) will be the State Qualified Share of bonds issued to provide funds to finance the Project and \$39,838,444 (or 23.22%) which will be debt service for the local share portion of bonds to provide funds to finance the Project.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the RSU to comply with such requirements may cause interest on the Notes to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs or is ascertained.

The RSU will make certain representations with respect to the use of the proceeds of the Notes and the School Projects and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Notes and (ii) not to take any action or permit any action that would cause the interest paid on the Notes to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Bond Counsel and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions interest on the Notes is excludable from the gross income of the owners of the Notes for purposes of federal income tax purposes pursuant to Section 103 of the Code. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax; however, for tax years beginning after December 31, 2022, such interest is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel will rely upon the RSU’s representations made with respect to the use of the proceeds of the Notes and the Project and the RSU’s covenant that it will comply with the Code.

Exemption of Interest on the Bonds or Notes from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest paid on the Notes is not subject to income taxes within the State imposed on individuals under existing statutes, regulations and judicial decisions. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX C herein.

Designated as Qualified Tax-Exempt Obligations

The RSU will not designate the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Pursuant to Title 20-A, Section 1490(2)(A) of the Maine Revised Statutes, the RSU may not sell its bonds or notes for less than par.

Original Issue Premium

Certain maturities of the Notes may be sold at a purchase price in excess of the amount payable on such Notes after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Notes”). The excess, if any, of the tax basis of the Premium Notes to a purchaser (other than a purchaser who holds such Premium Notes as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Notes. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Notes under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Notes should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Notes will be audited. If an audit is commenced, under current IRS procedures holders of the Notes may not be permitted to participate in the audit process and the value and liquidity of the Notes may be adversely affected.

Changes in Federal Tax Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax exempt

status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes. Prospective purchasers of the Notes should consult their tax and financial advisors regarding such matters.

Opinion of Bond Counsel

The legal opinion of the firm of Drummond Woodsum & MacMahon, of Portland, Maine (see APPENDIX D) will be furnished to the original purchaser of the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the original purchaser of the Notes.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Notes other than its opinion with regard to (a) the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code, (b) interest on Notes not being treated as a preference item in calculating the alternative minimum tax under the Code, but that for tax years beginning after December 31, 2022, such interest will be taken into account included in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code, (c) the exemption of interest on the Notes from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Notes.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The RSU may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the RSU believes to be reliable, but the RSU takes no responsibility for the accuracy thereof.

RATINGS

The Notes are rated “___” by Moody's Investors Service (“Moody's”) and “___” by S&P Global Ratings (“S&P”). The RSU has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Notes. Moody's or S&P should be contacted directly for its rating on the Notes and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Notes, and such rating should be evaluated independently. Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX D and referred to under “THE NOTES – CONTINUING DISCLOSURE” herein, the RSU has not undertaken any responsibility either to bring to the attention of the owners of the Notes any proposed change in, or withdrawal of, any rating of the Notes or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Notes in complying with the Securities and Exchange Commission's (“SEC”) Rule 15c2-12 (the “Rule”), the RSU will covenant for the benefit of the owners of the Notes to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”). The covenants will be contained in a “Continuing Disclosure Agreement” (the “Agreement”; or “CDA”), the proposed form of which is provided in APPENDIX E. The Agreement will be executed by the Treasurer of the RSU.

This is the first issuance of publically sold debt by RSU 14 that is subject to continuing disclosure requirements of the Rule⁽¹⁾, thus heretofore the RSU has not previously entered into an undertaking under the Rule and has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.

NOTE: ⁽¹⁾ The 2023 Notes are exempt from the requirement of an Official Statement as (I) this was a primary offering of municipal securities in authorized denominations of \$100,000; and (II) such securities: (i) are sold to no more than thirty-five persons each of whom the participating Underwriter reasonably believes: (A) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment; and (B) is not purchasing for more than one account or with a view to distributing the securities⁽¹⁾; and (ii) have a maturity of less than nine months⁽²⁾.

⁽¹⁾ Pursuant to 17 C.F.R. § 240.15c2-12(b)(d)(1)(i) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

⁽²⁾ Pursuant to 17 C.F.R. § 240.15c2-12(b)(d)(1)(ii) of the Rule.

CUSIP® IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the RSU provided, however, that the RSU assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the RSU with respect to the issuance of the Notes pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Notes.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Notes to the original purchasers thereof.

Approval of Legality

The legality of the Notes will be approved by Drummond Woodsum & MacMahon of Portland, Maine, Bond Counsel. The unqualified approving opinion of such counsel with respect to the Notes in substantially the form attached to this Official Statement as APPENDIX D will be delivered at the time of original delivery of the Notes and a copy of the opinion will be provided to the original purchasers. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the Underwriter. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also “PROPOSED FORM OF LEGAL OPINION” in APPENDIX D herein.

Certificate With Respect to Official Statement

At the time of the original delivery of and payment for the Notes, the RSU will deliver a certificate of the Treasurer to the effect that the Treasurer has examined this Official Statement and the financial and other data contained therein and that, to the best of the Treasurer’s knowledge and belief, both as of its date and as of the date of delivery of the Notes, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the RSU is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading.

No Litigation

Upon delivery of the Notes, the RSU shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by its Secretary, dated the date of delivery of the Notes, to the effect that there is no litigation pending or, to the knowledge of the Treasurer, threatened, affecting the validity of the Notes or the power of the RSU to assess and to require the Member Municipality to levy and collect taxes to pay the Notes, and that neither the corporate existence nor boundaries of the RSU, nor the title of any of said officers to their respective offices, is being contested.

Certification of the Notes

The Notes will be certified as to their genuineness by U.S. Bank Trust Company, National Association, Boston, Massachusetts, which certificate will appear on the Notes.

Certificate With Respect to Treasurers of Member Municipalities

At the time of the original delivery of and payment for the Notes, the RSU will deliver a certificate of the Treasurer of each of the municipalities within the territory of the RSU which certifies that no agreements now exist under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality.

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REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS INTO REGIONAL SCHOOL UNITS

THE SCHOOL CONSOLIDATION ACT

The School Consolidation Act was enacted in 2007 with the goal of reorganizing and consolidating certain existing School Administrative Units (“SAUs”) into Regional School Units (“RSUs”). The law sets forth State policy to provide for certain existing SAUs to be reorganized into regional, State approved, units of school administration in order to provide: equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner. All SAUs were directed to work with other units to reorganize into larger, more efficient units, or where expansion of the SAU would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs and to achieve administrative efficiencies.

Subject to certain exceptions, existing SAUs were directed to form regional school units of at least 2,500 resident students, or 1,200 resident students in certain situations where geography, demographics, population density, transportation challenges and other obstacles make 2,500 impractical. SAUs that were exempt from the requirement were, nonetheless, required to submit a plan to achieve efficiencies.

The School Consolidation Act also provided for any Maine school administrative district (“SAD”) that had not merged with other SAUs into an RSU by January 30, 2009 to be recreated as an RSU under Title 20-A, Chapter 103-A, effective July 1, 2009, without dissolving the SAD. The School Consolidation Act further provided for such “recreated” RSUs to be subject to all public laws relating to public education and applicable to regional school units, and to remain the same legal entity, but to be permitted to keep and continue to use the same name, including the term “School Administrative District,” for official purposes, including all contracts and debt instruments.

REGIONAL SCHOOL UNITS

Organization

An RSU is organized under and governed by Chapter 103-A (Sections 1451 – 1512) of Title 20-A of the Maine Revised Statutes. Pursuant to Chapter 103-A, Section 1490(5) of Title 20-A of the Maine Revised Statutes, an RSU is a body politic and corporate of the State and is a quasi-municipal corporation within the meaning of Title 30-A, Section 5701 of the Maine Revised Statutes.

Operation

Pursuant to Title 20-A, Section 1471 of the Maine Revised Statutes, an RSU is governed by a school board. The school board elects and hires the Superintendent, who serves as its Secretary and Treasurer.

Budget and Assessments

The RSU budget preparation and approval process are conducted pursuant to Title 20-A, Sections 1482 - 1489 of the Maine Revised Statutes. The RSU budget is prepared by the school board and then must be approved at New England town meeting-style budget meeting, followed by voter approval at a budget validation referendum. The budget validation referendum must be held on or before the 45th calendar day following the scheduled date of the RSU budget meeting. If the voters do not validate the budget at the budget validation referendum, the school board must hold another budget meeting to approve a new budget at least 10 days and not more than 45 days after the referendum. The new budget approved at the budget

meeting must again be submitted to the voters for validation at referendum. The process must be repeated until a budget is approved at a district budget meeting and validated at referendum. The voters of an RSU may vote to discontinue the budget validation referendum process, in which case the RSU budget is finally approved at an RSU budget meeting.

Pursuant to Title 20-A, Section 1487 of the Maine Revised Statutes, if a budget is not approved prior to July 1st, the latest budget approved at an RSU budget meeting and submitted for approval at a budget validation referendum is automatically considered the budget for operational expenses for the ensuing year until a final budget is approved. If a budget is not approved by July 1st and the officers of an RSU member municipality determine that property taxes must be committed in a timely manner, such property taxes may be committed based on the latest budget approved at an RSU budget meeting and submitted for approval at a budget validation referendum.

In accordance with the approved budget, the RSU Board issues warrants to the assessors of each member municipality for its share of the RSU's costs. The assessors commit the assessment to the respective tax collectors, who have the authority and powers to collect the RSU's taxes as is vested in them by law to collect state, county, and municipal taxes. The RSU school board also notifies the member municipalities of the monthly installments that will become payable during the RSU's fiscal year, due on or before the 20th of each month.

In accordance with Title 20-A, Section 1489(6) of the Maine Revised Statutes, if a treasurer of one of the RSU's constituent municipalities fails to pay an assessment when due, the RSU treasurer, following notice and a 60-day cure period from the due date, may initiate an action in Superior Court to compel payment of the delinquent installment. The court shall determine the amount owed by the municipality to the RSU and order the municipal treasurer to pay all delinquent installments and accrued interest (along with court costs and reasonable attorney's fees). To ensure prompt payment of the delinquent installments, the court may require that amounts due to the municipality from the State be paid to the RSU until the amount determined by the court is satisfied, promptly notifying the disbursing state agency of the determination and directing the agency to make the required change in payee and the amounts to be paid; or if additional funds are needed the court may order the attachment or trustee process and sale of real or personal property owned by the municipality or the attachment of the municipality's bank accounts or require property tax payments to the municipality to be turned over to the court and may pay the amount owed the RSU from the proceeds and return any excess to the municipality.

Power to Borrow Money

Pursuant to Title 20-A, Section 1490 of the Maine Revised Statutes, the RSU Board may borrow money to pay for current operating expenses, minor capital costs, and, school construction costs. The aggregate principal amount of outstanding debt issued or assumed by an RSU for major and minor capital costs (i.e., school construction purposes and renovation, improvement, and repair purposes), shall not exceed 10% of the total of the last preceding State valuation of all of the municipalities within the RSU (plus, for State-subsidized school projects, an amount not to exceed 4% of the total RSU valuation set by the State Board Of Education at the time of initial approval of a school construction project).

Additions to an RSU

An SAU not originally a member of an RSU may be included in the RSU by filing with the Commissioner a notice of intent to engage in planning and negotiations to join with the RSU. The Commissioner shall provide information regarding the process and whether the intended action complies with the requirements of Chapter 103-A of Title 20-A. An SAU may join an existing RSU generally in the same manner required for the formation of the RSU. The municipal officers of each municipality in a proposed reorganized SAU

shall submit the question to the voters of such SAU. If the SAU vote was in the affirmative, the existing RSU shall call an RSU referendum to vote on the question. If a reorganization plan is approved, the Commissioner shall file notice of approval of the unit with the State Board of Education and the Commissioner shall issue an amended certificate of organization to the reorganized RSU.

Withdrawals from an RSU

A municipality may withdraw from the RSU under the RSU statutes pursuant to Title 20-A, Section 1466 of the Maine Revised Statutes. The process of a municipality's withdrawal from an RSU is initiated by a petition signed by at least 10% of the voters of the municipality that voted in the last gubernatorial election. After a public hearing, the municipality holds a referendum election on whether to file the withdrawal petition with the RSU school board and the Commissioner of Education. If the municipal vote in favor of the petition receives less than 45% of the votes cast, that municipality may not petition to withdraw within two years of the date of that vote.

If the voters approve the withdrawal petition, the municipal officers shall form a withdrawal committee, composed of one of the municipal officers, one member from the general public, one member from the group filing the petition, and one of the municipality's representatives on the school board.

The withdrawal committee must negotiate a withdrawal agreement with the RSU school board. The withdrawal agreement must contain provisions to address aspects of the withdrawal, including distribution of financial commitments arising from the RSU's outstanding bonds, notes, and other contractual obligations. The statute governing withdrawals expressly provides that the RSU "remains intact for the purpose of securing and retiring [outstanding] indebtedness" of the RSU.

The Commissioner then reviews the withdrawal agreement, and either gives it conditional approval or recommends changes. If changes are recommended, they must be made by the withdrawal committee within the time period specified by the commissioner.

After the withdrawal agreement receives conditional approval from the Commissioner, the RSU school board calls a public hearing to discuss the merits of the withdrawal agreement. Following the public hearing, the withdrawal committee forwards the final agreement back to the commissioner. The commissioner then schedules the date and time for the referendum to consider the withdrawal agreement.

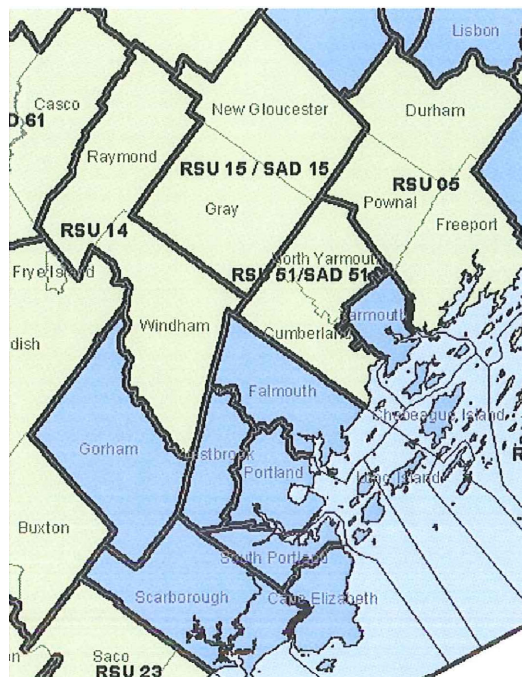
At the referendum, only the municipality proposing to withdraw may vote on whether to approve the withdrawal agreement. For a municipality to withdraw from an RSU formed pursuant to a reorganization plan approval of a withdrawal agreement requires a simple majority vote of the withdrawing municipality, however, the number of votes cast for and against the withdrawal must exceed 50% of the voters in the last gubernatorial election. In this type of RSU, if the municipal vote in favor of the withdrawal agreement receives less than 45% of the votes cast, that municipality may not petition to withdraw within two years of the date of that vote. For a municipality to withdraw from an RSU that was reformulated from a school administrative RSU pursuant to Public Law 2007, Chapter 240, Section XXXX-36(12), as amended, approval of the withdrawal agreement requires a 2/3 vote, but there is no minimum number that must vote. In this type of RSU, if the municipal vote in favor of the withdrawal agreement receives less than 60% of the votes cast, that municipality may not petition to withdraw within two years of the date of that vote.

Following the above procedures, upon withdrawal of a municipality from an RSU that is composed of a single municipality, the RSU is dissolved.

REGIONAL SCHOOL UNIT NO. 14

Regional School Unit 14

Subject to certain exceptions, in 2008 School Administrative Units (“SAU”) were directed by the State of Maine’s Commissioner of Education (the “Commissioner”) to form regional school units (“RSUs”) to reduce school administrative costs. The Raymond School Department and the Windham School Department submitted a Reorganization Plan to the Commissioner on September 18, 2008 that was approved to form Regional School Unit No. 14 (“RSU 14”) that became operational effective as of July 1, 2009. Since the consolidation, the administration and operations of the Towns’ respective School Departments are no longer the responsibility of the Towns. RSU 14’s annual budget is subject to approval by the voters of the Member Municipalities of the RSU through a RSU budget meeting and Budget Validation Process. The map displays the municipalities that comprise RSU 14’s geographical area.



SOURCE: State of Maine, Department of Education.

Composition and Apportionment of the RSU’s Governing Body⁽¹⁾

The RSU Board is comprised of nine members, six of which are elected by the voters of the Town and three of which are elected by Raymond’s voters. Each Board member serves three-year staggered terms.

<u>Former Affiliation</u>	<u>Town</u>	<u>2006 Population</u>	<u>% of 2006 Population</u>	<u># Board Members</u>	<u>% Votes per Member</u>	<u>% of 2021 Students⁽²⁾</u>
Individual SAU	Windham	16,546	78.2%	6	73	82.97%
Individual SAU	Raymond	4,601	21.8%	3	130	17.03%
		21,147	100.0%	9	203	100.0%

NOTE: ⁽¹⁾ Reorganization Plan submitted to Maine Commissioner of Education, dated September 18, 2008.

⁽²⁾ Informational only.

RSU 14 Schools, Locations, Grades and Enrollment

<u>School</u>	<u>Location</u>	<u>Grade</u>	<u>Est. Capacity</u>	<u>Enrollment⁽¹⁾</u>
Windham Primary	Windham	K - 3	689	724
Raymond Elementary	Raymond	K - 4	458	279
Manchester	Windham	4 - 5	383	400
Jordan-Small Middle	Raymond	5 - 8	348	186
Windham Middle	Windham	6 - 8	622	552
Windham High	Windham	9 - 12	1,150	935

NOTE: ⁽¹⁾ Enrollment on October 1, 2023.

RSU 14 Enrollment Trends

Oct. 1,	K - 3	4 - 5	6 - 8	9 - 12	Totals
2023	961	486	694	935	3,076
2022	956	491	682	980	3,109
2021	1,014	349	768	970	3,101
2020	962	461	807	933	3,163
2019	925	503	769	928	3,125
2018	890	549	732	953	3,124
2017	950	498	765	937	3,150
2016	976	483	737	979	3,175
2015	928	495	728	1,023	3,174
2014	997	505	741	1,034	3,277

SOURCE: State of Maine, Department of Education, "Attending Counts by Grade and School".

Historical Allocation for the RSU's Local Costs

	<u>2021/2022</u>		<u>2022/2023</u>		<u>2023/2024</u>	
<u>Community</u>	<u>Assessment</u>	<u>% Total</u>	<u>Assessment</u>	<u>% Total</u>	<u>Assessment</u>	<u>% Total</u>
Windham	\$22,223,721	67.26%	\$24,320,184	68.14%	\$25,611,458	68.2%
Raymond	10,818,645	32.74%	11,370,567	31.86%	11,940,729.	31.8%
Total	\$33,042,366	100.00%	\$35,690,751	100.00%	\$37,552,187.	100.00%

Career and Technical Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for "applied technology education" or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via an applied technology center (a "Center") or an applied technology region (a "Region"). A Center (a "CTE Center") is comprised of a single school administrative unit and its obligations are those of the unit. Students of the Town may opt to receive career and technical education at the Portland Arts & Technology High School ("PATHS") in Portland, Maine, 12 miles distant or Westbrook Regional Vocational Center (the "WRVC") Westbrook, Maine, approximately 8 miles distant. The law regarding the funding of PATHS and WRVC was changed by Chapter 226 of the Private and Special Laws of Maine (1999) such that CTE Center's are funded through a CTE allocation paid by the State and paid directly to the CTE Region or an SAU that has a CTE Center. The CTE funding statute still allows CTEs to assess members if their budget needs exceed the State CTE allocation and to have cost sharing agreements.

Portland Arts and Technology High School

As a Center, PATHS is owned, operated and maintained by the Department of Education of the City of Portland.

Westbrook Regional Vocational Center

The Westbrook Regional Vocational Center (the "WRVC"), constructed in 1963 became a Center in 1968. The Vocational Center is owned, operated and maintained by the Department of Education of the City of Westbrook to provide technical education to students from grades 9 through 12. Westbrook has entered into a cooperative agreement (the "Cooperative Agreement") between the towns of Gorham, Scarborough, RSU 14 (comprised of Windham and Raymond) and Maine School Administrative District No. 6

(comprised of the towns of Buxton, Hollis, Limington and Standish) (collectively the “Member Units”), which provides for an Administrative Advisory Committee, made of representatives from the Member Units, to plan, develop, coordinate, and govern services for vocational education for students enrolled by the Member Units, and to devise formulas to share costs.

LABOR RELATIONS

Approximately 700 full and part time personnel, including temporary employees, work for the RSU. This includes a current headcount of 301 Teachers, 240 Support Staff and 12 Administrators. Teachers are represented by the Sebago East Shore Education Association; School Secretaries, Educational Technicians, Food Service and Custodians the Raymond Windham Education Support Professionals, each through its affiliation with the Maine Education Association (“MEA”), as separate bargaining units; school administrators are represented by the RSU 14 Administrators Association. Other RSU employees are not represented by a union.

<u>Union</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
		<u>Effective</u>	<u>Expiration</u>
Sebago East Shore Ed Assoc	Teachers	8/22/2021	8/21/2024
R/W Education Support Prof Assoc	School Secretaries, Ed Tech, Food Service, Custodians	7/1/2023	6/30/2026
RSU 14 Administrators Assoc.	Administration	7/1/2023	6/30/2026

THE MEMBER MUNICIPALITIES

Town of Raymond

The Town of Raymond is located in the north center of the County of Cumberland, the County being in the southwestern section of the State of Maine along Maine’s coast. Raymond is approximately 21 miles northwest of Portland, the State’s largest city. The town is bordered by the towns of Gray, New Gloucester and Poland forming the eastern and northeastern, respectively, line of the Town; Windham being contiguous to Raymond’s southeastern boundary and Casco forming the Town’s western border. A portion of the southern corner of the Town is comprised of Jordan Bay in Sebago Lake where the Town shares its border with Windham. All, or portions of, six lakes or ponds are within the Town, the most prominent being Sebago Lake.

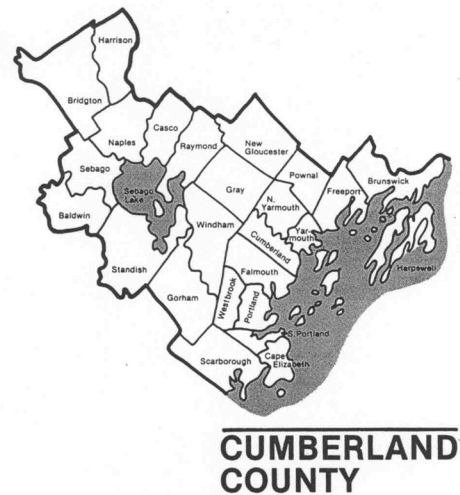
Originally named Raymondtown Plantation the area was granted in 1767 to Captain William Raymond and Company for their services in 1690 Battle of Quebec under Sir William Phipps, and was first settled in 1771 by Captain Joseph Dingley. On June 21, 1803 the Planation was incorporated as the Town of Raymond. Portions of Raymond were set off in 1829 to form a portion of the Town of Naples and in March 1841 the Town of Casco.

The Town’s 4,500 year-round population of swells approximately by three times during the summer, when local summer camps and seasonal resorts are filled with visitors. Many seasonal residents have made Raymond their summer home for several generations, including the author Nathaniel Hawthorn who lived his boyhood in a house built for his mother in 1812.

The Town is a rural, residential community with predominantly owner occupied single family homes (84.6%, 2020 Census). The principal settlements of the Town include North Raymond, East Raymond and Raymond Village. The Town enjoys unusual combinations of scenic ridge areas, 80% forested land and numerous lakes and ponds in the “Lake Region” of Maine. In addition to proximity to a number of lakes, the Town’s total area includes tracts of farm and forest land, open space and lake shorefront areas, totaling 44.75 square miles, the land area being 33.18 square miles.

Town of Windham

The Town of Windham is located in the center of the County of Cumberland, approximately 12 miles northwest of Portland. Shaped like an isosceles triangle with its base facing west, the Town is approximately 12 miles long with its greatest width at approximately three miles. The Presumpscot River separates Windham from the Town of Gorham as the base of the triangle, and as the Town's western border. A major portion of the northwestern corner of the Town is comprised of Jordan Bay in Sebago Lake. The Town of Gray forms the northeastern line of the Town, with the towns of Cumberland, Falmouth and the City of Westbrook all being contiguous to Windham's southeastern boundary. The Pleasant River flows through the Town's center from the middle of its northeastern line as a tributary to the Presumpscot River at Windham's west. All, or portions of, ten lakes or ponds are within the Town, the most prominent being Sebago Lake.



Windham was first established in 1734 when a township of 25,600 acres, consisting of 63 lots, was laid out on the eastern bank of the Presumpscot River and granted to various people from Marblehead, Massachusetts as "New Marblehead". The area was first settled in 1737 by Captain Thomas Chute and William Mayberry, both from Marblehead. The Town incorporated as Windham on June 12, 1762 with various sources citing the origin of the name as being either from Wymondham, a town in the County of Norfolk, England of the same spelling or from the British contraction of Wymonham, a parish located in Liecestershire in the central part of England. Being the location of its first settlement, South Windham became the initial industrial center of the Town. The Cumberland & Oxford Canal provided transportation to Portland through 20 miles of hand-dug canals, from 1821 until it ceased operations in 1870 due to competition from railroads. In the early 1900's, due to its rivers and numerous lakes the area became a great source of recreation activities. By the mid-century most of the mills in South Windham stopped operating and the business community shifted to the north area of the Town where most of the Town's commercial activity is now located.

Today, Windham is a suburban community with primarily owner-occupied dwellings (87.2%, 2020 Census). The Town is a popular recreational area and also the commercial center for the surrounding communities as the "Gateway to the Sebago Lake Region". The Town's area totals approximately 50.15 square miles, the land area being 46.56 square miles, comprised of tracts of forest and farm lands, open spaces, riverfront and lakefront areas which are separated into commercial, business park, farm residential, farm, industrial, various residential and aquifer protection zoning districts.

EMPLOYMENT

Commuter Trends

People who live in <u>Raymond and work in:</u>			People who live in <u>Windham and work in:</u>		
	<u>Workers</u>	<u>% Raymond Workforce</u>		<u>Workers</u>	<u>% Windham Workforce</u>
Portland	675	26.39%	Portland	2,757	29.04%
Raymond	369	14.43%	Windham	2,380	25.07%
Windham	257	10.05%	South Portland	1,029	10.84%
Auburn	111	4.34%	Westbrook	833	8.77%
Westbrook	102	3.99%	Scarborough	399	4.20%
Lewiston	97	3.79%	Falmouth	304	3.20%
Scarborough	91	3.56%	Gorham	274	2.89%
Freeport	87	3.40%	Lewiston	132	1.39%
South Portland	83	3.24%	Yarmouth	117	1.23%
Casco	66	2.58%	Freeport	107	1.13%
Gorham	61	2.38%	Standish	92	0.97%
Naples	61	2.38%	Cumberland	89	0.94%
Falmouth	56	2.19%	Augusta	76	0.80%
Gray	51	1.99%	Saco	75	0.79%
Brunswick	35	1.37%	Brunswick	61	0.64%
Paris	34	1.33%	Biddeford	51	0.54%
Standish	33	1.29%	Gray	50	0.53%
Bridgton	28	1.09%	Buxton	47	0.50%
Malden	28	1.09%	Auburn	45	0.47%
New Gloucester	27	1.06%	Casco	45	0.47%
Yarmouth	24	0.94%	Poland	41	0.43%
Cumberland	23	0.90%	Durham	34	0.36%
Oxford	21	0.82%	Bridgton	34	0.36%
Harpswell	16	0.63%	Raymond	33	0.35%
All Other	<u>122</u>	<u>4.77%</u>	All Other	<u>388</u>	<u>4.09%</u>
Total Workers	2,558	100.00%	Total Workers	9,493	100.00%

SOURCE: U.S. Department of Commerce, Bureau of Census - Tables 3 & 4. Residence MCD/County to Workplace MCD/County Commuting Flows for the United States: 5-Year ACS, 2011-2015, the latest information available.

<u>Representative Employers</u>	<u>Business</u>	<u>Town</u>	<u>Range of # Employees</u>
Hannaford Supermarket	Retail Grocery	Windham	100-249
Home Depot	Retail	Windham	100-249
Lowe's	Retail	Windham	100-249
Shaw's Supermarket	Retail Grocery	Windham	100-249
Wal-Mart Supercenter	Retail Shopping	Windham	100-249
Sabre Yachts	Boat Manufacture	Raymond	100-125
RSU No. 14	SAU	Raymond	75-100
Town of Windham	Municipal Government	Windham	75-100
Dielectric Communications	Antenna/Signal Manf.	Raymond	50-75
Good Life Market	Specialty Food Retailor	Raymond	25-50
Town of Raymond	Municipal Government	Raymond	25-50
Port Harbor Marina	Marina	Raymond	10-25

DEMOGRAPHIC CHARACTERISTICS

Population	Town of		% Change from Previous Census		
	<u>Raymond</u>	<u>Windham</u>	<u>Towns</u>	<u>State</u>	<u>USA</u>
1980	2,251	11,282	41.5%	13.4%	11.4%
1990	3,311	13,020	17.1	9.2	9.8
2000	4,299	14,904	15.0	3.8	13.2
2010	4,436	17,001	10.4	4.2	8.9
2020	4,536	18,434	6.7	1.2	6.3

Population Characteristics	Town of		Cumberland	State of	
	<u>Raymond</u>	<u>Windham</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
Median age	46.3	41.6	42.2	44.7	38.1
% under 5 yrs.	5.6%	5.4%	4.7%	4.7%	6.0%
% under 18 yrs.	17.7%	19.5%	18.3%	18.5%	22.3%
% 65 and over	22.9%	15.4%	19.0%	21.2%	16.5%
Persons/household	2.34	2..57	2.35	2.32	2.62

Income	Town of		Cumberland	State of	
	<u>Raymond</u>	<u>Windham</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
Median household income	\$77,222	\$78,284	\$73,072	\$57,918	\$62,843
Per capita income	\$43,395	\$33,846	\$40,527	\$32,637	\$34,103
% below poverty	3.5%	6.5%	8.6%	10.6%	11.4%

Housing	Town of		Cumberland	State of	
	<u>Raymond</u>	<u>Windham</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
% owner occupied	84.6%	87.2%	69.3%	72.3%	64.0%
Owner oc. med. value	\$289,100	\$248,400	\$278,100	\$190,400	\$217,500
Median gross rent	\$1,388	\$588	\$1,131	\$853	\$1,062
Households	1,940	6,786	120,644	559,921	-

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	Town of		Cumberland	State of	
	<u>Raymond</u>	<u>Windham</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
2023	2.3%	2.1%	2.4%	2.9%	3.6%
2022	2.2	2.3	2.4	3.0	3.6
2021	3.7	3.6	4.0	4.6	5.5
2020	4.8	4.9	5.3	5.4	8.1
2019	2.4	2.4	2.4	3.0	3.7
2018	2.2	2.3	2.4	3.4	3.9
2017	2.7	2.5	2.5	3.3	4.4
2016	3.1	2.9	2.9	3.9	4.9
2015	3.6	3.3	3.4	4.4	5.3
2014	5.1	4.3	4.4	5.7	6.2

SOURCE: Maine Department of Labor, Division of Economic Analysis and Research.

RSU FINANCES

BUDGETARY PROCESS

The following table sets forth trends in the RSU's General Fund budgets. See "REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS IN MAINE INTO REGIONAL SCHOOL UNITS - Regional School Units – Budgets and Assessments" for the Budget process.

General Fund Budgets					
<u>Fiscal Year Ending June 30,</u>					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES					
Budgetary Fund Balance	\$8,538,796	\$10,190,157	\$11,028,030	\$10,876,180	-
Resources:					
State subsidy	15,310,105	15,956,880	18,149,942	16,163,277	16,899,913
State agency	55,000	80,000	80,000	80,000	80,000
Other	50,000	60,000	60,000	60,000	70,000
Local Assessments	32,204,294	33,590,118	32,747,280	36,798,687	38,568,838
Carryover	750,000	900,000	1,000,000	1,200,000	1,000,000
Charges for services	74,500	74,500	55,000	55,000	52,000
Investment income	20,000	40,000	60,000	60,000	60,000
Miscellaneous	<u>80,800</u>	<u>81,500</u>	<u>81,000</u>	<u>81,000</u>	<u>79,000</u>
AVAILABLE FOR					
APPROPRIATION	57,083,495	60,973,155	63,261,252	65,374,144	56,809,751
EXPENDITURES					
Regular Instruction	18,841,966	20,035,024	20,305,410	20,523,828	22,431,003
Special Ed	8,731,788	9,417,760	9,599,925	9,761,029	10,243,395
Other Instruction	992,555	1,029,340	1,357,631	1,054,204	1,090,506
Student/Staff Support	4,216,519	4,424,839	4,638,718	5,024,986	5,300,741
System Administration	1,440,639	1,453,049	1,513,803	1,551,687	1,575,293
School Administration	2,762,945	2,876,199	2,962,518	3,063,074	3,178,932
Transportation	2,921,296	3,066,188	3,274,138	3,496,326	3,525,539
Facilities management	5,861,758	6,139,398	6,388,229	7,833,204	7,455,967
Debt Service	2,420,233	1,961,200	1,887,850	1,809,625	1,728,375
Transfers to other	<u>355,000</u>	<u>380,000</u>	<u>305,000</u>	<u>380,000</u>	<u>280,000</u>
CHARGES AVAILABLE					
FOR APPROPRIATION	\$48,544,699	\$50,782,997	\$52,233,222	\$54,497,963	\$56,809,751

FUND BALANCE

The 5% Law

Title 20-A, Section 15689-B(6) of the Maine Revised Statutes provides as follows:

“Notwithstanding any other law, general operating fund balances at the end of a school administrative unit’s fiscal year must be carried forward to meet the school unit’s needs in the next year or over a period not to exceed 3 years. Unallocated balances in excess of 5% of the previous year’s school budget must be used to reduce the state and local share of the total allocation for the purpose of computing state subsidy. School boards may carry forward unallocated balances in excess of 5% of the previous

year's school budget and disburse these funds in the next year or over a period not to exceed 3 years" (the "5% Law"). However, for fiscal years 2021/2022, 2022/2023, 202/2024 and 2024/2025 only, unallocated balances in excess of 9% of the previous fiscal year's school budget must be used to reduce the State and local share of the total allocation for the purpose of computing state subsidy and school boards may carry forward unallocated balances in excess of 9% of the previous fiscal year's school budget and disburse these funds in the next year or over a period not to exceed 3 years.

Except for the temporary exception, above, the RSU may be subject to reduction in state subsidy if it maintains an unallocated fund balance in an amount exceeding 5% of the budget, and does not disburse the funds above that limit within 3 years. The 5% law applies only to "unallocated" fund balances. An SAU's "allocated" balances are not subject to this limitation. An SAU's legislative body may "allocate" its fund balance to the next year's budget or into a reserve account through their annual budget process and/or a special article. The following is a worksheet that the State Department of Education ("DOE") provides to each SAU to calculate its "unallocated" fund balance.

Unallocated Fund Balance Calculation

1) Prior Fiscal Year ("Prior FY") Operating Budget (Prior FY EF-M-46, page 2, column 6, line 22)	=	\$ _____
2) x% of Operating Budget (x% x \$ _____)	=	\$ _____
3) Actual ending balance (Prior FY EF-M-45, page 12, column 1, line 13)	=	\$ _____
4) Balance used for budget purposes (allocated) (Current Fiscal Year EF-M-46, page 3, line 30)	=	\$ _____
5) Unallocated ending balance (3. minus 4.)	=	\$ _____
6) x% x prior year's budget (2.)	=	\$ _____
7) Amount in excess of x% (5. minus 6. or zero if less than zero)	=	\$ _____

Typically the State DOE assumes that some or all excess is used to reduce any amounts raised locally without State participation. If some or all of the excess remains, then the State DOE will assume that the State share of the EPS allocation should have been reduced and prorate the State share, accordingly.

Fund Balance for the RSU and the Member Municipalities

	<u>RSU 14</u>				
Year ended June 30,:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assigned & Unassigned:	\$7,393,788	\$8,538,796	\$3,046,264	\$6,503,030	\$6,351,180
Total Revenues:	48,386,957	51,973,876	53,286,556	54,934,511	57,187,449
Fund Bal/Revenues:	15.28%	16.43%	5.72%	11.84%	11.11%
Unassigned:	\$1,426,296	\$1,456,296	\$2,446,264	\$5,303,030	\$5,151,180
Total Revenues:	48,386,957	51,973,876	53,286,556	54,934,511	57,187,449
Fund Bal/Revenues:	2.8%	2.80%	4.59%	9.65%	9.01%
	<u>Town of Raymond</u>				
Year ended June 30,:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assigned & Unassigned:	\$2,416,651	\$2,045,344	\$238,069	\$2,325,911	\$2,804,746
Total Revenues:	14,649,228	15,635,448	16,679,397	17,477,742	18,994,554
Fund Bal/Revenues:	16.50%	13.08%	1.43%	13.31%	14.77%
Unassigned:	\$2,416,651	\$1,845,344	\$2,080,699	\$2,015,216	\$2,425,051
Total Revenues:	14,649,228	15,635,448	16,679,397	17,477,742	18,994,554
Fund Bal/Revenues:	16.50%	11.80%	12.47%	11.53%	12.77%

Year ended June 30,:	<u>Town of Windham</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assigned & Unassigned GF Balance	\$10,036,969	\$11,190,043	\$13,126,581	\$14,620,734	\$18,264,979
Total Budgeted Expenditures	41,286,895	46,043,009	47,598,210	48,510,696	52,975,294
Fund Bal. as % Budg'. Expenditures	24.31%	24.30%	27.58%	30.14%	34.48%
Unassigned General Fund Balance	\$8,444,828	\$7,693,637	\$9,804,554	\$11,331,562	\$14,464,511
Total Budgeted Expenditures	41,286,895	46,043,009	47,598,210	48,510,696	52,975,294
Fund Bal. as % Budg'. Expenditures	20.45%	16.71%	20.60%	23.36%	27.30%

INVESTMENT POLICY

On April 7, 2020, the RSU Board adopted, and follows, a formal Investment Policy. The policy directs the Board to optimize the investment return of its unencumbered cash balances in such a way as to minimize non-invested balances and maximize return on investments in a manner consistent with Statute. The primary objectives of investment activities, in priority order, shall be: (1) *Legality* - All investments shall be made in accordance with applicable laws of the State (including Maine Revised Statutes Title 30-A, Subchapter 3-A, §5706-§5719) and the federal government; (2) *Safety* - Safety of principal shall be of highest priority and preservation of capital in the portfolio shall be ensured through the mitigation of credit risk, interest rate risk, and attention to early withdrawal penalties; (3) *Liquidity* - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands; and, (4) *Yield* – to maximize returns then available on the market subject to the above purposes by a process of receiving multiple competing quotes.

The Board authorizes the Treasurer to make investments who will monitor market conditions and from time to time, but at least once a year, evaluate if RSU 26's unencumbered cash is invested across instruments and institutions optimally with respect to the purposes identified above. The Treasurer will report on current investments and returns realized to be provided quarterly to the Board.

FINANCIAL STATEMENTS

Title 20-A, Chapter 221, Subchapter 2 of the Maine Revised Statutes provides for independent annual audits of the RSU's accounts and establishes procedures for such audits. The RSU, in conformance with this statute and its Charter, currently engages the services of RHR Smith & Company, Certified Public Accountants ("RHR"). The RSU's fiscal year 2023 Annual Report, audited by RHR, is presented as APPENDIX A to this Preliminary Official Statement. The consent of RHR for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the RSU, nor has it been received.

Title 30-A, Chapter 223, Subchapter 8 of the Maine Revised Statutes, requires independent annual audits of the Member Municipalities financial statements. The Member Municipalities most recent audited fiscal year's Financial Statements are presented in APPENDIX C (for the Town of Raymond, Maine) and in APPENDIX D (for the Town of Windham, Maine) to this Official Statement. Being of public record, neither the consent of the Member Municipality nor its auditors has been requested by the RSU, nor has it been received, for the incorporation as appendices to this Official Statement.

FUNDS

The accounts of the RSU are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, equities, revenues and expenditures or expenses. The following fund types and account groups are used by the RSU:

Governmental Funds are used to account for most governmental functions of the RSU. Governmental Funds include the following fund types:

- The **General Fund** is the general operating fund of the RSU. It is used to pay the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trust, or significant capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities.

Proprietary Funds include **Enterprise Funds**, used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services on a continuing basis be financed or recovered primarily through charges, or where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds include **Trust and Agency Funds**, used to account for assets held by the RSU in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

- The **General Long-term Debt Account Group** is established to account for all long-term obligations of the RSU, except those accounted for in the Proprietary Fund (if any).
- The **General Fixed Assets Account Group** the RSU does not maintain this group of accounts which would otherwise account for the fixed assets of the RSU.

COMPARATIVE FINANCIAL STATEMENTS

The RSU

Displayed on the following pages are the comparative financial statements of the *RSU's Combined Balance Sheet – General Fund* and the *RSU's Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund* for its most recent five audited fiscal periods.

RSU No.14
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS					
Cash	\$13,020,813	\$15,066,101	\$14,874,981	\$2,116,616	\$1,864,634
Investments	3,200,787	-	-	11,679,878	10,893,027
Accounts receivable	-	-	-	12,913	24,282
Due from other governments	31,007	49,171	73,677	4,288	6,699
Due from other funds	<u>2,230,276</u>	<u>2,238,602</u>	<u>824,920</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	18,482,883	17,353,874	15,773,578	13,813,695	12,788,642
LIABILITIES					
Accounts payable	338,524	396,307	482,628	202,748	148,005
Accrued expenses	4,774,101	4,636,798	4,219,207	4,197,464	4,081,932
Due to other funds	<u>2,494,078</u>	<u>1,292,739</u>	<u>762,058</u>	<u>874,687</u>	<u>1,164,917</u>
TOTAL LIABILITIES	7,606,703	6,325,844	5,463,893	5,274,899	5,394,854
FUND EQUITY:					
Non-spendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	4,525,000	4,525,000	7,263,421	0	0
Assigned	1,200,000	1,200,000	600,000	7,082,500	6,015,000
Unassigned	<u>5,151,180</u>	<u>5,303,030</u>	<u>2,446,264</u>	<u>1,456,296</u>	<u>1,378,788</u>
TOTAL FUND EQUITY	10,876,180	11,028,030	10,309,685	8,538,796	7,393,788
TOTAL LIABILITIES AND EQUITY	<u>\$18,482,883</u>	<u>\$17,353,874</u>	<u>\$15,773,578</u>	<u>\$13,813,695</u>	<u>\$12,788,642</u>

Prepared from Audited Financial Statements

RSU No. 14
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
(For the Years Ended June 30,)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES					
Local revenues	\$35,386,811	\$32,747,280	\$33,590,117	\$32,204,295	\$30,448,227
Intergovernmental	21,429,287	21,877,039	19,411,202	19,405,720	17,522,145
Charges for services	28,300	18,855	0	0	0
Interest income	123,151	34,337	128,218	97,513	119,308
Miscellaneous	<u>219,900</u>	<u>257,000</u>	<u>157,019</u>	<u>266,348</u>	<u>297,277</u>
TOTAL REVENUES	57,187,449	54,934,511	53,286,556	51,973,876	48,386,957
EXPENDITURES					
Current:					
Regular instruction	20,344,619	19,465,495	19,175,503	17,551,844	16,696,131
Special education	8,955,714	8,386,400	8,258,079	8,279,102	7,243,146
Other instruction	1,000,899	946,352	860,844	868,006	930,158
Student/staff support	4,552,603	4,491,121	3,819,496	3,725,049	4,073,745
System administration	1,407,615	1,392,435	1,339,249	1,338,827	1,306,883
School administration	3,005,573	2,884,181	2,683,784	2,731,214	2,676,070
Transportation	3,031,288	3,102,569	2,864,748	2,670,408	2,383,947
Facilities management	7,812,972	7,301,778	6,743,290	5,963,818	6,275,323
State - on-behalf	3,582,291	3,480,791	3,321,969	4,026,247	3,204,465
Debt service	1,809,625	1,887,850	1,961,200	2,420,233	2,486,458
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>878,836</u>	<u>1,616,192</u>
TOTAL EXPENDITURES	55,503,199	53,338,972	51,028,162	50,453,584	48,892,518
Excess (deficiency) Revenues	1,684,250	1,595,539	2,258,394	1,520,292	(505,561)
OTHER SOURCES (USES)					
Transfers In	0	0	0	878,836	1,622,090
Transfers Out	<u>(1,836,100)</u>	<u>(757,666)</u>	<u>(487,505)</u>	<u>(1,254,120)</u>	<u>(734,300)</u>
TOTAL OTHER SOURCES (USES)	(1,836,100)	(757,666)	(487,505)	(375,284)	887,790
Net change	(151,850)	837,873	1,770,889	1,145,008	382,229
BEGINNING FUND BALANCE	<u>11,028,030</u>	<u>10,190,157</u>	<u>8,538,796</u>	<u>7,393,788</u>	<u>7,011,559</u>
ENDING FUND BALANCE	\$10,876,180	\$11,028,030	\$10,309,685	\$8,538,796	\$7,393,788

Prepared from Audited Financial Statements

The Member Municipalities

Also displayed on the following pages, are the comparative financial statements of the Member Municipalities *Combined Balance Sheet – General Fund* and the Member Municipalities *Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund*, for its most recent three audited fiscal periods.

TOWN OF RAYMOND
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30.)

ASSETS	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash	\$3,926,142	\$3,780,209	\$3,390,243
Investments	129,497	0	0
Accounts receivable			165,970
Tax/liens	459,032	378,163	340,599
Other	184,213	170,151	222,707
Prepaid items	65,679	55,581	81,609
Tax acquired property	131,284	185,099	0
Due from other funds	<u>7,951</u>	<u>32,989</u>	<u>0</u>
TOTAL ASSETS	4,903,798	4,602,192	4,201,128
LIABILITIES			
Accounts payable	104,468	184,963	207,273
Accrued expenses	144,992	40,015	20,333
Due to other funds	<u>1,395,764</u>	<u>1,435,901</u>	<u>1,004,860</u>
TOTAL LIABILITIES	1,645,224	1,660,879	1,232,466
DEFERRED INFLOWS	256,865	374,722	401,929
FUND EQUITY:			
Non-spendable	196,963	240,680	0
Restricted	0	0	0
Committed	0	0	186,034
Assigned	379,695	310,695	300,000
Unassigned	<u>2,425,051</u>	<u>2,015,216</u>	<u>2,080,699</u>
TOTAL FUND EQUITY	3,001,709	2,566,591	2,566,733
TOTAL LIABILITIES AND EQUITY	<u>\$4,903,798</u>	<u>\$4,602,192</u>	<u>\$4,201,128</u>

REVENUES, EXPENDITURES
COMPARATIVE STATEMENT OF
AND CHANGES IN FUND BALANCES -
GENERAL FUND
(For the Years Ended June 30.)

REVENUES	<u>2023</u>	<u>2022</u>	<u>2021</u>
General tax revenue	\$17,353,682	\$16,030,549	\$15,567,498
Intergovernmental	947,578	864,499	674,530
Licenses, permits, fees	-	-	182,522
Charges for services	557,007	484,430	242,999
Investment income	37,924	7,637	11,848
Other	<u>98,363</u>	<u>90,627</u>	<u>0</u>
TOTAL REVENUES	18,994,554	17,477,742	16,679,397
EXPENDITURES			
Current:			
General government	1,593,202	1,406,969	999,838
Public safety	1,213,921	982,028	930,253
Public works	1,208,784	1,178,946	1,094,635
Culture and recreation	-	-	196,809
Benefits	710,620	649,723	588,331
Public health and welfare	29,131	15,196	4,485
Community services	393,811	251,385	0
Education	11,347,307	10,789,433	10,706,354
County tax	817,347	773,657	784,426
Debt service	<u>359,313</u>	<u>312,000</u>	<u>317,800</u>
TOTAL EXPENDITURES	<u>17,673,436</u>	<u>16,359,337</u>	<u>15,622,931</u>
EXCESS OF REV OVER EXP	1,321,118	1,118,405	1,056,466
OTHER FINANCING	(886,000)	(1,118,547)	(694,000)
Prior period adjustment	-	-	36,262
NET CHANGE IN FUND BAL	435,118	(142)	362,466
BEGINNING FUND BAL	<u>2,566,591</u>	<u>2,566,733</u>	<u>2,204,267</u>
ENDING FUND BALANCE	<u>\$3,001,709</u>	<u>\$2,566,591</u>	<u>\$2,566,733</u>

Prepared from Audited Financial Statements.

TOWN OF WINDHAM

**COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash and equivalents	\$28,094,235	\$23,392,795	\$20,885,543
Receivables:			
Accounts receivable	646,020	286,220	697,697
Taxes (current year)	612,617	605,313	447,421
Taxes (prior years)	-	-	4,337
Tax liens	-	-	623,115
Prepaid	6,462	-	-
Due from other/Prepaid	532,418	205,186	-
Inter-fund loans receivable	267,821	413,668	-
Inventory	37,805	26,908	33,837
Receivables (RSU 14)	<u>2,880,000</u>	<u>4,505,000</u>	<u>6,135,000</u>
TOTAL ASSETS	33,077,378	29,435,090	28,826,950
LIABILITIES			
Accounts payable	373,401	900,854	464,230
Accrued payroll	376,561	339,498	256,219
Other	-	-	12,146
Due to other	8,729,301	6,635,824	5,599,117
Miscellaneous	<u>1,225,302</u>	<u>1,343,843</u>	<u>2,019,267</u>
TOTAL LIABILITIES	10,704,565	9,220,019	8,350,979
DEFERRED INFLOWS			
Property taxes	420,000	482,000	700,000
RSU 14 debt service	<u>2,880,000</u>	<u>4,505,000</u>	<u>6,135,000</u>
TOTAL DEFERRED	3,300,000	4,987,000	6,835,000
FUND BALANCES			
Non-spendable	44,267	29,507	33,837
Restricted	-	-	-
Committed	763,567	577,830	480,553
Assigned	3,800,468	3,289,172	3,322,027
Unassigned:	<u>14,464,511</u>	<u>11,331,562</u>	<u>9,804,554</u>
TOTAL FUND BALANCES	19,072,813	15,228,071	13,640,971
TOTAL LIABILITIES AND FUND BALANCES	<u>\$33,077,378</u>	<u>\$29,435,090</u>	<u>\$28,826,950</u>

**REVENUES, EXPENDITURES
COMPARATIVE STATEMENT OF
AND CHANGES IN FUND BALANCES -
GENERAL FUND
(For the Years Ended June 30,)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES			
Property taxes and supplements	\$42,909,057	\$35,660,745	\$33,784,586
Excise taxes	-	4,600,631	3,841,726
Licenses and permits	1,497,916	1,366,043	916,247
Intergovernmental	4,666,000	3,680,689	2,985,668
Charges for services	2,114,189	1,979,941	1,607,165
Investment income	992,974	159,283	300,790
Other	<u>795,158</u>	<u>478,816</u>	<u>589,426</u>
TOTAL REVENUES	52,975,294	47,926,148	44,025,608
EXPENDITURES			
Current:			
General government	6,397,233	4,838,515	4,487,638
Public safety	3,369,200	3,030,740	3,072,340
Fire/Rescue	2,936,767	2,211,335	2,131,386
Public works	4,336,100	3,650,626	3,982,876
Recreation	1,022,182	878,186	858,739
Education	24,320,184	23,154,451	22,081,146
County tax	1,630,848	1,516,404	1,435,970
Other	1,771,452	1,661,576	1,515,020
Debt service	1,931,987	1,438,872	1,458,910
Capital outlay	<u>1,533,941</u>	<u>1,197,561</u>	<u>3,973,802</u>
TOTAL EXPENDITURES	49,249,894	43,578,266	44,997,827
EXCESS OF REVENUES OVER EXPENDITURES	3,725,400	4,347,882	(972,219)
OTHER FINANCING SOURCES:			
Proceeds from debt/leases	822,659	0	119,626
Transfers - in	309,165	247,557	438,108
Transfers - out	<u>(1,012,482)</u>	<u>(1,363,578)</u>	<u>(1,352,276)</u>
TOTAL OTHER	119,342	(1,116,021)	(794,542)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	3,844,742	3,231,861	(1,766,761)
FUND BALANCE, JULY 1	<u>15,228,071</u>	<u>10,409,110</u>	<u>12,175,871</u>
FUND BALANCE, JUNE 30	<u>\$19,072,813</u>	<u>\$13,640,971</u>	<u>\$10,409,110</u>

Prepared from Audited Financial Statements.

PROPERTY TAXATION

The principal tax of the Member Municipality is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The tax collector for each of the Towns receives the tax commitment from its respective assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed.

For the fiscal year 2023/2024, the tax due dates for the Town of Raymond are October 31, 2023 and April 30, 2024. The tax due dates for the Town of Windham are October 2, 2023 and April 1, 2024. Taxes paid after the due date are subject to interest established under Title 36, Section 505(4) of the Maine Revised Statutes, currently at the rate of 8.0%, respectively, per annum.

Collection of real estate taxes is ordinarily enforced in the Member Municipality by the “tax lien” procedure as provided in the Maine Revised Statutes, for the collection of delinquent real estate taxes. Real Estate tax liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the respective municipality.

Business Personal Property Taxes

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, provides for an eligible business equipment tax exemption (“BETE” or the “BETE Act”) for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; telecommunications personal property subject to the tax imposed by section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State; and certain energy and pollution control facilities.

Pursuant to the BETE Act, the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of two formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town’s tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality’s 64% “personal property factor”.

3. **Municipal Retention TIF Districts** – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by this law in the Member Municipality will also be considered part of that municipality's equalized State Valuation to the extent the Member Municipality is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

Tax Increment Financing Districts and Affordable Housing Development Districts

Chapter 206 and former (now repealed) Chapter 207 of Title 30-A of the Maine Revised Statutes, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture," all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot exceed 5% of the municipality's total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones, transit-oriented TIF districts or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes.

Each Member Municipality has designated tax increment financing districts and may consider proposals for other districts on an ongoing basis, evaluated based upon the towns' comprehensive plan for economic development. In no event will the districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

Town of Raymond, Maine

Fiscal Year End	Equalized	Assessed	Tax	Tax	%
<u>June 30,</u>	<u>State</u>	<u>Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Collected</u>
2024	\$1,889,350,000	\$1,072,037,240	\$15.90	\$17,045,392	NA
2023	1,565,250,000	1,061,314,380	15.00	15,919,716	97.56%
2022	1,307,150,000	1,051,179,880	14.10	14,821,636	97.44%
2021	1,206,685,000	1,038,866,710	13.95	14,492,191	97.34%
2020	1,175,550,000	1,027,575,200	13.45	13,820,886	97.70%

Town of Windham, Maine

Fiscal Year End	Equalized	Assessed	Tax	Tax	%
<u>June 30,</u>	<u>State</u>	<u>Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Collected</u>
2024	\$3,648,900,000	\$3,292,632,000	\$11.20	\$38,227,466	NA
2023	2,914,100,000	2,734,905,000	11.61	34,459,803	NA
2022	2,608,150,000	2,734,905,300	12.60	34,255,779	99.19%
2021	2,441,900,000	2,336,553,500	15.00	34,941,564	98.72%
2020	2,272,500,000	2,306,602,500	14.64	33,776,962	97.89%

Representative Largest Taxpayers

<u>Raymond Largest Taxpayers</u>	<u>Business</u>	<u>Assessed</u>	<u>Property</u>	<u>% of</u>
		<u>Total</u>	<u>Tax</u>	<u>Levy</u>
Central Maine Power Company	Electric Dist.	\$14,250,600	\$213,759	1.34%
Wohelo Camps	Seasonal Camps	7,077,100	106,157	0.66%
Jason Case	Residential	6,512,300	97,685	0.61%
Portland Natural Gas	Utility	6,134,300	92,015	0.57%
George A Hornyak	Residential	5,301,200	79,518	0.49%
Scott M Maxwell, TTE	Residential	4,542,400	68,136	0.42%
Ann S & William B Harrison	Residential	4,225,300	63,380	0.39%
Management Controls LLC	Residential	4,151,000	62,265	0.38%
Sabre Corporation	Yacht Manf.	4,096,300	61,445	0.38%
Louis F Ryan	Residential	<u>3,913,000</u>	<u>58,695</u>	<u>0.36%</u>
Top Ten Taxpayers		\$60,203,500	\$903,055	5.60%

<u>Windham Largest Taxpayers</u>	<u>Business</u>	<u>Assessed</u>	<u>Property</u>	<u>% of</u>
		<u>Total</u>	<u>Tax</u>	<u>Levy</u>
Central Maine Power Company	Electric Distribution	\$43,831,600	\$508,885	1.33%
WS North Windham Prop. Ltd.	Retail Super Center	14,129,100	164,039	0.43%
ARC LWWDMMME001 LLC	Shopping Center	12,954,100	150,397	0.39%
B33 Windham II LLC	Shopping Center	11,759,900	136,532	0.36%
Portland Natural Gas	Gas Distribution	9,999,100	116,090	0.30%
Dusty Rhoades LLC	Apartments	9,529,700	110,640	0.29%
Jonlee Windham LLC	Shopping Center	9,571,000	111,119	0.29%
JLB Windham LLC	Warehouse	9,129,800	105,997	0.28%
Maine Natural Gas LLC	Gas Distribution	6,410,400	74,425	0.19%
Hannaford Bros	Grocery	<u>6,179,000</u>	<u>71,738</u>	<u>0.19%</u>
Top Ten Taxpayers		\$133,493,700	\$1,549,862	4.05%

REVENUES FROM THE STATE

In accordance with the provisions of applicable Maine law, the State subsidizes most SAUs through the EPS model of calculating and distributing state education aid. All education expenditures, including state approved debt service, flow through the EPS model. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State's budgetary process and are subject to legislative appropriation in that process. No assurance can be given that future legislation will not have an adverse impact on school funding in Maine. Because of these uncertainties, it is not possible to predict the level of State subsidy to local units in future years or whether the State's subsidy program will continue in its present form.

LOCAL COST

That part of the RSU's budget not funded from State aid, grants or other programs is funded from assessments to the Member Municipality (the "Local Cost"). The assessments have two components:

First, the Towns must share the RSU's share (the "Required Local Contribution") of EPS costs that qualify for State subsidy (the "Total EPS Allocation"). In a school administrative district, regional school unit, or community school district, a member municipality's contribution to the SAU's Required Local Contribution is based upon the percentage that the municipality's most recent calendar year average pupil count is to the SAU's most recent calendar year pupil count. Each member municipality's contribution, however, is made subject to a statewide, uniform maximum mill rate cap established by the Commissioner annually, and the State contributes subsidy to these SAUs so that a member municipality's contribution to the SAU's Required Local Contribution does not cause that contribution to exceed the amount of the mill rate cap times the member's adjusted state valuation (the "Mill Rate Cap Amount"). In a year when a member municipality is able to meet its share without exceeding the Mill Rate Cap Amount, however, the State contributes subsidy to the SAU in the form of an alternative "minimum receiver adjustment," which reduces somewhat that member municipality's contribution. Currently, the RSU's member towns are able to pay their contributions without exceeding the Mill Rate Cap Amount, and the RSU receives a minimum receiver adjustment that the State allocates between the member towns proportionately to their most recent calendar year average pupil count percentages. Consequently, the required local contributions are currently in proportion to their most recent calendar year average pupil count percentages.

Second, the RSU's Member Municipality must also contribute the additional local costs of the RSU, if any, that are not funded by other budgeted revenues or carry-forwards and that do not qualify for inclusion in the Total EPS Allocation (the "Additional Local Costs"). Different methods of sharing Additional Local Costs among member municipalities exist in different school administrative districts, regional school units, and community school districts within the State. For pupil count, see "REGIONAL SCHOOL UNIT NO. 14 - ENROLLMENTS" herein.

The RSU's Budget, Assessments and EPS

Fiscal Yr Ended June 30,	RSU No. 14				
	Budget	Assessment	Ass'm't as % Budget	EPS	EPS as % Budget
2024	\$56,809,751	\$38,568,838	67.89%	\$42,787,087	75.32%
2023	54,497,963	36,798,686	67.52%	40,761,834	74.80%
2022	52,233,222	32,747,280	62.69%	40,355,376	77.26%
2021	50,782,997	33,590,117	66.14%	38,782,020	76.37%
2020	48,544,699	32,204,294	66.34%	37,852,710	77.97%

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

The RSU's Debt Limitations

In accordance with Title 20-A, Section 1490(6) of the Maine Revised Statutes, "The aggregate principal amount of outstanding bonds or notes issued by a regional school unit for school construction purposes shall not exceed, at any one time, 10% of the total of the last preceding state valuation of all the municipalities within the regional school unit, plus, in the case of a state-subsidized school construction project, an amount not to exceed 4% of that total regional school unit valuation set by the state board at the time of the initial approval of the school construction project."

The 2024 equalized State Valuation for the Member Municipalities is a consolidated \$5,538,250,000. The RSU's 10% debt limitation is \$553,825,000. As of June 30, 2023, the RSU's long-term debt outstanding was \$4,117,339, or 0.07%, of the 2024 equalized State Valuation of the Member Municipalities. The RSU will certify on the date of issue of the Notes that the RSU has not exceeded the foregoing debt limits and that issuance of the Notes will not cause the RSU to exceed the debt limit.

The Towns' Debt Limitations

Although the indebtedness of the Notes is the indebtedness of the RSU, and not of the Member Municipality, the tax base of the RSU is the same as the tax base of the Member Municipality. Therefore, the current indebtedness of the Member Municipality is included in the discussions below.

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, "No municipality may incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7.5% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sanitary sewer purposes to an amount outstanding at any time not exceeding 7.5% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set." Title 30-A, Section 5703 of the Maine Revised Statutes, provides that the limitations on municipal debt contained in Section 5702 do not apply "... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under chapter 235 and Title 10, Chapter 110, Subchapter IV, obligations payable from revenues of the current municipal year from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt."

Town of Raymond, Maine

As of February 1, 2024, the Town of Raymond, Maine's equalized state valuation was \$1,889,350,000. The Town's overall 15% debt limit is \$283,402,500. As of June 30, 2023, the Town's long term debt outstanding was \$570,000, or 0.03% of the 2024 equalized State Valuation.

Town of Windham, Maine

As of February 1, 2024, the Town of Windham, Maine's equalized state valuation was \$3,648,900,000. The Town's overall 15% debt limit is \$547,335,000. As of June 30, 2023, the Town's long term debt outstanding was \$27,757,600 (audited), or 0.62% of the 2024 equalized State Valuation.

Member Municipality and the RSU Debt Ratios

Fiscal Yr. End June 30,	Pop.	Eq. Val.	Total Debt			Debt % Eq. Val.	Debt Per Capita
			Member Muni.	RSU 14 ⁽¹⁾	Total		
2023	22,970	\$4,479,350,000	\$23,327,600	\$4,117,339	\$27,444,939	0.61%	\$1,194.82
2022	22,970	3,915,300,000	23,736,000	5,897,005	29,633,005	0.76%	1,290.07
2021	22,970	3,648,750,000	21,869,000	8,721,409	30,590,409	0.84%	1,331.75
2020	22,970	3,448,050,000	20,032,800	7,765,000	27,797,800	0.81%	1,210.18
2019	22,970	3,245,200,000	23,035,958	9,796,151	32,832,109	1.01%	1,429.35

SOURCE: ⁽¹⁾ Note 6 of respective years' audit financial statements.

DEBT SUMMARY

Purpose	Issued	Date of Final Maturity	Amount Issued	Balance on June 30,	
				2023	2024
MMBB SRRF ⁽¹⁾	9/15/2020	9/15/2030	\$1,563,490	\$747,974	\$654,477
MMBB SRRF ⁽¹⁾	9/15/2020	9/15/2030	1,022,919	489,365	428,194
Ref'd'g 2011 Bonds ⁽²⁾	2/1/2023	11/1/2023	389,855	383,285	0
Totals			\$2,976,264	\$1,620,624	\$1,082,671

NOTE: ⁽¹⁾ "SRRF" indicates a loan financed through the School Revolving Renovation Fund administered through the Maine Municipal Bond Bank in cooperation with the State of Maine Department of Education. The SRRFs' loan is without interest and a portion was forgiven. Each loan is for 10 years with a portion of principal forgiven in the amounts of \$652,523 and \$411,213, respectively.

⁽²⁾ Prior to its consolidation into RSU 14, in 2003, the Town of Windham issued \$35,787,00 2003 Bonds (the "2003 Bonds") a portion of which, in the amount of \$32,787,00, provided funds to finance a new High School project. 78.10% of the associated debt service for the project was/is eligible for State subsidy. The 2003 Bonds were refinanced by the Town's bonds issued in 2011 (the "2011 Bonds") and again in 2023, with a portion of the Town's issue of 2023 Bonds. The obligation has not been transferred to the RSU, therefore it remains an obligation of the Town. However, according to the terms of the Consolidation Agreement, the RSU is obligated to pay the associated amount with debt service being adjusted in the annual assessments to the Town.

OVERLAPPING DEBT

RSU 14 does not have any obligations for which it is responsible for on an overlapping basis.

CONTINGENT DEBT

RSU 14 does not have any obligations for which it is responsible for on a contingent basis.

FUTURE FINANCING

In order to adhere to DOE's schedule (as discussed herein), \$8,000,000 Notes were issued on December 14, 2023 to provide initial interim funds, to finance the acquisition of land, design and engineering for the Project (the "2023 Notes"). With the proceeds from the sale of the 2024 Notes, the RSU intends to refund the 2023 Notes, on a current basis, with Notes to be issued on or about April 30, 2024, and that are expected to mature on or about May 15, 2025 (the "2024 Notes"). The RSU expects to issue its general obligation bonds on or about May 1, 2025 to repay the 2024 Notes and to provide additional long-term funds for the Project. The RSU expects to issue the remaining authorized bonds on or about May 1, 2026 to provide final funds to complete the Project. See "THE NOTES - AUTHORIZATION AND PURPOSE, THE PROJECT AND PLAN OF FINANCING: herein. Below is the proposed "Plan of Financing":

RSU No. 14											
Plan of Financing											
			Issue Amount				State Qual (76.8%)		Local Only (23.2%)		
			Monthly	Cumulative	New Money	Refunding	Total	Monthly	Cumulative	Monthly	Cumulative
1st BAN	Land	Dec-23	3,856,275	3,856,275	8,000,000		8,000,000	2,960,753	2,960,753	895,522	895,522
1		Jan-24	600,000	4,456,275				460,665	3,421,418	139,335	1,034,857
2		Feb-24	600,000	5,056,275				460,665	3,882,083	139,335	1,174,192
3		Mar-24	500,000	5,556,275				383,888	4,265,971	116,112	1,290,304
2nd BAN		Apr-24	400,000	5,956,275	74,200,000	8,000,000	82,200,000	307,110	4,573,081	92,890	1,383,194
1		May-24	1,241,903	7,198,178	9.70%			953,502	5,526,583	288,401	1,671,595
2		Jun-24	400,000	7,598,178	10.24%			307,110	5,833,694	92,890	1,764,484
3		Jul-24	5,768,000	13,366,178	18.01%			4,428,528	10,262,222	1,339,472	3,103,956
4		Aug-24	3,406,000	16,772,178	22.60%			2,615,043	12,877,264	790,957	3,894,914
5		Sep-24	3,406,000	20,178,178	27.19%			2,615,043	15,492,307	790,957	4,685,871
6		Oct-24	2,406,000	22,584,178	30.44%			1,847,267	17,339,574	558,733	5,244,604
7		Nov-24	2,411,000	24,995,178	33.69%			1,851,106	19,190,681	559,894	5,804,497
8		Dec-24	2,136,000	27,131,178	36.56%			1,639,968	20,830,649	496,032	6,300,529
9		Jan-25	1,136,000	28,267,178	38.10%			872,193	21,702,842	263,807	6,564,336
10		Feb-25	1,136,000	29,403,178	39.63%			872,193	22,575,034	263,807	6,828,144
11	Fin Fund	Mar-25	12,566,509	41,969,687	56.56%			9,648,255	32,223,290	2,918,254	9,746,397
12		Apr-25	5,319,050	47,288,737	63.73%			4,083,835	36,307,125	1,235,215	10,981,612
1st Bonds		May-25	34,819,050	82,107,787	44,900,000	82,200,000	127,100,000	26,733,207	63,040,332	8,085,843	19,067,455
1		Jun-25	4,019,050	86,126,837				3,085,727	66,126,059	933,323	20,000,778
2		Jul-25	3,519,050	89,645,887				2,701,840	68,827,899	817,210	20,817,988
3		Aug-25	3,519,050	93,164,937				2,701,840	71,529,739	817,210	21,635,198
4		Sep-25	3,519,050	96,683,987				2,701,840	74,231,579	817,210	22,452,408
5		Oct-25	3,519,050	100,203,037				2,701,840	76,933,418	817,210	23,269,619
6		Nov-25	3,519,050	103,722,087				2,701,840	79,635,258	817,210	24,086,829
7		Dec-25	3,519,050	107,241,137				2,701,840	82,337,098	817,210	24,904,039
8		Jan-26	3,519,050	110,760,187				2,701,840	85,038,937	817,210	25,721,250
9		Feb-26	5,434,550	116,194,737				4,172,513	89,211,451	1,262,037	26,983,286
10		Mar-26	3,634,550	119,829,287				2,790,518	92,001,969	844,032	27,827,318
11		Apr-26	3,634,550	123,463,837				2,790,518	94,792,486	844,032	28,671,351
12	2nd Bonds	May-26	3,634,550	127,098,387	44,451,000		44,451,000	2,790,518	97,583,004	844,032	29,515,383
1		Jun-26	3,634,550	130,732,937				2,790,518	100,373,522	844,032	30,359,415
2		Jul-26	3,634,550	134,367,487				2,790,518	103,164,040	844,032	31,203,447
3		Aug-26	2,634,550	137,002,037				2,022,742	105,186,782	611,808	31,815,255
4		Sep-26	8,194,072	145,196,109				6,291,206	111,477,988	1,902,866	33,718,121
5		Oct-26	2,634,550	147,830,659				2,022,742	113,500,731	611,808	34,329,928
6		Nov-26	2,634,550	150,465,209				2,022,742	115,523,473	611,808	34,941,736
7		Dec-26	2,634,550	153,099,759				2,022,742	117,546,216	611,808	35,553,543
8		Jan-27	2,634,550	155,734,309				2,022,742	119,568,958	611,808	36,165,351
9		Feb-27	2,634,550	158,368,859				2,022,742	121,591,701	611,808	36,777,158
10		Mar-27	2,634,550	161,003,409				2,022,742	123,614,443	611,808	37,388,966
11		Apr-27	2,634,550	163,637,959				2,022,742	125,637,186	611,808	38,000,773
12		May-27	2,629,550	166,267,509				2,018,904	127,656,089	610,646	38,611,420
13		Jun-27	1,624,550	167,892,059				1,247,289	128,903,379	377,261	38,988,680
14		Jul-27	1,624,550	169,516,609				1,247,289	130,150,668	377,261	39,365,941
15		Aug-27	1,622,550	171,139,159				1,245,754	131,396,422	376,796	39,742,737
16		Sep-27	387,571	171,526,730				297,567	131,693,989	90,004	39,832,741
17		Oct-27	24,559	171,551,289	171,551,000			18,856	131,712,845	5,703	39,838,444

RETIREMENT

DEFINED BENEFIT PENSION PLAN

The MainePERS (“MainePERS”) is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at www.maineopers.org.

Maine Public Employees Retirement System

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System’s State Employee and Teacher (“SET”) Plan. The SET plan is a cost-sharing multiple employer defined benefit plan with a special funding situation, established by the Maine State legislature. The State is a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Eligible employees other than teachers participate in the Maine Public Employees Retirement System’s Participating Local District (“PLD”) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MainePERS’s 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 State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and 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 State employees and teachers 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. The MainePERS also provides disability and death benefits which are established by statute for State employee and teacher 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 MainePERS’s Board of Trustees and is currently 0.93%.

Contributions

Member contribution rates are defined by law or by the MainePERS’s 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. The RSU reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Statements. Please see “APPENDIX A – RSU No. 14, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023”, Note 15, pages 42 *et seq.*, “Defined Benefit Pension Plan” herein.

DEFINED BENEFIT OPEB PLAN

The RSU sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. The Group Life Insurance Plan for Retired Participating Local District (the “PLD Consolidated Plan”) employees is a multiple-employer cost sharing plan. The Group Life Insurance Plan for Retired State Employees and Teachers (the “SET Plan”) is a multiple-employer cost sharing plan with a special funding situation. The State is also a non-employer contributing entity in that the State pays contributions for retired public-school teachers in the plan.

Group Life Insurance

Under both the PLD and SET OPEB Plans, MainePERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Group Health Insurance

The RSU sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the “Health Plan”). The plan is 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.

Under the Health Plan, MEABT provides healthcare insurance benefits 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 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. 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.

The RSU reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Statements. Please see “APPENDIX A – RSU No. 14, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023”, Note 16, page 50. (Life Insurance), and Note 17 pages 51 *et seq.* (Health Plan) herein.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the “Regulation”) requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the RSU, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the

RSU is voluntarily making the disclosure required by the Regulation with respect to environmental liabilities: The RSU is not subject to any pending legal proceedings involving environmental matters that would require disclosure under the Regulation were the RSU subject to its provisions.

LITIGATION

In the opinion of RSU officials there is no litigation pending or threatened against the RSU which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the RSU's financial position or its ability to meet its debt service obligations.

APPENDIX A

**RSU NO. 14
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2023**

(With Report of Independent Auditors' Thereon)

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Federal Compliance Audit

Regional School Unit No. 14

June 30, 2023



Proven Expertise & Integrity

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REGIONAL SCHOOL UNIT NO. 14

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

School Board
Regional School Unit No. 14
Windham, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Regional School Unit No. 14, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 14's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Regional School Unit No. 14 as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows 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. 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 Regional School Unit No. 14 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.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School Unit No. 14's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 misstatements 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 controls 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 Regional School Unit No. 14'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 doubt about the Regional School Unit No. 14'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, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 63 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit No. 14's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended and is also not a required part of the basic financial statements. Such is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of Regional School Unit No. 14's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School Unit No. 14's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 29, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of the Regional School Unit No. 14's financial performance provides an overview of the Unit's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Unit's financial statements.

Financial Statement Overview

The Regional School Unit No. 14's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB schedules and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Unit's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Unit's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the Unit's activity. The type of activity presented for the Unit is:

- *Governmental activities* - All of the Unit's basic services are reported in governmental activities, which include regular instruction, special education, other instruction, student/staff support, system administration, school administration, transportation, facilities management and program expenses. Local assessments, charges for services and state and federal grants finance most of these activities.

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 Unit, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Unit consist of two categories: governmental funds and fiduciary funds.

Governmental funds: All of the basic services provided by the Unit are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Unit's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Unit.

Because the focus of governmental funds is narrower than that of 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Unit presents two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Unit's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Unit legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Unit. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Unit's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Proportionate Share of the Net OPEB Liability - SET Plan, Schedule of Changes in Net OPEB Liability - MEABT Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Unit's governmental activities. The Unit's total net position increased by \$1,155,067 from \$38,226,901 to \$39,381,968.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased by \$215,083 to a balance of \$4,685,695.

Table 1
Regional School Unit No. 14
Net Position
June 30,

	2023	2022 (Restated)
Assets:		
Current Assets	\$ 18,286,720	\$ 17,842,829
Noncurrent Assets - Capital	41,368,078	39,859,660
Total Assets	<u>\$ 59,654,798</u>	<u>\$ 57,702,489</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	\$ 1,459,281	\$ 1,214,705
Deferred Outflows Related to OPEB	-	744,560
Total Deferred Outflows of Resources	<u>\$ 1,459,281</u>	<u>\$ 1,959,265</u>
Liabilities:		
Current Liabilities	\$ 8,118,837	\$ 7,819,187
Noncurrent Liabilities	13,728,129	12,826,103
Total Liabilities	<u>\$ 21,846,966</u>	<u>\$ 20,645,290</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	\$ 220,945	\$ 604,495
Deferred Inflows Related to OPEB	-	185,068
Total Deferred Inflows of Resources	<u>\$ 220,945</u>	<u>\$ 789,563</u>
Net Position:		
Net Investment in Capital Assets	\$ 33,559,570	\$ 32,776,180
Restricted	1,136,868	980,109
Unrestricted	4,349,730	4,470,612
Total Net Position	<u>\$ 39,046,168</u>	<u>\$ 38,226,901</u>

Revenues and Expenses

Revenues for the Unit's governmental activities increased by 5.65% while expenses increased by 9.68% from the prior year. The increase in revenues was primarily due operating grants and contributions and local revenues while the increase in expenses was primarily due to facilities management and State of Maine on-behalf payments.

Table 2
Regional School Unit No. 14
Change in Net Position
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 315,477	\$ 240,420
Operating grants and contributions	13,893,624	11,884,050
<i>General revenues:</i>		
Local Revenues	35,386,811	32,747,280
Grants and contributions not restricted to specific programs	17,846,996	18,396,248
Miscellaneous	1,461,369	1,953,069
Total Revenues	<u>68,904,277</u>	<u>65,221,067</u>
Expenses		
Regular instruction	20,344,619	19,465,495
Special education	8,955,714	8,386,400
Other instruction	1,000,899	946,352
Student/staff support	4,920,122	4,693,446
System administration	1,407,615	1,392,435
School administration	3,358,478	3,064,670
Transportation	3,443,403	3,452,280
Facilities management	9,871,279	7,794,139
Program expenses	6,646,340	7,690,605
State of Maine - on-behalf payments	7,951,187	4,628,614
Interest on long-term debt	185,354	256,467
Total Expenses	<u>68,085,010</u>	<u>61,770,903</u>
Change in Net Position	819,267	3,450,164
Net Position - July 1, Restated	<u>38,226,901</u>	<u>34,776,737</u>
Net Position - June 30	<u><u>\$ 39,046,168</u></u>	<u><u>\$ 38,226,901</u></u>

Financial Analysis of the Unit's Fund Statements

Governmental funds: The financial reporting focus of the Unit's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Unit's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Regional School Unit No. 14
Fund Balances - Governmental Funds
June 30,

	<u>2023</u>	<u>2022 (Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Assigned	\$ 1,200,000	\$ 1,200,000	\$ -
Committed	4,525,000	4,525,000	-
Unassigned	5,151,180	5,303,030	(151,850)
Total General Fund	<u>\$ 10,876,180</u>	<u>\$ 11,028,030</u>	<u>\$ (151,850)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 42,131	\$ 40,048	\$ 2,083
Restricted	1,136,868	980,109	156,759
Committed	495,444	440,501	54,943
Unassigned	(121,765)	(143,584)	21,819
Capital Projects Funds:			
Committed	1,441,231	373,689	1,067,542
Unassigned (Deficits)	(1,053,296)	(291,511)	(761,785)
Total Nonmajor Funds	<u>\$ 1,940,613</u>	<u>\$ 1,399,252</u>	<u>\$ 541,361</u>

The changes to total fund balances for the general fund and nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues were receipted over budgeted amounts by \$307,195. All revenue categories were within or exceeded budgeted amounts with the exception of charges for services.

The general fund actual expenditures were under budgeted amounts by \$740,955. All expenditure categories were under or within budgeted amounts with the exception of facilities management and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Unit increased by \$1,508,418 from the prior year. The increase is the result of current year additions of \$4,258,711 less net disposals of \$30 and current year depreciation expense of \$2,750,263.

Table 4
Regional School Unit No. 14
Capital Assets, (Net of Depreciation)
June 30,

	<u>2023</u>	<u>2022</u> (Restated)
Land	\$ 792,780	\$ 792,780
Construction in progress	1,835,711	657,287
Buildings and improvements	33,845,037	34,234,787
Furniture and equipment	2,985,650	2,135,806
Vehicles	1,908,900	2,039,000
Total	<u>\$ 41,368,078</u>	<u>\$ 39,859,660</u>

Debt

At June 30, 2023, the Unit had a bond payable and notes from direct borrowings payable in the amount of \$7,808,673, compared to \$7,083,480 in the prior year. For more detailed information refer to Note 6 of Notes to Financial Statements.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Unit does not anticipate that any significant economic factors will affect the 2023-2024 budget, however future budget years may be affected by changes in state subsidy and other reporting issues.

Contacting the Unit's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Unit's finances and to show the Unit's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional School Unit No. 14 at 228 Windham Center Road, Windham, Maine 04062.

REGIONAL SCHOOL UNIT NO. 14

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 13,516,743
Investments	3,200,787
Due from other governments	1,527,059
Inventory	42,131
Total current assets	<u>18,286,720</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure and other assets not being depreciated	2,628,491
Buildings and equipment, net of accumulated depreciation	<u>38,739,587</u>
Total capital assets	<u>41,368,078</u>
Total noncurrent assets	<u>41,368,078</u>
TOTAL ASSETS	<u>59,654,798</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,459,281
Deferred outflows related to OPEB	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,459,281</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 61,114,079</u></u>

STATEMENT A (CONTINUED)

REGIONAL SCHOOL UNIT NO. 14

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 383,260
Accrued expenses	5,086,667
Accrued interest	21,646
Current portion of long-term obligations	<u>2,627,264</u>
Total current liabilities	<u>8,118,837</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	1,255,000
Notes from direct borrowings payable	3,949,445
Net pension liability	912,122
Net OPEB liability	7,170,749
Accrued compensated absences	<u>440,813</u>
Total noncurrent liabilities	<u>13,728,129</u>
TOTAL LIABILITIES	<u>21,846,966</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	220,945
Deferred inflows related to OPEB	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>220,945</u>
NET POSITION	
Net investment in capital assets	33,559,570
Restricted	1,136,868
Unrestricted	<u>4,349,730</u>
TOTAL NET POSITION	<u>39,046,168</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 61,114,079</u></u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT B

REGIONAL SCHOOL UNIT NO. 14

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Regular instruction	\$ 20,344,619	\$ 28,300	\$ -	\$ -	\$ (20,316,319)
Special education	8,955,714	-	-	-	(8,955,714)
Other instruction	1,000,899	-	-	-	(1,000,899)
Student/staff support	4,920,122	-	-	-	(4,920,122)
System administration	1,407,615	-	-	-	(1,407,615)
School administration	3,358,478	-	-	-	(3,358,478)
Transportation	3,443,403	-	-	-	(3,443,403)
Facilities management	9,871,279	-	-	-	(9,871,279)
Program expenses	6,646,340	287,177	5,942,437	-	(416,726)
State of Maine - on-behalf payments	7,951,187	-	7,951,187	-	-
Interest on long-term debt	185,354	-	-	-	(185,354)
Total government	<u>\$ 68,085,010</u>	<u>\$ 315,477</u>	<u>\$ 13,893,624</u>	<u>\$ -</u>	<u>(53,875,909)</u>

STATEMENT B (CONTINUED)

REGIONAL SCHOOL UNIT NO. 14

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(53,875,909)</u>
General revenues:	
Local assessment	35,386,811
Grants and contributions not restricted to specific programs	17,846,996
Miscellaneous	<u>1,461,369</u>
Total general revenues	<u>54,695,176</u>
Change in net position	819,267
NET POSITION - JULY 1, RESTATED	<u>38,226,901</u>
NET POSITION - JUNE 30	<u><u>\$ 39,046,168</u></u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 13,020,813	\$ 495,930	\$ 13,516,743
Investments	3,200,787	-	3,200,787
Due from other governments	31,007	1,496,052	1,527,059
Inventory	-	42,131	42,131
Due from other funds	2,230,276	2,494,078	4,724,354
TOTAL ASSETS	\$ 18,482,883	\$ 4,528,191	\$ 23,011,074
LIABILITIES			
Accounts payable	\$ 338,524	\$ 44,736	\$ 383,260
Accrued expenses	4,774,101	312,566	5,086,667
Due to other funds	2,494,078	2,230,276	4,724,354
TOTAL LIABILITIES	7,606,703	2,587,578	10,194,281
FUND BALANCES			
Nonspendable	-	42,131	42,131
Restricted	-	1,136,868	1,136,868
Committed	4,525,000	1,936,675	6,461,675
Assigned	1,200,000	-	1,200,000
Unassigned (deficit)	5,151,180	(1,175,061)	3,976,119
TOTAL FUND BALANCES	10,876,180	1,940,613	12,816,793
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,482,883	\$ 4,528,191	\$ 23,011,074

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Funds
Total Fund Balances	\$ 12,816,793
Amounts reported for governmental activities in the statement are different because:	
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	1,459,281
OPEB	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	41,368,078
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bond payable	(2,880,000)
Notes from direct borrowings payable	(4,928,508)
Net pension liability	(912,122)
Net OPEB liability	(7,170,749)
Deferred inflows of resources are not financial resources and therefore are not and therefore are not reported in the funds:	
Accrued compensated absences	(464,014)
Accrued interest	(21,646)
Pension	(220,945)
OPEB	-
Net position of governmental activities	<u>\$ 39,046,168</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT E

REGIONAL SCHOOL UNIT NO. 14

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local revenues	\$ 35,386,811	\$ -	\$ 35,386,811
Intergovernmental revenues	21,429,287	5,942,437	27,371,724
Charges for services	28,300	287,177	315,477
Interest income	123,151	-	123,151
Miscellaneous revenues	219,900	1,118,318	1,338,218
TOTAL REVENUES	<u>57,187,449</u>	<u>7,347,932</u>	<u>64,535,381</u>
EXPENDITURES			
Current:			
Regular instruction	20,344,619	-	20,344,619
Special education	8,955,714	-	8,955,714
Other instruction	1,000,899	-	1,000,899
Student/staff support	4,552,603	-	4,552,603
System administration	1,407,615	-	1,407,615
School administration	3,005,573	-	3,005,573
Transportation	3,031,288	-	3,031,288
Facilities management	7,812,972	-	7,812,972
State of Maine - on-behalf payments	3,582,291	-	3,582,291
Program expenses	-	6,646,340	6,646,340
Debt service:			
Principal	1,625,000	-	1,625,000
Interest	184,625	-	184,625
Capital outlay	-	1,996,331	1,996,331
TOTAL EXPENDITURES	<u>55,503,199</u>	<u>8,642,671</u>	<u>64,145,870</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,684,250</u>	<u>(1,294,739)</u>	<u>389,511</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,909,701	1,909,701
Transfers (out)	(1,836,100)	(73,601)	(1,909,701)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,836,100)</u>	<u>1,836,100</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(151,850)	541,361	389,511
FUND BALANCES - JULY 1, RESTATED	<u>11,028,030</u>	<u>1,399,252</u>	<u>12,427,282</u>
FUND BALANCES - JUNE 30	<u>\$ 10,876,180</u>	<u>\$ 1,940,613</u>	<u>\$ 12,816,793</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 389,511</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset acquisitions	4,258,711
Capital asset deletions	(30)
Depreciation expense	<u>(2,750,263)</u>
	<u>1,508,418</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	244,576
OPEB	<u>(744,560)</u>
	<u>(499,984)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(4,028,264)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>3,303,236</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	383,550
OPEB	<u>185,068</u>
	<u>568,618</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	89,475
Accrued interest	(729)
Net pension liability	(511,014)
Net OPEB liability	<u>-</u>
	<u>(422,268)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 819,267</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	Total Private-Purpose Trusts
ASSETS	
Investments	\$ 72,238
Due from other governments	50
TOTAL ASSETS	<u>\$ 72,288</u>
LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<u>\$ -</u>
NET POSITION	
Held in trust	\$ 72,288
TOTAL NET POSITION	<u>\$ 72,288</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Total Private-Purpose Trusts
Additions:	
Interest	\$ 129
Total additions	<u>129</u>
Deductions:	
Scholarships	<u>3,107</u>
Total deductions	<u>3,107</u>
Change in fiduciary net position	(2,978)
Net position, beginning	<u>75,266</u>
Net position, ending	<u><u>\$ 72,288</u></u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Regional School Unit No. 14 was formed under the laws of the State of Maine. It is comprised of the municipalities of Windham and Raymond, Maine. The Unit operates under a Board of Directors-superintendent form of government and provides the following services: regular instruction, special education, other instruction, student/staff support, system administration, school administration, transportation, facilities management and program expenses.

The Unit's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Unit's combined financial statements include all accounts and all operations of the Unit. We have determined that the Unit has no component Units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Unit's basic financial statements include both government-wide (reporting the Unit as a whole) and fund financial statements (reporting the Unit's major funds).

Both the government-wide and fund financial statements categorize all primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Unit's net position are reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Unit first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Unit's functions (regular instruction, transportation, facilities management, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (support from Towns, certain intergovernmental revenues and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Unit does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Unit as an entity and the change in the Unit's net position resulting from the current year's activities.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Unit are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Unit:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Unit:

Major Funds:

- a. The General Fund is the general operating fund of the Unit. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Unit programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Unit's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Unit's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 53,605,158
Add: On-behalf payments	<u>3,582,291</u>
Total GAAP basis	<u>\$ 57,187,449</u>
Expenditures per budgetary basis	\$ 53,757,008
Add: On-behalf payments	<u>3,582,291</u>
Total GAAP basis	<u>\$ 57,339,299</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the prior fiscal year the Unit prepared a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings on the budget were held.
3. The proposed budget was then approved by a majority of the Unit's citizens.

Deposits and Investments

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

It is the Unit's policy to value investments at fair value. None of the Unit's investments are reported at amortized cost. The Unit Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Regional School Unit No. 14 has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$1,527,059 for the year ended June 30, 2023.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The special revenue fund inventory consists of school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Unit or

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of a bond payable, notes from direct borrowings payable, net pension liability, net OPEB liability and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Pensions

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

OPEB

For purposes of measuring the Unit's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Education Association Benefits Trust (MEABT), which determined the Unit's fiduciary net position as a single employer defined benefit plan based on information provided solely by MEABT to complete the actuarial report. Additions to/deductions from the MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Unit is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the School Unit. The inhabitants of the School Unit through School Unit meetings are the highest level of decision-making authority of the School Unit. Commitments may be established, modified or rescinded only through a School Unit meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Directors, given annually by vote of the taxpayers.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Unit considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Unit considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Unit meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Unit has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Unit does not utilize encumbrance accounting for its general fund.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Unit's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Unit consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Unit funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unit will not be able to recover its deposits. The Unit does not have a policy covering custodial credit risk for deposits. However, the Unit maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2023, the Unit's cash balances amounting to \$13,516,743 were comprised of deposits of \$13,905,456. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Unit's cash balance. \$13,648,219 of bank deposits were insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$257,237 were uninsured and not collateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 507,322
ICS accounts	13,398,134
	<u>\$ 13,905,456</u>

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

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

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Unit does not have a policy related to interest rate risk. Certificates of deposit held with local financial institutions for \$3,273,025 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, of the Unit's certificates of deposits \$250,000 were fully insured by FDIC and consequently were not exposed to custodial credit risk. The remaining balance of \$3,023,025 was uninsured and uncollateralized.

Credit risk - Statutes for the State of Maine authorize the Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Unit does not have an investment policy on credit risk.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 2,230,276	\$ 2,494,078
Nonmajor special revenue funds	1,058,632	1,116,583
Nonmajor capital projects funds	1,435,446	1,113,693
	<u>\$ 4,724,354</u>	<u>\$ 4,724,354</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Unit. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers To	Transfers From
General fund	\$ -	\$ 1,836,100
Nonmajor special revenue funds	73,701	73,601
Nonmajor capital projects funds	1,836,000	-
	<u>\$ 1,909,701</u>	<u>\$ 1,909,701</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2023 is as follows:

	Balance 7/1/22 (Restated)	Additions	Transfers/ Deletions	Balance, 6/30/23
<u>Governmental Activities:</u>				
Non-depreciated assets:				
Land	\$ 792,780	\$ -	\$ -	\$ 792,780
Construction in progress	657,287	1,705,798	(527,374)	1,835,711
	<u>1,450,067</u>	<u>1,705,798</u>	<u>(527,374)</u>	<u>2,628,491</u>
Depreciated assets:				
Buildings and improvements	75,879,936	1,586,395	-	77,466,331
Furniture and equipment	6,203,990	1,218,200	(346,540)	7,075,650
Vehicles	3,885,392	275,692	(103,975)	4,057,109
	<u>85,969,318</u>	<u>3,080,287</u>	<u>(450,515)</u>	<u>88,599,090</u>
Less: accumulated depreciation	<u>(47,559,725)</u>	<u>(2,750,263)</u>	<u>450,485</u>	<u>(49,859,503)</u>
	<u>38,409,593</u>	<u>330,024</u>	<u>(30)</u>	<u>38,739,587</u>
Net capital assets	<u>\$ 39,859,660</u>	<u>\$ 2,035,822</u>	<u>\$ (527,404)</u>	<u>\$ 41,368,078</u>
<u>Current year depreciation:</u>				
Student and staff support				\$ 367,519
Transportation				412,115
Facilities management				1,970,629
				<u>\$ 2,750,263</u>

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22 (Restated)	Additions	Reductions	Balance, 6/30/23	Current Portion
Bond payable	\$ 4,505,000	\$ -	\$ (1,625,000)	\$ 2,880,000	\$ 1,625,000
Notes from direct borrowings payable	2,578,480	4,028,264	(1,678,071)	4,928,673	979,063
	<u>\$ 7,083,480</u>	<u>\$ 4,028,264</u>	<u>\$ (3,303,071)</u>	<u>\$ 7,808,673</u>	<u>\$ 2,604,063</u>

The following is a summary of the outstanding bond payable and notes from direct borrowings payable:

Bond payable:

\$17,880,000, bond payable in the Town of Windham, Maine's name, according to the terms of the consolidation agreement, the RSU is obligated to pay this debt service, due in annual principal payments of \$1,255,000 to \$1,630,000, through 2025. Fixed interest is charged at 4% to 5% per annum.

\$ 2,880,000

Notes from direct borrowings payable:

On September 15, 2020 The RSU for Raymond Schools entered into a loan agreement with Maine Municipal Bond Bank for the purpose of health, safety and compliance repairs for Raymond Schools. The agreement is a ten-year interest free loan with annual principal payments of \$156,349. However, each year, \$62,852 of that payment is forgiven in lieu of the Maine DOE. Principal payments by the RSU are to be made each September 15, beginning in FY22 for \$93,497 per annum, maturity in 2032.

\$ 747,974

On September 15, 2020 the RSU for Windham Schools entered into a loan agreement with Maine Municipal Bond Bank for the purpose of health, safety and compliance repairs for Windham Schools. The agreement is a ten-year interest free loan with annual principal payments of \$102,292. However, each year, \$41,121 of that payment is forgiven in lieu of the Maine DOE. Principal payments by the RSU are to be made each September 15, beginning in FY22 for \$61,761 per annum, maturity in 2032.

489,365

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

\$289,500, capital lease with Gorham Savings Leasing Group LLC for three school buses, due in annual principal and interest payments of \$59,886, through August of 2024. Interest is charged at a fixed rate of 1.68% per annum.	116,821
\$95,932, capital lease with Gorham Savings Leasing Group LLC for a school bus, due in annual principal and interest payments of \$20,329, through August of 2023. Interest is charged at a fixed rate of 2.98% per annum.	19,741
\$91,250, capital lease with Gorham Savings Leasing Group LLC for a school bus, due in annual principal and interest payments of \$19,337, through August of 2023. Interest is charged at a fixed rate of 2.98% per annum.	18,778
\$57,958, capital lease with Gorham Savings Leasing Group LLC for a mini-bus, due in annual principal and interest payments of \$12,282, through August of 2023. Interest is charged at a fixed rate of 2.98% per annum.	11,927
\$44,925, capital lease with Gorham Savings Leasing Group LLC for a school bus, due in annual principal and interest payments of \$9,294 through August of 2024. Interest is charged at a fixed rate of 1.68% per annum.	18,130
\$297,000, capital lease with Androscoggin Bank for three buses, due in annual principal and interest payments of \$61,194 through July of 2025. Interest is charged at a fixed rate of 1.51% per annum.	178,173
\$26,028, capital lease with Androscoggin Bank for a Rider Burnisher, due in annual principal and interest payments of \$9,122, through February of 2025. Interest is charged at a fixed rate of 5.23% per annum.	16,906
\$859,432, capital lease with Apple Financial for devices, due in annual principal and interest payments of \$214,858 through July of 2026. Interest is charged at a fixed rate of 0% per annum.	644,574

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

\$466,032, capital lease with Gorham Savings for copiers, due in annual principal and interest payments of \$99,429 through July of 2027. Interest is charged at a fixed rate of 2.95% per annum.	370,030
\$35,677, capital lease with Androscoggin Bank for a Kia van, due in annual principal and interest payments of \$9,436 through September of 2026. Interest is charged at a fixed rate of 3.89% per annum.	26,241
\$234,000, capital lease with Municipal Leasing Consultants for buses, due in annual principal and interest payments of \$50,643 through November of 2027. Interest is charged at a fixed rate of 4.11% per annum.	183,356
\$1,340,847, capital lease with Municipal Leasing Consultants for HVAC, due in annual principal and interest payments of \$114,687 to \$150,159 through July of 2032. Interest is charged at a fixed rate of 3.426% per annum.	1,185,543
\$577,390, capital lease with Apple Financial for computer hardware, due in annual principal payments of 103,723, through July of 2024. Interest is charged at a fixed rate of 0% per annum.	207,447
\$784,532, capital lease with Municipal Leasing Consultants for HVAC, due in annual principal and interest payments of \$67,023 to \$87,930 through July of 2032. Interest is charged at a fixed rate of 3.452% per annum.	<u>693,667</u>
Total notes from direct borrowings payable	<u><u>\$ 4,928,673</u></u>

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond and notes from direct borrowings principal and interest requirements for the fiscal years ending June 30:

Year Ending June 30,	Principal	Bond Payable Interest	Total
2024	\$ 1,625,000	\$ 94,125	\$ 1,719,125
2025	1,255,000	31,375	1,286,375
	<u>\$ 2,880,000</u>	<u>\$ 125,500</u>	<u>\$ 3,005,500</u>

Year Ending June 30,	Notes from Direct Borrowings Payable		
	Principal	Interest	Total
2024	\$ 979,063	\$ 78,465	\$ 1,057,528
2025	942,008	61,042	1,003,050
2026	773,838	46,765	820,603
2027	500,981	34,546	535,527
2028	362,665	24,074	386,739
2029-2033	1,369,953	49,768	1,419,721
	<u>\$ 4,928,508</u>	<u>\$ 294,660</u>	<u>\$ 5,223,168</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the Unit, for which its full faith and credit are pledged. The Unit is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Unit.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2023:

	Balance, 7/1/21	Additions	Reductions	Balance, 6/30/23	Current Portion
Net pension liability	\$ 401,108	\$ 1,597,927	\$ (1,086,913)	\$ 912,122	\$ -
Net OPEB liability	7,170,749	436,053	(357,557)	7,249,245	-
Accrued compensated absences	553,489	-	(89,475)	464,014	23,201
	<u>\$ 8,125,346</u>	<u>\$ 2,033,980</u>	<u>\$ (1,533,945)</u>	<u>\$ 8,625,381</u>	<u>\$ 23,201</u>

Please see Notes 14, 15 and 17 for detailed information on each of the other long-term obligations.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

Investments in capital assets	\$ 91,227,581
Accumulated depreciation	(49,859,503)
Outstanding capital related debt	<u>(7,808,508)</u>
	<u><u>\$ 33,559,570</u></u>

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

The Unit had the following restricted net position and fund balances at June 30, 2023:

Nonmajor Special Revenue Funds (Schedule C):

Adult education	\$ 33,119
Federal COPS grant	157,667
Local entitlement preschool	47
School lunch	593,301
Title IIA	12,648
Adult - ed gifts and contributions	5,653
Backpackers	80,465
HiSet completion campaign	417
Ecomaine	163
Exxon Mobil	1,255
Gifts and contributions	475
Go green	5
HR Block contribution	44
Katahdin Miscellaneous	8,139
Laptops	190,598
Let's go	11
Mentoring	1,562
Mini-grants	37,843
PROP grant	427
PTA	2,503
School media	2,174
State farm	3,355
Walmart grant	416
Wellness	375
Federal ESSER #3	2,833
Windham ice hockey	325
Continuity of service	<u>1,048</u>
	<u><u>\$ 1,136,868</u></u>

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - NONSPENDABLE FUND BALANCE

The Unit had the following nonspendable fund balance at June 30, 2023:

Nonmajor Special Revenue Funds (Schedule C):	
School lunch	<u>\$ 42,131</u>

NOTE 11 - COMMITTED FUND BALANCES

The Unit had the following committed fund balances at June 30, 2023:

General fund:	
Capital purposes	\$ 4,525,000
Nonmajor Special Revenue Funds (Schedule C):	
Student activities fund	484,801
Cumberland county super association	8,636
Admin certification	2,007
Nonmajor Capital Projects Funds (Schedule E):	
New reserve	1,435,446
Renewal and renovations	<u>5,785</u>
	<u>\$ 6,461,675</u>

NOTE 12 - ASSIGNED FUND BALANCE

The following fund balance have been assigned at June 30, 2023 for the following purposes:

General fund:	
FY24 budget reduction	<u>\$ 1,000,000</u>

NOTE 13 - OVERSPENT APPROPRIATIONS

The Unit had the following expenditures over appropriations for the year ended June 30, 2023:

Facilities maintenance	\$ 1,077,354
Transfers to other funds	<u>1,456,100</u>
	<u>\$ 2,533,454</u>

The Unit completed facility projects improving ventilation in the schools and these projects were not anticipated or included in the budget.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - ACCRUED COMPENSATED ABSENCES

The School Unit's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the School Unit's liability for compensated absences is \$464,014.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school Districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's 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 State employees and teachers). 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 State employees and teachers 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. The monthly benefit of members who retire

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. As of June 30, 2022, there were 239 employers, including the State of Maine, participating in the plan.

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 System's Board of Trustees and is currently 1.52%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Unit's teachers are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for teachers covered by this program was approximately \$24,998,540 for the year ended June 30, 2023. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Unit's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$3,460,607 for the year ended June 30, 2023. Title 5 of the Maine Revised Statutes Annotated also requires the Unit to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$959,964 for 2023. In addition, the Unit is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled \$126,949 the year ended June 30, 2023.

Pension Liabilities

At June 30, 2023, the Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Unit. The amount recognized by the Unit as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Unit were as follows:

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Unit's proportionate share of the net pension liability	\$ 912,122
State's proportionate share of the net pension liability associated with the Unit	<u>24,530,025</u>
Total	<u><u>\$ 25,442,147</u></u>

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on a projection of the Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State actuarially determined. At June 30, 2022, the Unit's proportion was 0.061426%, which was an increase of 0.01400% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, the Unit recognized net expense of \$7,682,480 and revenue of \$7,799,592 for support provided by the State of Maine for the SET plan. At June 30, 2023, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,438	\$ -
Changes of assumptions	177,113	-
Net difference between projected and actual earnings on pension plan investments	-	179,645
Changes in proportion and differences between employer contributions and proportionate share of contributions	149,817	41,300
Contributions subsequent to the measurement date	<u>1,086,913</u>	<u>-</u>
Total	<u><u>\$ 1,459,281</u></u>	<u><u>\$ 220,945</u></u>

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$1,086,913 for the SET plan was reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Plan year ended June 30:	
2023	\$ 148,366
2024	(22,578)
2025	(59,095)
2026	84,730
2027	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age of the member's expected future salary. The normal cost for each member is the product of the member's pay and normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2022 and 2021, compounded annually.

Salary Increases, Merit and Inflation - state employees, 2.80% - 13.03%

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

Cost of Living Benefit Increases - 2.20% per annum for the year ended June 30, 2022.

The long-term expected rate of return on pension plan assets 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 arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2022 are summarized in the following table.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	SET Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2022 for each of 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 pension plan's 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.

The following table shows how the collective net pension liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
SET Plan:			
Discount rate	5.50%	6.50%	7.50%
District's proportionate share of the net pension liability	\$ 1,786,152	\$ 912,122	\$ 184,401

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2017 through 2022, this was three years for the SET Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings are recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school Units contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2022, there were 228 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan 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 life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Unit's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. 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 participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2023, was approximately \$80,147.

OPEB Liabilities and OPEB Expense

At June 30, 2023, the Unit reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Unit. The total portion of the net OPEB liability that was associated with the Unit were as follows:

Unit's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	<u>672,427</u>
Total	<u><u>\$ 672,427</u></u>

For the year ended June 30, 2023, the Unit recognized net OPEB expense of \$71,448 and revenue of \$71,448 for support provided by the State of Maine.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School and/or the School retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Active members	504
Retirees and spouses	<u>186</u>
Total	<u><u>690</u></u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 55% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 45% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

Employee/Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	Employee Only	Employee/ Spouse	Employee/ Child(ren)	Employee/ Family
Choice Plus	\$ 961.11	\$2,166.16	\$1,700.95	\$2,636.50
Standard \$200 Ded	\$ 1,037.87	\$2,339.44	\$1,837.01	\$2,847.43
Standard \$500 Ded	\$ 913.05	\$2,057.85	\$1,615.91	\$2,504.68

Medicare

Medicare-Eligible Retirees	\$ 387.76	\$ 775.52
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REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Unit reported a liability of \$7,249,245 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date. The Unit's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the Unit recognized OPEB pension expense of \$223,524. At June 30, 2023, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 390,546	\$ -
Changes of assumptions	216,869	367,788
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	174,837	-
Total	<u>\$ 782,252</u>	<u>\$ 367,788</u>

\$174,837 were reported as deferred outflows of resources related to OPEB resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN (CONTINUED)

	<u>MEABT</u>
Plan year ended June 30:	
2023	\$ 57,125
2024	57,122
2025	102,281
2026	44,284
2027	(6,305)
Thereafter	(14,880)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.54% per annum for June 30, 2023 was based upon a measurement date of June 24, 2022. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.54%	3.54%	4.54%
Total OPEB liability	\$ 8,455,637	\$ 7,249,245	\$ 6,275,088
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 8,455,637</u>	<u>\$ 7,249,245</u>	<u>\$ 6,275,088</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 6,205,274	\$ 7,249,245	\$ 8,568,499
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 6,205,274</u>	<u>\$ 7,249,245</u>	<u>\$ 8,568,499</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Assumptions

The demographic actuarial assumptions 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. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021.

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, ie trend rates, were developed based on historical and future projections of long term health care rates:

Discount Rate - 3.54% per annum for year-end 2022 reporting, 2.16% per annum for year-end 2021 reporting.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2023_fl. The following assumptions were applied in this model as below:

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	2.70%
Rate of Growth in Real Income/GDP per capita 2032+	1.40%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.90%
Year for Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. Sample medical trends are listed in the table below.

Pre-Medicare - Initial trend of 7.95% applied in FYE 2023 and 4.00% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2023 and 5.62% applied in FYE 2024 grading over 18 years to 4.29% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021 and based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. As of June 30, 2022, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Disability Incidence - Rates vary for plans based on age

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method

Salaries - Salaries were not provided by the client. Assumed salaries are inferred using the Teachers Age/Service Salary scatter from the Maine State Teachers Retirement System's salary age/service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter, unless otherwise supplied by the district group during its review of the active data.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2022 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

Retiree Continuation Percentage:

Retirees who are currently in the Medicare Advantage Plan (Medicare participants) are assumed to remain in the Medicare Advantage Plan.

Retirees who are over the age of 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under the age of 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare Plan until age 64 and enroll in the Medicare Advantage Plan at age 65.

Spouses who are currently in a Pre-Medicare plan will follow the same assumptions as the retired member. Thus if the member is never eligible for Medicare, the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2022, they are as follows:

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2022 and projects through June 30, 2023 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Medicare Advantage Plan are assumed to never be eligible for Medicare, all current actives with a hire date before March 31, 1986 are assumed to never be eligible for Medicare.

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2022, there were no differences between expected and actual experience.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2022, there were no changes in assumptions.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Regional School Unit No. 14 at 228 Windham Center Road, Windham, Maine 04062

NOTE 18 - DEFERRED COMPENSATION PLAN

The School Unit offers its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 403(b). The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries.

NOTE 19 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Unit's financial position.

The Unit participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Unit's compliance with applicable grant requirements may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

The Unit receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the School's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the School and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2024 could include expenditures from the fiscal year of 2023 that would normally be accrued. The actual amount cannot be determined at this time, however, it

REGIONAL SCHOOL UNIT NO. 14

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - CONTINGENCIES (CONTINUED)

is the position of the Regional School Unit No. 14 that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine school districts concerning this matter.

NOTE 20 - RISK MANAGEMENT - PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Unit is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Unit either carries commercial insurance or participates in a public entity risk pool, which is sponsored by the Maine School Management Association (MSMA) for Property and Casualty coverage and MEMIC for Workers' Compensation coverage. Based on the coverage provided by the pool described above, as well as coverage provided by commercial insurance purchased, the Unit is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2023.

NOTE 21 - RELATED PARTY TRANSACTIONS

A school board member is employed by The Davey Tree Expert Company. The Unit utilizes the services of The Davey Tree Expert Company for tree removal. During the fiscal year ended June 30, 2023, payments to this vendor for tree removal services totaled \$8,550.

NOTE 22 - RESTATEMENT

During fiscal year 2023, the Unit determined that certain transactions were incorrectly posted or omitted. The governmental activities were restated to reflect the decrease of notes from direct borrowings payable of \$299,680 corrections to outstanding balances. Capital assets were increased by \$74,063 to reflect construction in progress not recorded in the prior year. The nonmajor special revenue funds were increased by \$2,412 to correct beginning fund balances.

The impact of these restatements on the governmental activities net position was an increase of \$376,155 from \$37,850,746 to \$38,226,901.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the Net OPEB Liability - SET Plan
- Schedule of Changes in Net OPEB Liability - MEABT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

REGIONAL SCHOOL UNIT NO. 14

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 11,028,030	\$ 11,028,030	\$ 11,028,030	\$ -
Resources (Inflows):				
Intergovernmental revenues:				
Education subsidy	17,575,152	17,575,152	17,575,152	-
State agency	80,000	80,000	109,622	29,622
Other	50,000	50,000	162,222	112,222
Local assessment	35,386,811	35,386,811	35,386,811	-
Charges for services	86,000	86,000	28,300	(57,700)
Investment income	60,000	60,000	123,151	63,151
Miscellaneous revenues	60,000	60,000	219,900	159,900
Amounts Available for Appropriation	<u>64,325,993</u>	<u>64,325,993</u>	<u>64,633,188</u>	<u>307,195</u>
Charges to Appropriations (Outflows):				
Current:				
Regular instruction	21,621,414	20,523,828	20,344,619	179,209
Special education	9,761,029	9,761,029	8,955,714	805,315
Other instruction	1,054,204	1,054,204	1,000,899	53,305
Student/staff support	5,024,986	5,024,986	4,552,603	472,383
System administration	1,551,687	1,551,687	1,407,615	144,072
School administration	3,063,074	3,063,074	3,005,573	57,501
Transportation	3,496,326	3,496,326	3,031,288	465,038
Facilities management	6,735,618	7,833,204	7,812,972	20,232
Debt service:				
Principal	1,625,000	1,625,000	1,625,000	-
Interest	184,625	184,625	184,625	-
Transfers to other funds	380,000	380,000	1,836,100	(1,456,100)
Total Charges to Appropriations	<u>54,497,963</u>	<u>54,497,963</u>	<u>53,757,008</u>	<u>740,955</u>
Budgetary Fund Balance, June 30	<u>\$ 9,828,030</u>	<u>\$ 9,828,030</u>	<u>\$ 10,876,180</u>	<u>\$ 1,048,150</u>
Utilization of assigned fund balance	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ (1,200,000)</u>

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>									
Unit's proportion of the net pension liability (asset)	0.06%	0.05%	0.05%	0.06%	0.05%	0.06%	0.05%	0.05%	0.03%
Unit's proportionate share of the net pension liability (asset)	\$ 912,122	\$ 401,108	\$ 806,986	\$ 808,665	\$ 703,397	\$ 857,592	\$ 850,647	\$ 708,339	\$ 583,670
State's proportionate share of the net pension liability (asset) associated with the Unit	<u>24,530,025</u>	<u>13,978,570</u>	<u>26,825,828</u>	<u>23,822,916</u>	<u>\$ 22,049,305</u>	<u>\$ 23,436,406</u>	<u>\$ 29,834,658</u>	<u>\$ 23,625,902</u>	<u>\$ 18,952,395</u>
Total	<u>\$ 25,442,147</u>	<u>\$ 14,379,678</u>	<u>\$ 27,632,814</u>	<u>\$ 24,631,581</u>	<u>\$ 22,752,702</u>	<u>\$ 24,293,998</u>	<u>\$ 30,685,305</u>	<u>\$ 24,334,241</u>	<u>\$ 19,536,065</u>
Unit's covered payroll	\$ 24,358,233	\$ 23,181,917	\$ 22,162,700	\$ 21,457,615	\$ 20,716,937	\$ 20,250,559	\$ 20,507,033	\$ 20,626,208	\$ 20,266,362
Unit's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	3.74%	1.73%	3.64%	3.77%	3.40%	4.23%	4.15%	3.43%	2.88%
Plan fiduciary net position as a percentage of the total pension liability	85.79%	90.90%	81.03%	84.52%	85.17%	80.78%	80.80%	81.20%	83.91%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

SET Plan:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution										
Contributions in relation to the contractually required contribution	\$1,086,913	\$935,291	\$ 1,053,264	\$ 921,967	\$ 851,867	\$ 822,415	\$ 680,419	\$ 689,036	\$ 546,595	\$ 104,615
	<u>(1,086,913)</u>	<u>(935,291)</u>	<u>(1,053,264)</u>	<u>(921,967)</u>	<u>(851,867)</u>	<u>(822,415)</u>	<u>(680,419)</u>	<u>(689,036)</u>	<u>(546,595)</u>	<u>(104,615)</u>
Contribution deficiency (excess)										
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered payroll										
Contributions as a percentage of covered payroll	\$24,998,540	\$24,358,233	\$ 23,181,917	\$ 22,162,700	\$ 21,457,615	\$ 20,716,937	\$ 20,250,559	\$ 20,507,033	\$ 20,626,208	\$ 20,266,362
	4.35%	3.84%	4.54%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	0.52%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET PLAN
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
<u>SET Life Insurance:</u>						
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unit's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	672,427	344,182	710,943	666,417	667,664	651,065
Total	<u>\$ 672,427</u>	<u>\$ 344,182</u>	<u>\$ 710,943</u>	<u>\$ 666,417</u>	<u>\$ 667,664</u>	<u>\$ 651,065</u>
Covered payroll	\$ 24,358,233	\$ 23,181,917	\$ 22,162,700	\$ 21,457,615	\$ 20,716,937	\$ 20,250,559
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	62.90%	55.40%	49.51%	49.22%	48.04%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/21 (Reporting June 30, 2022)	\$ 7,170,749	\$ -	\$ 7,170,749
Changes for the year:			
Service cost	184,075	-	184,075
Interest	157,161	-	157,161
Changes of benefits	-	-	-
Differences between expected and actual experience	173,275	-	173,275
Changes of assumptions	(277,429)	-	(277,429)
Contributions - employer	-	158,586	(158,586)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(158,586)	(158,586)	-
Administrative expense	-	-	-
Net changes	78,496	-	78,496
Balances at 6/30/22 (Reporting June 30, 2023)	<u>\$ 7,249,245</u>	<u>\$ -</u>	<u>\$ 7,249,245</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
MEABT PLAN
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>					
Service cost (BOY)	184,075	155,864	75,629	63,590	68,193
Interest (includes interest on service cost)	157,161	155,314	253,074	259,451	247,028
Changes of benefit terms	-	-	(775,755)	-	-
Differences between expected and actual experience	173,275	-	423,543	-	-
Changes of assumptions	(277,429)	60,024	(69,427)	405,991	(316,109)
Benefit payments, including refunds of member contributions	(158,586)	(143,956)	(235,221)	(194,020)	(187,314)
Net change in total OPEB liability	\$ 78,496	\$ 227,246	\$ (328,157)	\$ 535,012	\$ (188,202)
Total OPEB liability - beginning	\$ 7,170,749	\$ 6,943,503	\$ 7,271,660	\$ 6,736,648	\$ 6,924,850
Total OPEB liability - ending	\$ 7,249,245	\$ 7,170,749	\$ 6,943,503	\$ 7,271,660	\$ 6,736,648
<u>Plan fiduciary net position</u>					
Contributions - employer	158,586	143,956	235,221	194,020	187,314
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(158,586)	(143,956)	(235,221)	(194,020)	(187,314)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 7,249,245	\$ 7,170,749	\$ 6,943,503	\$ 7,271,660	\$ 6,736,648
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 22,428,458	\$ 22,403,890	\$ 21,857,454	\$ 22,430,447	\$ 21,830,119
Net OPEB liability as a percentage of covered payroll	32.3%	32.0%	31.8%	32.4%	30.9%

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
<u>SET Life Insurance:</u>							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,998,540	\$ 24,358,233	\$ 23,181,917	\$ 22,162,700	\$ 21,457,615	\$ 20,716,937	\$ 20,250,559
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	2023	2022	2021	2020	2019
<u>MEABT:</u>					
Employer contributions	\$ 158,586	\$ 143,956	\$ 235,221	\$ 194,020	\$ 187,314
Benefit payments	(158,586)	(143,956)	(235,221)	(194,020)	(187,314)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 22,428,458	\$ 22,403,890	\$ 21,857,454	\$ 22,430,447	\$ 21,830,119
Contributions as a percentage of covered payroll	0.71%	0.64%	1.08%	0.86%	0.86%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Changes of Assumptions

MEABT OPEB Plan:

There was a change in the discount rate from 2.16% to 3.54% per GASB 75 discount rate selection.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Schedule of Net Position - Private-Purpose Trust Funds
- Combining Schedule of Changes in Net Position - Private Purpose Trust Funds

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 485,868	\$ 10,062	\$ 495,930
Due from other governments	1,395,196	100,856	1,496,052
Inventory	42,131	-	42,131
Due from other funds	1,058,632	1,435,446	2,494,078
Total assets	<u>\$ 2,981,827</u>	<u>\$ 1,546,364</u>	<u>\$ 4,528,191</u>
LIABILITIES			
Accounts payable	\$ -	\$ 44,736	\$ 44,736
Accrued liabilities	312,566	-	312,566
Due to other funds	1,116,583	1,113,693	2,230,276
TOTAL LIABILITIES	<u>1,429,149</u>	<u>1,158,429</u>	<u>2,587,578</u>
FUND BALANCES			
Nonspendable	42,131	-	42,131
Restricted	1,136,868	-	1,136,868
Committed	495,444	1,441,231	1,936,675
Assigned	-	-	-
Unassigned (deficits)	(121,765)	(1,053,296)	(1,175,061)
TOTAL FUND BALANCES	<u>1,552,678</u>	<u>387,935</u>	<u>1,940,613</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,981,827</u>	<u>\$ 1,546,364</u>	<u>\$ 4,528,191</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental revenue	\$ 5,942,437	\$ -	\$ 5,942,437
Charges for services	287,177	-	287,177
Other	652,230	466,088	1,118,318
TOTAL REVENUES	<u>6,881,844</u>	<u>466,088</u>	<u>7,347,932</u>
EXPENDITURES			
Program expenses	6,646,340	-	6,646,340
Capital outlay	-	1,996,331	1,996,331
TOTAL EXPENDITURES	<u>6,646,340</u>	<u>1,996,331</u>	<u>8,642,671</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>235,504</u>	<u>(1,530,243)</u>	<u>(1,294,739)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	73,701	1,836,000	1,909,701
Transfers (out)	(73,601)	-	(73,601)
TOTAL OTHER FINANCING SOURCES (USES)	<u>100</u>	<u>1,836,000</u>	<u>1,836,100</u>
NET CHANGE IN FUND BALANCES	235,604	305,757	541,361
FUND BALANCES - JULY 1, RESTATED	<u>1,317,074</u>	<u>82,178</u>	<u>1,399,252</u>
FUND BALANCES - JUNE 30	<u>\$ 1,552,678</u>	<u>\$ 387,935</u>	<u>\$ 1,940,613</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Adult Education	ARP Local Entitlement	Federal COPS Grant	Employee Training	GEER Computer Science Lab	Federal Set Aside Grants	ARP HCY (Homeless)	Local Entitlement
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)								
Due from other governments	25,782	-	5,511	-	-	-	-	136,775
Inventory	-	-	-	-	-	-	-	-
Due from other funds	14,410	-	152,156	-	-	-	-	-
TOTAL ASSETS	<u>\$ 40,192</u>	<u>\$ -</u>	<u>\$ 157,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,775</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	7,073	-	-	-	-	-	-	59,465
Due to other funds	-	-	-	450	-	-	-	130,157
TOTAL LIABILITIES	<u>7,073</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,622</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	33,119	-	157,667	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(450)	-	-	-	(52,847)
TOTAL FUND BALANCES (DEFICITS)	<u>33,119</u>	<u>-</u>	<u>157,667</u>	<u>(450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,847)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	<u>\$ 40,192</u>	<u>\$ -</u>	<u>\$ 157,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,775</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Local Entitlement Preschool	Program Improvement Funds	Homeland Security	School Lunch	Title IA	Title IIA	Title IV	Student Activities Funds
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,067	\$ -	\$ -	\$ -	\$ 484,801
Accounts receivable (net of allowance)								
Due from other governments	1,486	3,226	-	136,193	149,405	40,412	13,275	-
Inventory	-	-	-	42,131	-	-	-	-
Due from other funds	-	-	-	546,216	-	-	-	-
TOTAL ASSETS	<u>\$ 1,486</u>	<u>\$ 3,226</u>	<u>\$ -</u>	<u>\$ 725,607</u>	<u>\$ 149,405</u>	<u>\$ 40,412</u>	<u>\$ 13,275</u>	<u>\$ 484,801</u>
LIABILITIES								
Accrued liabilities	\$ -	\$ -	\$ -	\$ 90,175	\$ 68,098	\$ -	\$ -	\$ -
Due to other funds	1,439	3,226	-	-	126,261	27,764	24,219	-
TOTAL LIABILITIES	<u>1,439</u>	<u>3,226</u>	<u>-</u>	<u>90,175</u>	<u>194,359</u>	<u>27,764</u>	<u>24,219</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	42,131	-	-	-	-
Restricted	47	-	-	593,301	-	12,648	-	-
Committed	-	-	-	-	-	-	-	484,801
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(44,954)	-	(10,944)	-
TOTAL FUND BALANCES (DEFICITS)	<u>47</u>	<u>-</u>	<u>-</u>	<u>635,432</u>	<u>(44,954)</u>	<u>12,648</u>	<u>(10,944)</u>	<u>484,801</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,486</u>	<u>\$ 3,226</u>	<u>\$ -</u>	<u>\$ 725,607</u>	<u>\$ 149,405</u>	<u>\$ 40,412</u>	<u>\$ 13,275</u>	<u>\$ 484,801</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Adult-Ed Workforce	Adult-Ed Gifts and Contributions	Backpackers	HiSet Completion Campaign	Ecomaine	Exxon Mobil	Gifts and Contributions	Go Green
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	-	5,653	80,465	417	163	1,255	475	5
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 5,653</u>	<u>\$ 80,465</u>	<u>\$ 417</u>	<u>\$ 163</u>	<u>\$ 1,255</u>	<u>\$ 475</u>	<u>\$ 5</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	5,653	80,465	417	163	1,255	475	5
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>5,653</u>	<u>80,465</u>	<u>417</u>	<u>163</u>	<u>1,255</u>	<u>475</u>	<u>5</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 5,653</u>	<u>\$ 80,465</u>	<u>\$ 417</u>	<u>\$ 163</u>	<u>\$ 1,255</u>	<u>\$ 475</u>	<u>\$ 5</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	HR Block Contribution	Katahdin Miscellaneous	Laptops	Cumberland County Super Assoc.	Let's Go	Mentoring	Mini-Grants	PROP Grant
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	998	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	44	8,139	190,598	8,636	11	1,562	36,845	427
TOTAL ASSETS	<u>\$ 44</u>	<u>\$ 8,139</u>	<u>\$ 190,598</u>	<u>\$ 8,636</u>	<u>\$ 11</u>	<u>\$ 1,562</u>	<u>\$ 37,843</u>	<u>\$ 427</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	44	8,139	190,598	-	11	1,562	37,843	427
Committed	-	-	-	8,636	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>44</u>	<u>8,139</u>	<u>190,598</u>	<u>8,636</u>	<u>11</u>	<u>1,562</u>	<u>37,843</u>	<u>427</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 44</u>	<u>\$ 8,139</u>	<u>\$ 190,598</u>	<u>\$ 8,636</u>	<u>\$ 11</u>	<u>\$ 1,562</u>	<u>\$ 37,843</u>	<u>\$ 427</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	PTA	Admin Certification	School Media	ARP Summer Enrichment Program	State Farm	Walmart Grant	Wellness	ARP SLFR	ARP SLFR - ELO
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	21,951	-	-	-	2,175	5,296
Inventory	-	-	-	-	-	-	-	-	-
Due from other funds	2,503	2,007	2,174	-	3,355	416	375	-	-
TOTAL ASSETS	<u>\$ 2,503</u>	<u>\$ 2,007</u>	<u>\$ 2,174</u>	<u>\$ 21,951</u>	<u>\$ 3,355</u>	<u>\$ 416</u>	<u>\$ 375</u>	<u>\$ 2,175</u>	<u>\$ 5,296</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	12,080	-	-	-	490	-
Due to other funds	-	-	-	21,951	-	-	-	2,175	5,296
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,665</u>	<u>5,296</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,503	-	2,174	-	3,355	416	375	-	-
Committed	-	2,007	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(12,080)	-	-	-	(490)	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,503</u>	<u>2,007</u>	<u>2,174</u>	<u>(12,080)</u>	<u>3,355</u>	<u>416</u>	<u>375</u>	<u>(490)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,503</u>	<u>\$ 2,007</u>	<u>\$ 2,174</u>	<u>\$ 21,951</u>	<u>\$ 3,355</u>	<u>\$ 416</u>	<u>\$ 375</u>	<u>\$ 2,175</u>	<u>\$ 5,296</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Federal ESSER #2	Federal ESSER #3	Windham Ice Hockey	Windham Volleyball	Federal ESSER #1	Continuity of Service	Healthier US School Challenge	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 485,868
Due from other governments	-	847,201	-	-	-	5,510	-	1,395,196
Inventory	-	-	-	-	-	-	-	42,131
Due from other funds	-	-	325	-	-	-	-	1,058,632
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 847,201</u>	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,510</u>	<u>\$ -</u>	<u>\$ 2,981,827</u>
LIABILITIES								
Accrued liabilities	\$ -	\$ 75,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,566
Due to other funds	-	769,183	-	-	-	4,462	-	1,116,583
TOTAL LIABILITIES	<u>-</u>	<u>844,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,462</u>	<u>-</u>	<u>1,429,149</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	42,131
Restricted	-	2,833	325	-	-	1,048	-	1,136,868
Committed	-	-	-	-	-	-	-	495,444
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(121,765)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>2,833</u>	<u>325</u>	<u>-</u>	<u>-</u>	<u>1,048</u>	<u>-</u>	<u>1,552,678</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	<u>\$ -</u>	<u>\$ 847,201</u>	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,510</u>	<u>\$ -</u>	<u>\$ 2,981,827</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Adult Education	ARP Local Entitlement	Federal COPS Grant	Employee Training	GEER Computer Science Lab	Federal Set Aside Grants	ARP HCY (Homeless)	Local Entitlement
REVENUES								
Intergovernmental	\$ 498,812	\$ 9,997	\$ 247,296	\$ -	\$ 132,745	\$ 5,470	\$ 5,914	\$ 813,633
Charges for services	38,389	-	-	-	-	-	-	-
Other	1,228	-	-	-	-	-	-	-
TOTAL REVENUES	<u>538,429</u>	<u>9,997</u>	<u>247,296</u>	<u>-</u>	<u>132,745</u>	<u>5,470</u>	<u>5,914</u>	<u>813,633</u>
EXPENDITURES								
Program expenses	<u>562,854</u>	<u>9,997</u>	<u>247,295</u>	<u>450</u>	<u>132,745</u>	<u>1,426</u>	<u>5,914</u>	<u>803,358</u>
TOTAL EXPENDITURES	<u>562,854</u>	<u>9,997</u>	<u>247,295</u>	<u>450</u>	<u>132,745</u>	<u>1,426</u>	<u>5,914</u>	<u>803,358</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(24,425)</u>	<u>-</u>	<u>1</u>	<u>(450)</u>	<u>-</u>	<u>4,044</u>	<u>-</u>	<u>10,275</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	100	-	-	-	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(24,325)</u>	<u>-</u>	<u>1</u>	<u>(450)</u>	<u>-</u>	<u>4,044</u>	<u>-</u>	<u>10,275</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>57,444</u>	<u>-</u>	<u>157,666</u>	<u>-</u>	<u>-</u>	<u>(4,044)</u>	<u>-</u>	<u>(63,122)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 33,119</u>	<u>\$ -</u>	<u>\$ 157,667</u>	<u>\$ (450)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,847)</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Local Entitlement Preschool	Program Improvement Funds	Homeland Security	School Lunch	Title IA	Title IIA	Title IV	Student Activities Funds
REVENUES								
Intergovernmental	\$ 22,181	\$ 19,919	\$ 2,000	\$ 2,296,217	\$ 371,383	\$ 95,734	\$ 30,383	\$ -
Charges for services	-	-	-	248,788	-	-	-	-
Other	-	-	-	2,918	-	-	-	578,012
TOTAL REVENUES	<u>22,181</u>	<u>19,919</u>	<u>2,000</u>	<u>2,547,923</u>	<u>371,383</u>	<u>95,734</u>	<u>30,383</u>	<u>578,012</u>
EXPENDITURES								
Program expenses	<u>22,180</u>	<u>19,919</u>	<u>2,000</u>	<u>2,331,759</u>	<u>493,591</u>	<u>72,006</u>	<u>-</u>	<u>527,873</u>
TOTAL EXPENDITURES	<u>22,180</u>	<u>19,919</u>	<u>2,000</u>	<u>2,331,759</u>	<u>493,591</u>	<u>72,006</u>	<u>-</u>	<u>527,873</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1</u>	<u>-</u>	<u>-</u>	<u>216,164</u>	<u>(122,208)</u>	<u>23,728</u>	<u>30,383</u>	<u>50,139</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	73,601	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,274)</u>	<u>(41,327)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,601</u>	<u>(32,274)</u>	<u>(41,327)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1	-	-	216,164	(48,607)	(8,546)	(10,944)	50,139
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>46</u>	<u>-</u>	<u>-</u>	<u>419,268</u>	<u>3,653</u>	<u>21,194</u>	<u>-</u>	<u>434,662</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635,432</u>	<u>\$ (44,954)</u>	<u>\$ 12,648</u>	<u>\$ (10,944)</u>	<u>\$ 484,801</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Adult-Ed Workforce	Adult-Ed Gifts and Contributions	Backpackers	HiSet Completion Campaign	Ecomaine	Exxon Mobil	Gifts and Contributions	Go Green
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other	-	-	4,052	-	-	-	-	-
TOTAL REVENUES	-	-	4,052	-	-	-	-	-
EXPENDITURES								
Program expenses	185	-	35,691	583	-	154	-	308
TOTAL EXPENDITURES	185	-	35,691	583	-	154	-	308
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(185)	-	(31,639)	(583)	-	(154)	-	(308)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(185)	-	(31,639)	(583)	-	(154)	-	(308)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	185	5,653	112,104	1,000	163	1,409	475	313
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 5,653	\$ 80,465	\$ 417	\$ 163	\$ 1,255	\$ 475	\$ 5

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	HR Block Contribution	Katahdin Miscellaneous	Laptops	Cumberland County Super Assoc.	Let's Go	Mentoring	Mini-Grants	PROP Grant
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,791	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other	-	194	50,053	2,000	-	-	6,960	-
TOTAL REVENUES	-	194	50,053	2,000	-	-	38,751	-
EXPENDITURES								
Program expenses	-	3,768	24,025	-	-	-	45,492	-
TOTAL EXPENDITURES	-	3,768	24,025	-	-	-	45,492	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,574)	26,028	2,000	-	-	(6,741)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(3,574)	26,028	2,000	-	-	(6,741)	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	44	11,713	164,570	6,636	11	1,562	44,584	427
FUND BALANCES (DEFICITS) - JUNE 30	\$ 44	\$ 8,139	\$ 190,598	\$ 8,636	\$ 11	\$ 1,562	\$ 37,843	\$ 427

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	PTA	Admin Certification	School Media	ARP Summer Enrichment Program	State Farm	Walmart Grant	Wellness	ARP SLFR	ARP SLFR - ELO
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ 21,951	\$ -	\$ -	\$ -	\$ 2,175	\$ 11,447
Charges for services	-	-	-	-	-	-	-	-	-
Other	600	3,976	1,510	-	-	-	727	-	-
TOTAL REVENUES	<u>600</u>	<u>3,976</u>	<u>1,510</u>	<u>21,951</u>	<u>-</u>	<u>-</u>	<u>727</u>	<u>2,175</u>	<u>11,447</u>
EXPENDITURES									
Program expenses	<u>2,873</u>	<u>3,583</u>	<u>1,250</u>	<u>34,031</u>	<u>-</u>	<u>-</u>	<u>950</u>	<u>2,665</u>	<u>11,447</u>
TOTAL EXPENDITURES	<u>2,873</u>	<u>3,583</u>	<u>1,250</u>	<u>34,031</u>	<u>-</u>	<u>-</u>	<u>950</u>	<u>2,665</u>	<u>11,447</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,273)</u>	<u>393</u>	<u>260</u>	<u>(12,080)</u>	<u>-</u>	<u>-</u>	<u>(223)</u>	<u>(490)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(2,273)</u>	<u>393</u>	<u>260</u>	<u>(12,080)</u>	<u>-</u>	<u>-</u>	<u>(223)</u>	<u>(490)</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>4,776</u>	<u>1,614</u>	<u>1,914</u>	<u>-</u>	<u>3,355</u>	<u>416</u>	<u>598</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,503</u>	<u>\$ 2,007</u>	<u>\$ 2,174</u>	<u>\$ (12,080)</u>	<u>\$ 3,355</u>	<u>\$ 416</u>	<u>\$ 375</u>	<u>\$ (490)</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Federal ESSER #2	Federal ESSER #3	Windham Ice Hockey	Windham Volleyball	Federal ESSER #1	Continuity of Service	Healthier US School Challenge	Total
REVENUES								
Intergovernmental	\$ 585,775	\$ 693,190	\$ -	\$ -	\$ 38,914	\$ 5,510	\$ -	\$ 5,942,437
Charges for services	-	-	-	-	-	-	-	287,177
Other	-	-	-	-	-	-	-	652,230
TOTAL REVENUES	<u>585,775</u>	<u>693,190</u>	<u>-</u>	<u>-</u>	<u>38,914</u>	<u>5,510</u>	<u>-</u>	<u>6,881,844</u>
EXPENDITURES								
Program expenses	<u>585,775</u>	<u>613,913</u>	<u>-</u>	<u>1,092</u>	<u>38,914</u>	<u>4,462</u>	<u>1,812</u>	<u>6,646,340</u>
TOTAL EXPENDITURES	<u>585,775</u>	<u>613,913</u>	<u>-</u>	<u>1,092</u>	<u>38,914</u>	<u>4,462</u>	<u>1,812</u>	<u>6,646,340</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>79,277</u>	<u>-</u>	<u>(1,092)</u>	<u>-</u>	<u>1,048</u>	<u>(1,812)</u>	<u>235,504</u>
OTHER FINANCING SOURCES (USES) (USES)								
Transfers in	-	-	-	-	-	-	-	73,701
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,601)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	79,277	-	(1,092)	-	1,048	(1,812)	235,604
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>-</u>	<u>(76,444)</u>	<u>325</u>	<u>1,092</u>	<u>-</u>	<u>-</u>	<u>1,812</u>	<u>1,317,074</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 2,833</u>	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ -</u>	<u>\$ 1,552,678</u>

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

REGIONAL SCHOOL UNIT NO. 14

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Capital Reserve	Renewal and Renovations	Middle School Capital Project	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 10,062	\$ 10,062
Due from other governments	-	100,856	-	100,856
Due from other funds	1,435,446	-	-	1,435,446
TOTAL ASSETS	<u>\$ 1,435,446</u>	<u>\$ 100,856</u>	<u>\$ 10,062</u>	<u>\$ 1,546,364</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 44,736	\$ 44,736
Due to other funds	-	95,071	1,018,622	1,113,693
TOTAL LIABILITIES	<u>-</u>	<u>95,071</u>	<u>1,063,358</u>	<u>1,158,429</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	1,435,446	5,785	-	1,441,231
Assigned	-	-	-	-
Unassigned	-	-	(1,053,296)	(1,053,296)
TOTAL FUND BALANCES (DEFICITS)	<u>1,435,446</u>	<u>5,785</u>	<u>(1,053,296)</u>	<u>387,935</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,435,446</u>	<u>\$ 100,856</u>	<u>\$ 10,062</u>	<u>\$ 1,546,364</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Capital Reserve	Renewal and Renovations	Middle School Capital Project	Total
REVENUES				
Other	\$ -	\$ 466,088	\$ -	\$ 466,088
TOTAL REVENUES	-	466,088	-	466,088
EXPENDITURES				
Capital outlay	774,243	460,303	761,785	1,996,331
TOTAL EXPENDITURES	774,243	460,303	761,785	1,996,331
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(774,243)	5,785	(761,785)	(1,530,243)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,836,000	-	-	1,836,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,836,000	-	-	1,836,000
NET CHANGE IN FUND BALANCES (DEFICITS)	1,061,757	5,785	(761,785)	305,757
FUND BALANCES (DEFICITS)- JULY 1	373,689	-	(291,511)	82,178
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,435,446</u>	<u>\$ 5,785</u>	<u>\$ (1,053,296)</u>	<u>\$ 387,935</u>

See accompanying independent auditor's report and notes to financial statements.

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for assets held by the Unit that are legally restricted for purposes that benefit parties outside of Unit.

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2023

	Project Graduation Molly Call Fund	Lake Pine Association Scholarship	Kelli Hutchinson Scholarship	Johanna C. Bell Scholarship	Paul Folan Scholarship	Langley Scholarship	Student Council Scholarship	Manchester Scholarship	Varney Scholarship	Total
ASSETS										
Investments	\$ 1,709	\$ 14,429	\$ 2,079	\$ 781	\$ 1,033	\$ 5,109	\$ 7,519	\$ 482	\$ 39,097	\$ 72,238
Due from other governments	-	50	-	-	-	-	-	-	-	50
TOTAL ASSETS	<u>\$ 1,709</u>	<u>\$ 14,479</u>	<u>\$ 2,079</u>	<u>\$ 781</u>	<u>\$ 1,033</u>	<u>\$ 5,109</u>	<u>\$ 7,519</u>	<u>\$ 482</u>	<u>\$ 39,097</u>	<u>\$ 72,288</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION										
Held in trust	1,709	14,479	2,079	781	1,033	5,109	7,519	482	39,097	72,288
TOTAL NET POSITION	<u>1,709</u>	<u>14,479</u>	<u>2,079</u>	<u>781</u>	<u>1,033</u>	<u>5,109</u>	<u>7,519</u>	<u>482</u>	<u>39,097</u>	<u>72,288</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,709</u>	<u>\$ 14,479</u>	<u>\$ 2,079</u>	<u>\$ 781</u>	<u>\$ 1,033</u>	<u>\$ 5,109</u>	<u>\$ 7,519</u>	<u>\$ 482</u>	<u>\$ 39,097</u>	<u>\$ 72,288</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 14

COMBINING SCHEDULE OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Project Graduation Molly Call Fund	Lake Pine Association Scholarship	Kelli Hutchinson Scholarship	Johanna C. Bell Scholarship	Paul Folan Scholarship	Langley Scholarship	Student Council Scholarship	Manchester Scholarship	Varney Scholarship	Total
ADDITIONS										
Investment income	\$ 4	\$ 19	\$ 3	\$ 1	\$ 2	\$ 8	\$ 13	\$ 1	\$ 78	\$ 129
TOTAL ADDITIONS	4	19	3	1	2	8	13	1	78	129
DEDUCTIONS										
Scholarships	-	250	1,000	-	300	500	-	-	1,057	3,107
TOTAL DEDUCTIONS	-	250	1,000	-	300	500	-	-	1,057	3,107
NET CHANGE IN NET POSITION	4	(231)	(997)	1	(298)	(492)	13	1	(979)	(2,978)
NET POSITION - JULY 1	1,705	14,710	3,076	780	1,331	5,601	7,506	481	40,076	75,266
NET POSITION - JUNE 30	<u>\$ 1,709</u>	<u>\$ 14,479</u>	<u>\$ 2,079</u>	<u>\$ 781</u>	<u>\$ 1,033</u>	<u>\$ 5,109</u>	<u>\$ 7,519</u>	<u>\$ 482</u>	<u>\$ 39,097</u>	<u>\$ 72,288</u>

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance Description

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal Assistance Listing	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture Passed through State of Maine-Department of Education and Cultural Services: Healthier U.S. School Challenge - Smarter Lunchrooms	10.543	N/A	\$ 1,812	\$ -
Total Department of Agriculture			1,812	-
U.S. Department of Justice Direct Award: Public Safety Partnership and Community Policing Grants	16.710	COPS Grant	247,296	-
Total U.S. Department of Justice			247,296	-
U.S. Department of Education Passed through State of Maine-Department of Education and Cultural Services: Adult Education - Basic Grants to States	84.002	N/A	21,358	-
Title I Grants to Local Educational Agencies	84.010A	3106	516,508	-
			516,508	-
Special Education Cluster (IDEA): Special Education Grants to States	84.027A	3046	763,553	-
Special Education Preschool Grants	84.173A	6247	22,181	-
Subtotal Special Education Cluster (IDEA)			785,734	-
Supporting Effective Instruction State Grants	84.367A	3042	117,245	-
Student Support and Academic Enrichment Program	84.424	N/A	41,327	-
Education Stabilization Fund ARP	84.425U	7071	670,445	-
Education Stabilization Fund	84.425D	7006	38,914	-
Education Stabilization Fund	84.425D	7041	585,775	-
Education Stabilization Fund GEER	84.425C	N/A	132,745	-
			1,427,879	-
Total Department of Education			2,910,051	-
U.S. Department of Treasury Passed through State of Maine-Department of Education and Cultural Services: Coronavirus Relief Fund	21.027	N/A	13,621	-
Total U.S. Department of Treasury			13,621	-
U.S. Department of Homeland Security Direct Award: Homeland Security Grant Program	97.067	N/A	2,000	-
Total Corporation for National and Community Service			2,000	-
TOTAL FEDERAL ASSISTANCE			\$ 3,174,780	\$ -

REGIONAL SCHOOL UNIT NO. 14

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Regional School Unit No. 14 under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of the Regional School Unit No. 14, it is not intended to and does not present the financial position, changes in net position or cash flows of the Regional School Unit No. 14.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Regional School Unit No. 14 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Regional School Unit No. 14
Windham, Maine

We have audited, in accordance with the 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 Regional School Unit No. 14 as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Regional School Unit No. 14's basic financial statements and have issued our report thereon dated February 29, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 14's internal control over financial reporting (internal control) to determine 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 Regional School Unit No. 14's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 14'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 14's financial statements are free from material misstatement, we performed tests of its 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*. We noted certain other matters that we reported to management of the Regional School Unit No. 14's in a separate letter dated December 5, 2023.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 29, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Regional School Unit No. 14
Windham, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Regional School Unit No. 14's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 14's major federal programs for the year ended June 30, 2023. Regional School Unit No. 14'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, Regional School Unit No. 14 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) 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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

We are required to be independent of Regional School Unit No. 14 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 a legal determination of Regional School Unit No. 14's compliance with the compliance requirements referred to above.

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Management's Responsibility

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 grant agreements applicable to Regional School Unit No. 14's federal programs.

Auditor's Responsibility

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 Regional School Unit No. 14's compliance based on our audit. 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, *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 Regional School Unit No. 14's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Regional School Unit No. 14's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Regional School Unit No. 14'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 Regional School Unit No. 14'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 a 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 Responsibility 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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 29, 2024

REGIONAL SCHOOL UNIT NO. 14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no
- Noncompliance material to financial statements noted? ☐yes ☒no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒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 2 CFR section 200.516(a)? ☐yes ☒no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U	Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act

Dollar threshold used to distinguish between type A and B: \$779,902

Auditee qualified as low-risk auditee? ☒yes ☐no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None



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INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Board of Directors
Regional School Unit No. 14
Windham, Maine

We have audited the financial statements of Regional School Unit No. 14 for the year ended June 30, 2023 and have issued our report thereon dated February 29, 2024. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Regional School Unit No. 14's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Regional School Unit No. 14 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Regional School Unit No. 14 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Regional School Unit No. 14 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education financial system maintained at the Maine Department of Education.

This report is intended solely for the information of the Board of Directors, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
February 29, 2024

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REGIONAL SCHOOL UNIT NO. 14

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA
SUBMITTED TO THE
MAINE EDUCATION FINANCIAL SYSTEM
JUNE 30, 2023

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (4000)	Totals
June 30 balance per MEFS	\$ -	\$ 293,430	\$ -	\$ 293,430
Fund balances not reported:				
General Fund	10,876,180	-	-	10,876,180
Ecomaine	-	163	-	163
State Farm	-	3,355	-	3,355
PTA	-	2,503	-	2,503
Mini Grants	-	37,843	-	37,843
Gifts and Contributions	-	475	-	475
Mentoring Program	-	1,562	-	1,562
PROP Grants	-	427	-	427
Exxon Mobil	-	1,255	-	1,255
Go Green	-	5	-	5
Backpackers	-	80,465	-	80,465
Laptops	-	190,598	-	190,598
Adult Education	-	(23,810)	-	(23,810)
Employee Training	-	(450)	-	(450)
Katahdin Misc.	-	8,139	-	8,139
HiSet Compl. Camp	-	417	-	417
Local Entitlement	-	(111,898)	-	(111,898)
Esser #3	-	2,833	-	2,833
School Lunch	-	486,243	-	486,243
Title IIA	-	12,648	-	12,648
Local Entitlement Preschool	-	(637)	-	(637)
COPS Grant	-	157,667	-	157,667
Title IA	-	(60,691)	-	(60,691)
Title IV	-	(10,944)	-	(10,944)
Adult Ed Gifts and Contributions	-	(4,184)	-	(4,184)
Cumberland County Super Assoc	-	8,636	-	8,636
Admin Certification	-	2,007	-	2,007
Windham Ice Hockey	-	325	-	325
School Media	-	2,134	-	2,134
Walmart Grant	-	155	-	155
Wellness	-	375	-	375
ARP SLFR	-	(396)	-	(396)
Continuity of Service	-	1,048	-	1,048
Let's Go	-	(1,264)	-	(1,264)
ARP Enrichment	-	(12,080)	-	(12,080)
HR Block	-	(477)	-	(477)
Student Activities	-	484,801	-	484,801
Middle school capital project	-	-	(1,053,296)	(1,053,296)
New Reserve	-	-	1,435,446	1,435,446
Renewal and Renovations	-	-	5,785	5,785
Audited GAAP Basis Fund balance June 30	<u>\$10,876,180</u>	<u>\$ 1,552,678</u>	<u>\$ 387,935</u>	<u>\$12,816,793</u>

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APPENDIX B

**TOWN OF RAYMOND, MAINE
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2023**

(With Report of Independent Auditors' Thereon)

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Audited Financial Statements
and Other Financial Information

Town of Raymond, Maine

June 30, 2023



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TOWN OF RAYMOND, MAINE

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JUNE 30, 2023

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ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Raymond
Raymond, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Raymond, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Raymond, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Raymond, Maine as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows 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. 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 of Raymond, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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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 of Raymond, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 misstatements 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 controls 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 of Raymond, Maine'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 doubt about the Town of Raymond, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Raymond, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of the Town of Raymond, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Raymond, 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 the Town of Raymond, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 6, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of Town of Raymond, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Raymond's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedules and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Raymond are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, fringe benefits, public health and welfare, community services, education and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Raymond include the Tassel Top Park.

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 of Raymond, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Raymond can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues, are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town of Raymond presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provide comparisons of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Raymond maintains one proprietary fund, the Tassel Top Park. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$1,434,959 from \$9,575,497 to \$11,010,456. For the business-type activities, total net position increased by \$1,832 from \$51,088 to \$52,920.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$3,686,767 at the end of this year for governmental activities and increased to a balance of \$20,953 for the business-type activities.

Table 1
Town of Raymond, Maine
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Assets:				
Current Assets	\$ 5,644,079	\$ 5,249,294	\$ 22,994	\$ 19,788
Noncurrent Assets - Capital Assets	6,915,119	5,632,497	31,967	34,850
Total Assets	<u>12,559,198</u>	<u>10,881,791</u>	<u>54,961</u>	<u>54,638</u>
Liabilities:				
Current Liabilities	606,440	534,075	2,041	3,550
Noncurrent Liabilities	852,940	740,676	-	-
Total Liabilities	<u>1,459,380</u>	<u>1,274,751</u>	<u>2,041</u>	<u>3,550</u>
Deferred Inflows of Resources:				
Deferred Revenue	33,101	1,638	-	-
Prepaid Taxes	56,261	29,905	-	-
Total Deferred Inflows of Resources	<u>89,362</u>	<u>31,543</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	5,912,868	4,777,497	31,967	34,850
Restricted	1,410,721	1,276,101	-	-
Unrestricted	3,686,867	3,521,899	20,953	16,238
Total Net Position	<u>\$ 11,010,456</u>	<u>\$ 9,575,497</u>	<u>\$ 52,920</u>	<u>\$ 51,088</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 9.20%, while total expenses increased by 9.61%. The increase in revenues was primarily due to taxes, investment income and miscellaneous revenue. The increase in expenses was primarily due to public safety, public works and education.

Revenues increased by 10.14% in the Town's business type activities, while the total expenses decreased by 6.59%.

Table 2
Town of Raymond, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 609,444	\$ 484,430	\$ 142,352	\$ 129,244
Operating grants and contributions	98,949	64,367	-	-
<i>General Revenues:</i>				
Taxes	17,209,469	16,055,575	-	-
Grants and contributions not restricted to specific programs	872,720	1,278,387	-	-
Investment income	229,009	(42,888)	-	-
Miscellaneous	666,575	191,443	-	-
Total Revenues	<u>19,686,166</u>	<u>18,031,314</u>	<u>142,352</u>	<u>129,244</u>
Expenses				
General government	1,599,775	1,422,916	-	-
Public safety	1,213,921	944,131	-	-
Public works	1,242,423	1,037,656	-	-
Fringe benefits	710,620	649,723	-	-
Public health and welfare	29,131	15,196	-	-
Community services	393,811	251,385	-	-
Education	11,347,307	10,789,433	-	-
County tax	817,347	773,657	-	-
Capital outlay	198,743	79,362	-	-
Program expenses	270,868	300,962	-	-
Unallocated depreciation (Note 5)*	409,947	367,613	-	-
Interest on long-term debt	17,314	22,000	-	-
Tassel Top Park	-	-	140,520	150,439
Total Expenses	<u>18,251,207</u>	<u>16,654,034</u>	<u>140,520</u>	<u>150,439</u>
Change in Net Position	1,434,959	1,377,280	1,832	(21,195)
Net Position - July 1	<u>9,575,497</u>	<u>8,198,217</u>	<u>51,088</u>	<u>72,283</u>
Net Position - June 30	<u>\$ 11,010,456</u>	<u>\$ 9,575,497</u>	<u>\$ 52,920</u>	<u>\$ 51,088</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Raymond, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 196,963	\$ 240,680	\$ (43,717)
Assigned	379,695	310,695	69,000
Unassigned	2,425,051	2,015,216	409,835
Total Major Funds	<u>\$ 3,001,709</u>	<u>\$ 2,566,591</u>	<u>\$ 435,118</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 8,126	\$ -	\$ 8,126
Restricted	948,612	867,843	80,769
Unassigned (deficit)	(2,268)	(2,268)	-
Capital Projects Funds:			
Committed	674,909	830,101	(155,192)
Unassigned (deficit)	-	(27,702)	27,702
Permanent Funds:			
Nonspendable	224,786	224,786	-
Restricted	237,323	183,472	53,851
Total Nonmajor Funds	<u>\$ 2,091,488</u>	<u>\$ 2,076,232</u>	<u>\$ 15,256</u>

The changes to total fund balances for the general fund and aggregate nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Tassel Top Park had an increase in net position of \$1,832.

Budgetary Highlights

The only difference between the original and final budget for the general fund was the use of assigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$599,146. This was due to all revenue categories being receipted in excess of budgeted amounts.

The general fund actual expenditures were expended over budgeted amounts by \$89,028. Most expenditure categories were expended within or under budgeted amounts with the exception of general government, public safety, public health and welfare and debt service - interest.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$1,279,739. This increase is a result of capital additions of \$1,726,208 less net disposals of \$33,639 and current year depreciation expense of \$412,830. Refer to Note 5 of Notes to Financial Statements for additional information.

Table 4
Town of Raymond, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2023</u>	<u>2022</u>
Land	\$ 326,423	\$ 326,423
Construction in progress	748,547	19,150
Buildings and improvements	1,977,571	2,081,612
Machinery, equipment and vehicles	2,229,400	2,286,028
Infrastructure	1,665,145	954,134
Total	<u>\$ 6,947,086</u>	<u>\$ 5,667,347</u>

Debt

At June 30, 2023, the Town had \$1,002,251 in bonds and note from direct borrowings payable versus \$855,000 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town is working toward maintaining a sufficient unassigned fund balance to sustain government operations for a period of approximately two months. The Town maintains significant reserve accounts.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 401 Webbs Mills Road, Raymond, Maine 04071.

TOWN OF RAYMOND, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,224,839	\$ 1,264	\$ 4,226,103
Investments	589,504	-	589,504
Accounts receivable (net of allowance for uncollectibles):			
Taxes	459,032	-	459,032
Other	187,345	-	187,345
Prepaid items	73,805	-	73,805
Tax acquired property	131,284	-	131,284
Internal balances	(21,730)	21,730	-
Total current assets	5,644,079	22,994	5,667,073
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,074,970	-	1,074,970
Buildings and vehicles net of accumulated depreciation	5,840,149	31,967	5,872,116
Total noncurrent assets	6,915,119	31,967	6,947,086
TOTAL ASSETS	\$ 12,559,198	\$ 54,961	\$ 12,614,159
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 115,924	\$ 2,041	\$ 117,965
Accrued expenses	144,992	-	144,992
Current portion of long-term obligations	345,524	-	345,524
Total current liabilities	606,440	2,041	608,481
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	285,000	-	285,000
Note from direct borrowings payable	391,348	-	391,348
Accrued compensated absences	176,592	-	176,592
Total noncurrent liabilities	852,940	-	852,940
TOTAL LIABILITIES	1,459,380	2,041	1,461,421
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	33,101	-	33,101
Prepaid taxes	56,261	-	56,261
TOTAL DEFERRED INFLOWS OF RESOURCES	89,362	-	89,362
NET POSITION			
Net investment in capital assets	5,912,868	31,967	5,944,835
Restricted	1,410,721	-	1,410,721
Unrestricted	3,686,867	20,953	3,707,820
TOTAL NET POSITION	11,010,456	52,920	11,063,376
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 12,559,198	\$ 54,961	\$ 12,614,159

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
<u>Governmental activities:</u>							
General government	\$ 1,599,775	\$ 229,670	\$ -	\$ -	\$ (1,370,105)	\$ -	\$ (1,370,105)
Public safety	1,213,921	229,533	-	-	(984,388)	-	(984,388)
Public works	1,242,423	21,349	53,324	-	(1,167,750)	-	(1,167,750)
Fringe benefits	710,620	-	-	-	(710,620)	-	(710,620)
Public health and welfare	29,131	-	21,534	-	(7,597)	-	(7,597)
Community services	393,811	76,455	-	-	(317,356)	-	(317,356)
Education	11,347,307	-	-	-	(11,347,307)	-	(11,347,307)
County tax	817,347	-	-	-	(817,347)	-	(817,347)
Program expenses	270,868	52,437	24,091	-	(194,340)	-	(194,340)
Capital outlay	198,743	-	-	-	(198,743)	-	(198,743)
Unallocated depreciation (Note 5)*	409,947	-	-	-	(409,947)	-	(409,947)
Interest on long-term debt	17,314	-	-	-	(17,314)	-	(17,314)
Total governmental activities	18,251,207	609,444	98,949	-	(17,542,814)	-	(17,542,814)
<u>Business-type activities:</u>							
Tassel top	140,520	142,352	-	-	-	1,832	1,832
Total business-type activities	140,520	142,352	-	-	-	1,832	1,832
Total government	\$ 18,391,727	\$ 751,796	\$ 98,949	\$ -	(17,542,814)	1,832	(17,540,982)

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF RAYMOND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(17,542,814)	1,832	(17,540,982)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	15,942,500	-	15,942,500
Excise taxes	1,266,969	-	1,266,969
Grants and contributions not restricted to specific programs	872,720	-	872,720
Investment income, net of unrealized gains/(losses)	229,009	-	229,009
Miscellaneous	666,575	-	666,575
Total general revenues	18,977,773	-	18,977,773
Change in net position	1,434,959	1,832	1,436,791
NET POSITION - JULY 1	9,575,497	51,088	9,626,585
NET POSITION - JUNE 30	\$ 11,010,456	\$ 52,920	\$ 11,063,376

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,926,142	\$ 298,697	\$ 4,224,839
Investments	129,497	460,007	589,504
Accounts receivables (net of allowance for uncollectibles):			
Taxes/liens	459,032	-	459,032
Other	184,213	3,132	187,345
Prepaid items	65,679	8,126	73,805
Tax acquired property	131,284	-	131,284
Due from other funds	7,951	1,374,034	1,381,985
TOTAL ASSETS	\$ 4,903,798	\$ 2,143,996	\$ 7,047,794
LIABILITIES			
Accounts payable	\$ 104,468	\$ 11,456	\$ 115,924
Accrued expenses	144,992	-	144,992
Due to other funds	1,395,764	7,951	1,403,715
TOTAL LIABILITIES	1,645,224	19,407	1,664,631
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	-	33,101	33,101
Prepaid taxes	56,261	-	56,261
Deferred tax revenues	200,604	-	200,604
TOTAL DEFERRED INFLOWS OF RESOURCES	256,865	33,101	289,966
FUND BALANCES			
Nonspendable	196,963	232,912	429,875
Restricted	-	1,185,935	1,185,935
Committed	-	674,909	674,909
Assigned	379,695	-	379,695
Unassigned	2,425,051	(2,268)	2,422,783
TOTAL FUND BALANCES	3,001,709	2,091,488	5,093,197
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,903,798	\$ 2,143,996	\$ 7,047,794

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Funds
Total Fund Balances	\$ 5,093,197
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, net of accumulated depreciation	6,915,119
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	200,604
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(570,000)
Note from direct borrowings payable	(432,251)
Accrued compensated absences	(196,213)
Net position of governmental activities	<u>\$ 11,010,456</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT E

TOWN OF RAYMOND, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 17,353,682	\$ -	\$ 17,353,682
Intergovernmental revenue	947,578	24,091	971,669
Charges for services	557,007	52,437	609,444
Investment income, net of unrealized gains/(losses)	37,924	191,085	229,009
Other revenue	98,363	568,212	666,575
TOTAL REVENUES	<u>18,994,554</u>	<u>835,825</u>	<u>19,830,379</u>
EXPENDITURES			
Current:			
General government	1,593,202	-	1,593,202
Public safety	1,213,921	-	1,213,921
Public works	1,208,784	-	1,208,784
Fringe benefits	710,620	-	710,620
Public health and welfare	29,131	-	29,131
Community services	393,811	-	393,811
Education	11,347,307	-	11,347,307
County tax	817,347	-	817,347
Program expenses	-	270,868	270,868
Debt service:			
Principal	341,999	-	341,999
Interest	17,314	-	17,314
Capital outlay	-	1,435,701	1,435,701
TOTAL EXPENDITURES	<u>17,673,436</u>	<u>1,706,569</u>	<u>19,380,005</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,321,118</u>	<u>(870,744)</u>	<u>450,374</u>
OTHER FINANCING SOURCES			
Transfers in	4,000	890,000	894,000
Transfers (out)	<u>(890,000)</u>	<u>(4,000)</u>	<u>(894,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(886,000)</u>	<u>886,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	435,118	15,256	450,374
FUND BALANCES - JULY 1	<u>2,566,591</u>	<u>2,076,232</u>	<u>4,642,823</u>
FUND BALANCES - JUNE 30	<u>\$ 3,001,709</u>	<u>\$ 2,091,488</u>	<u>\$ 5,093,197</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 450,374</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,726,208
Capital asset disposals	(33,639)
Depreciation expense	<u>(409,947)</u>
	<u>1,282,622</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>(144,213)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(489,250)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>341,999</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(6,573)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,434,959</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Fund
	Tassel
	Top Park
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,264
Due from other funds	21,730
Total current assets	<u>22,994</u>
Noncurrent assets:	
Capital assets:	
Buildings and improvements	24,800
Infrastructure	16,438
Total capital assets	41,238
Less: accumulated depreciation	(9,271)
Total noncurrent assets	<u>31,967</u>
TOTAL ASSETS	<u>\$ 54,961</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 2,041
Total current liabilities	<u>2,041</u>
TOTAL LIABILITIES	<u>2,041</u>
NET POSITION	
Net investment in capital assets	31,967
Unrestricted	20,953
TOTAL NET POSITION	<u>52,920</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 54,961</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Fund Tassel Top Park
OPERATING REVENUES	
Charges for services	\$ 142,352
TOTAL OPERATING REVENUES	<u>142,352</u>
OPERATING EXPENSES	
Salaries and wages	92,107
Contracted services	9,090
Utilities	3,845
Repairs, maintenance and equipment	15,743
Supplies and office	16,852
Depreciation	2,883
TOTAL OPERATING EXPENSES	<u>140,520</u>
CHANGE IN NET POSITION	1,832
NET POSITION - JULY 1	<u>51,088</u>
NET POSITION - JUNE 30	<u><u>\$ 52,920</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Fund
	Tassel
	Top Park
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 161,540
Internal activity - receipts (payments) from/to other funds	(21,730)
Payments to employees	(92,107)
Payments to suppliers	(47,039)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>664</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	664
CASH AND CASH EQUIVALENTS - JULY 1	<u>600</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 1,264</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 1,832
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	2,883
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	19,188
(Increase) decrease in due from other funds	(21,730)
(Decrease) increase in accounts payable	(1,509)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 664</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Raymond was incorporated under the laws of the State of Maine. The Town operates under Selectboard-manager form of government and provides the following services: general government, public safety, public works, fringe benefits, public health and welfare, community services, education and program expenses.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources,

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Tassel Top Park fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, infrastructure and/or equipment.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF RAYMOND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Selectboard was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted Secret Ballot Referendum.

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

It is the policy of the Town of Raymond, Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the Town and conforming to all state and local statutes governing the investment of public funds.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectibles were \$187,345 for the year ended June 30, 2023.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Tax Acquired Property

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by the provisions of the Town Policy.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and land improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depend on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, a note from direct borrowings payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town or the Selectboard in accordance with its charter. The inhabitants of the Town, through Town meetings, are the highest level of decision-making authority of the Town. Commitments may be modified or rescinded in the same manner they were established.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given by the taxpayers and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position 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 no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 21, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on October 31, 2022 and April 30, 2023. Interest on unpaid taxes commenced on November 1, 2022 and May 1, 2023, at 4% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$36,916 for the year ended June 30, 2023.

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

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds under the Treasurer's control.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2023, the Town's cash and cash equivalents balance of \$4,226,103 was comprised of bank deposits and cash equivalents amounting to \$4,687,004. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. The bank deposits of \$4,680,902 were fully insured by federal depository insurance (FDIC) and consequently were not exposed to custodial credit risk and cash and cash equivalents of \$6,402 were insured by the Securities Investor Protection Corporation (SIPC).

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 65,000
IntraFi/ICS account	4,323,307
Sweep accounts	\$ 292,595
Cash and cash equivalents	6,102
	<u>\$ 4,687,004</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. However, in accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. Of the Town's investments, \$129,497 were covered by the federal depository insurance (FDIC) and \$460,007 were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	>5 Years
Debt securities:					
U.S. Agency Securities	\$ 119,674	\$ -	\$ 24,867	\$ 74,858	\$ 19,949
Brokered CD's - fixed income	129,497	-	-	129,497	-
Equity securities:					
Exchange traded funds - equity	313,064	313,064	-	-	-
Exchange traded funds - fixed income	27,269	27,269	-	-	-
	<u>\$ 589,504</u>	<u>\$ 340,333</u>	<u>\$ 24,867</u>	<u>\$ 204,355</u>	<u>\$ 19,949</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2023:

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
	June 30, 2023 Total			
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 119,674	\$ -	\$ 119,674	\$ -
Brokered CD's - fixed income	129,497	-	129,497	-
Total debt securities	<u>249,171</u>	<u>-</u>	<u>249,171</u>	<u>-</u>
Equity securities:				
Exchange traded funds - equity	313,064	313,064	-	-
Exchange traded funds - fixed income	27,269	27,269	-	-
Total equity securities	<u>340,333</u>	<u>340,333</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 589,504</u>	<u>\$ 340,333</u>	<u>\$ 249,171</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	6,102			
Total cash equivalents measured at the NAV	<u>6,102</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 595,606</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in repurchase agreements and various insured certificates of deposit.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 7,951	\$ 1,395,764
Nonmajor special revenue funds	700,574	2,268
Nonmajor capital projects funds	671,777	-
Nonmajor permanent funds	1,683	5,683
Proprietary funds	21,730	-
	<u>\$ 1,403,715</u>	<u>\$ 1,403,715</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

At June 30, 2023, the Town had the following interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 4,000	\$ 890,000
Nonmajor special revenue funds	100,000	-
Nonmajor capital projects funds	790,000	-
Nonmajor permanent funds	-	4,000
	<u>\$ 894,000</u>	<u>\$ 894,000</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 326,423	\$ -	\$ -	\$ 326,423
Construction in progress	19,150	748,547	(19,150)	748,547
	<u>345,573</u>	<u>748,547</u>	<u>(19,150)</u>	<u>1,074,970</u>
Depreciated assets:				
Buildings and improvements	3,855,591	-	-	3,855,591
Machinery, equipment and vehicles	4,693,690	241,717	(131,993)	4,803,414
Infrastructure	1,656,507	755,094	-	2,411,601
	<u>10,205,788</u>	<u>996,811</u>	<u>(131,993)</u>	<u>11,070,606</u>
Less: accumulated depreciation	(4,918,864)	(409,947)	98,354	(5,230,457)
	<u>5,286,924</u>	<u>586,864</u>	<u>(33,639)</u>	<u>5,840,149</u>
Net capital assets	<u>\$ 5,632,497</u>	<u>\$ 1,335,411</u>	<u>\$ (52,789)</u>	<u>\$ 6,915,119</u>
<u>Business-type activities</u>				
Depreciated assets:				
Buildings and improvements	\$ 24,800	\$ -	\$ -	\$ 24,800
Infrastructure	16,438	-	-	16,438
	<u>41,238</u>	<u>-</u>	<u>-</u>	<u>41,238</u>
Less: accumulated depreciation	(6,388)	(2,883)	-	(9,271)
	<u>34,850</u>	<u>(2,883)</u>	<u>-</u>	<u>31,967</u>
Net capital assets	<u>\$ 34,850</u>	<u>\$ (2,883)</u>	<u>\$ -</u>	<u>\$ 31,967</u>
<u>Current year depreciation expense:</u>				
Town-wide				409,947
Subtotal governmental				<u>409,947</u>
Tassel Top Park				2,883
Subtotal business-type				<u>2,883</u>
Total depreciation expense				<u>\$ 412,830</u>

TOWN OF RAYMOND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 855,000	\$ -	\$ (285,000)	\$ 570,000	\$ 285,000
Note from direct borrowings payable	-	489,250	(56,999)	432,251	40,903
Total governmental activities	<u>\$ 855,000</u>	<u>\$ 489,250</u>	<u>\$ (341,999)</u>	<u>\$ 1,002,251</u>	<u>\$ 325,903</u>

The following is a summary of the outstanding bonds payable:

	<u>Governmental Activities</u>
<u>Bonds:</u>	
2013 General Obligation Bond due in semi-annual principal installments of \$200,000. Interest is charged at fixed rate of 2.0% to 2.5% per annum. Maturity in November of 2024.	\$ 400,000
2015 General Obligation Bond due in semi-annual principal installments of \$85,000. Interest is charged at fixed rate of 2.0% to 2.5% per annum. Maturity in November of 2024.	170,000
Total bonds payable	<u>\$ 570,000</u>
<u>Note from direct borrowings payable:</u>	
\$489,250 Lease purchase agreement for a Rescue Vehicle. Annual principal and interest payments of \$58,063. Interest is charged at fixed rate of 3.97% per annum. Final payment due August 2031.	<u>\$ 432,251</u>

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	<u>Governmental Activities</u>				
	<u>Bonds Payable</u>		<u>Note from Direct Borrowings Payable</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 285,000	\$ 10,050	\$ 40,903	\$ 17,160	\$ 353,113
2025	285,000	3,350	42,484	15,579	346,413
2026	-	-	44,213	13,850	58,063
2027	-	-	45,968	12,095	58,063
2028	-	-	47,793	10,270	58,063
2029-2033	-	-	210,890	21,362	232,252
	<u>\$ 570,000</u>	<u>\$ 13,400</u>	<u>\$ 432,251</u>	<u>\$ 90,316</u>	<u>\$ 1,105,967</u>

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

All bonds and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 189,640	\$ 6,573	\$ -	\$ 196,213	\$ 19,621

Refer to Note 8 for more detailed information regarding other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Town's liability for compensated absences is \$196,213.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 12,145,576	\$ 41,238
Accumulated depreciation	(5,230,457)	(9,271)
Outstanding capital related debt	(1,002,251)	-
	<u>\$ 5,912,868</u>	<u>\$ 31,967</u>

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2023, the Town had the following restricted net position:

Nonmajor special revenue funds (Schedule E):	
Grant unrestricted	\$ 1,889
Library	130,528
Parks and recreation	21,384
ARPA	292,595
Community assistance fund	51,487
Veteran's memorial	4,407
Beautification committee	3,039
Panther Pond projects	1,268
Conservation commissions	1,640
Economic development	1,240
Forestry grant	500
Revaluation	199,900
Age Friendly Raymond	1,018
Community celebration	264
Fire department donations	8,100
Tax increment financing	229,353
Nonmajor permanent funds (Schedule I):	
Nonexpendable principal:	
Cemetery funds	83,363
Riverside Cemetery	38,461
Laurette Files account	3,781
North Raymond Cemetery	4,889
Carlton E. Edwards scholarship	15,852
George Woods scholarship	19,585
Collins-Day scholarship	13,580
Alva Clough scholarship	5,122
Torstein Johannas Lund scholarship	2,928
Ministerial fund	2,175
Recreation fund	10,050
Spiegel fund	25,000
Expendable principal:	
Cemetery funds	73,933
Riverside Cemetery	34,214
Laurette Files account	17,215
North Raymond Cemetery	5,542
Carlton E. Edwards scholarship	13,347
George Woods scholarship	7,489
Collins-Day scholarship	1,331
Torstein Johannas Lund scholarship	5,646
Ministerial fund	35,705
Recreation fund	7,440
Spiegel fund	35,075
	<u>\$ 1,410,721</u>

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2023, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 65,679
Tax acquired property	131,284
Nonmajor special revenue funds (Schedule E)	8,126
Nonmajor permanent funds (Schedule I)	224,786
	<u>\$ 429,875</u>

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 948,612
Nonmajor permanent funds (Schedule I)	237,323
	<u>\$ 1,185,935</u>

NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule G)	<u>\$ 674,909</u>
--	-------------------

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

General fund:	
Carryforwards:	
FY24	\$ 200,000
Health insurance reserve	94,380
RSU withdrawal committee	10,315
Selectboard's contingency	75,000
	<u>\$ 379,695</u>

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFICIT FUND BALANCES

At June 30, 2023, the Town had the following deficit fund balances:

Backpack program	\$ 618
Keep Maine healthy	1,650
	<u>\$ 2,268</u>

NOTE 16 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of Cumberland County and Portland Water District debt. As of June 30, 2023, the Town's share was:

	Outstanding Debt	Town's Percentage	Total Share
County of Cumberland	\$ 29,931,418	2.40%	\$ 717,811
Portland Water District	58,543,519	3.52%	2,060,732

NOTE 17 - DEFERRED COMPENSATION

MissionSquare Retirement

The Town of Raymond provides retirement pension plan for its employees through a deferred compensation plan.

The government offers its employees a deferred compensation plan created on November 17, 1992 in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. Currently, twenty-four employees participate in the International City/County Management Association Retirement Corporation (ICMA-RC) (now known as Mission Square) plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the government subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of a general creditor of the government in an amount equal to the fair market value of the deferred account for each participant. It is the opinion of the government's legal counsel that the government has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The government believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFERRED COMPENSATION (CONTINUED)

The Town of Raymond, under ICMA 457 Deferred Compensation Plan (now known as Mission Square), contributes 1.00% - 6% of the employee's annual salary for regular full-time employees, after six months of employment for employees who contribute as least as much as the Town contributes. Contributions by the town are based on length of employment. Employees eligible to receive family health care benefits but electing not to take advantage of the employee benefit will be eligible to receive one-half the cash value (up to a dollar value of \$3,454 family or \$2,413 two person) of the difference in cost between the family plan and the single subscriber plan. This benefit will be paid in the form of an increased retirement contribution to qualified programs outlined in personnel policy or utilized toward the cost of Town sponsored life insurance premiums. Currently, five employees receive an additional match to their deferred compensation plan. Investments are managed by the plan's trustee under several different investment options. The choice of the investment options is made by the participants. Total eligible pension plan wages were \$1,481,675 for the year ended June 30, 2023. Total contributions on behalf of the Town amounted to \$115,186. Eligible wages and employer contributions for the current and past five years are as follows:

Year	Employer contribution rate	Employer contributions	Eligible wages
2023	1.00%-6.00%	\$ 115,186	\$ 1,481,675
2022	1.00%-6.00%	75,971	1,134,142
2021	1.00%-6.00%	71,643	1,072,935
2020	1.00%-6.00%	53,446	864,640
2019	1.00%-6.00%	48,403	758,395
2018	1.00%-6.00%	42,750	679,852

NOTE 18 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2023, the Town had the following overspent appropriations:

General government (Article 4)	\$ 192,266
Public safety (Article 6)	6,207
Debt service (Article 14)	1,699
	<u>\$ 200,172</u>

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 19 - JOINT VENTURES

The Town is a member of an interlocal solid waste agreement with 11 other participating municipalities. Maine Waste to Energy is a quasi-governmental organization, created as a not-for-profit corporation by twelve area municipalities in 1986. The Town of Raymond's proportionate interest in the net position of Maine Waste to Energy on June 30, 2023, was approximately 6.75% which amounted to \$578,034. As this interest does not constitute an explicit measurable equity interest, however, it is not recorded as an asset by the Town. Complete financial statements may be obtained from Maine Waste to Energy at 110 Goldthwaite Road, Auburn, ME 04211-1750 or calling 207-783-8805.

NOTE 20 - TAX INCREMENT FINANCING DISTRICT

On March 20, 1999, the Town of Raymond voters designated certain property along the Portland Natural Gas Transmission System as a municipal development and tax increment financing (TIF) district pursuant to the Maine Revised Statutes. The TIF district will be utilized to facilitate economic and community development within the Town of Raymond's business district.

The Town will retain the net new property tax generated by new investment in the TIF district for the activities that will provide new employment and community development opportunities and/or improve and broaden the tax base. Over the 30-year life of the TIF, approximately \$2.5 million will be generated.

NOTE 21 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 22 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town carries commercial insurance.

TOWN OF RAYMOND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 22 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 23 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 24 - RELATED PARTIES

A selectboard member owns Innovative Distribution Services which the town paid \$62,451 to provide mowing services in FY 2023.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

TOWN OF RAYMOND, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,566,591	\$ 2,566,591	\$ 2,566,591	\$ -
Resources (Inflows):				
General tax revenue	17,068,716	17,068,716	17,353,682	284,966
Intergovernmental revenue	847,499	847,499	947,578	100,079
Charges for services	380,000	380,000	557,007	177,007
Investment income	8,000	8,000	37,924	29,924
Other revenue	91,193	91,193	98,363	7,170
Transfers from other funds	4,000	4,000	4,000	-
Amounts Available for Appropriation	<u>20,965,999</u>	<u>20,965,999</u>	<u>21,565,145</u>	<u>599,146</u>
Charges to Appropriations (Outflows):				
General government	1,245,368	1,320,368	1,593,202	(272,834)
Public safety	1,207,714	1,207,714	1,213,921	(6,207)
Public works	1,372,519	1,272,519	1,208,784	63,735
Fringe benefits	794,762	794,762	710,620	84,142
Public health and welfare	10,000	10,000	29,131	(19,131)
Community services	396,601	396,601	393,811	2,790
Education	11,370,567	11,370,567	11,347,307	23,260
County tax	817,347	817,347	817,347	-
Debt service:				
Principal	343,064	343,064	341,999	1,065
Interest	14,550	14,550	17,314	(2,764)
Overlay	36,916	36,916	-	36,916
Transfers to other funds	790,000	890,000	890,000	-
Total Charges to Appropriations	<u>18,399,408</u>	<u>18,474,408</u>	<u>18,563,436</u>	<u>(89,028)</u>
Budgetary Fund Balance, June 30	<u>\$ 2,566,591</u>	<u>\$ 2,491,591</u>	<u>\$ 3,001,709</u>	<u>\$ 510,118</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds

TOWN OF RAYMOND, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 15,919,716	\$ 15,919,716	\$ 16,086,713	\$ 166,997
Vehicle excise taxes	1,120,000	1,120,000	1,234,989	114,989
Boat excise taxes	29,000	29,000	31,980	2,980
Intergovernmental revenues:				
Homestead exemption	220,000	220,000	242,394	22,394
State revenue sharing	505,000	505,000	557,339	52,339
BETE	48,000	48,000	53,338	5,338
Tree growth	8,769	8,769	9,471	702
Veterans	3,380	3,380	3,228	(152)
LRAP	53,000	53,000	53,324	324
General assistance	7,000	7,000	21,534	14,534
Snowmobile	2,350	2,350	2,569	219
Other	-	-	4,381	4,381
Charges for services:				
Recreation fees	-	-	555	555
Library fees	-	-	75,900	75,900
Town clerk fees	27,400	27,400	32,824	5,424
CEO/planning fees	110,000	110,000	196,846	86,846
Solid waste/recycling	100	100	1,536	1,436
Fire/rescue collections	175,000	175,000	208,063	33,063
Public safety	15,000	15,000	15,545	545
Animal control	500	500	1,920	1,420
Public works	52,000	52,000	19,813	(32,187)
Fire permits	-	-	4,005	4,005
Investment income:				
Investment income	8,000	8,000	37,924	29,924
Other income:				
Interest/fees on taxes	41,300	41,300	46,897	5,597
Payment in lieu of taxes	5,000	5,000	5,000	-
Cable franchise fees	42,000	42,000	39,377	(2,623)
Other	2,893	2,893	7,089	4,196
Transfers from other funds:				
Permanent funds	4,000	4,000	4,000	-
TOTAL REVENUES	<u>\$ 18,399,408</u>	<u>\$ 18,399,408</u>	<u>\$ 18,998,554</u>	<u>\$ 599,146</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Budget Adjustments	Final Available	Actual	Variance Positive (Negative)
General government					
Administration	\$ 516,490	\$ 75,000	\$ 591,490	\$ 822,024	\$ (230,534)
Compensation and training	55,000	-	55,000	68,324	(13,324)
Insurance	139,325	-	139,325	171,797	(32,472)
Assessing	79,481	-	79,481	78,127	1,354
Municipal building	37,000	-	37,000	34,423	2,577
Technology	204,660	-	204,660	202,050	2,610
Code enforcement	213,412	-	213,412	216,457	(3,045)
	<u>1,245,368</u>	<u>75,000</u>	<u>1,320,368</u>	<u>1,593,202</u>	<u>(272,834)</u>
Public safety					
Fire department	1,168,669	-	1,168,669	1,175,455	(6,786)
Animal control	39,045	-	39,045	38,466	579
	<u>1,207,714</u>	<u>-</u>	<u>1,207,714</u>	<u>1,213,921</u>	<u>(6,207)</u>
Public works					
Public works	891,519	-	891,519	798,768	92,751
Solid waste	381,000	-	381,000	410,016	(29,016)
Capital improvements IRT	100,000	(100,000)	-	-	-
	<u>1,372,519</u>	<u>(100,000)</u>	<u>1,272,519</u>	<u>1,208,784</u>	<u>63,735</u>
Fringe benefits	<u>794,762</u>	<u>-</u>	<u>794,762</u>	<u>710,620</u>	<u>84,142</u>
Public health and welfare	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>29,131</u>	<u>(19,131)</u>
Community services					
Provider agencies	2,000	-	2,000	25,200	(23,200)
Raymond Village library	195,876	-	195,876	186,369	9,507
Cemetery	44,391	-	44,391	46,042	(1,651)
Recreation	153,334	-	153,334	135,200	18,134
Lake Region bus	1,000	-	1,000	1,000	-
	<u>396,601</u>	<u>-</u>	<u>396,601</u>	<u>393,811</u>	<u>2,790</u>
Education	<u>11,370,567</u>	<u>-</u>	<u>11,370,567</u>	<u>11,347,307</u>	<u>23,260</u>
County tax	<u>817,347</u>	<u>-</u>	<u>817,347</u>	<u>817,347</u>	<u>-</u>
Debt service					
Principal	343,064	-	343,064	341,999	1,065
Interest	14,550	-	14,550	17,314	(2,764)
	<u>357,614</u>	<u>-</u>	<u>357,614</u>	<u>359,313</u>	<u>(1,699)</u>
Overlay	<u>36,916</u>	<u>-</u>	<u>36,916</u>	<u>-</u>	<u>36,916</u>
Transfers to other funds					
Special revenue funds	-	100,000	100,000	100,000	-
Capital projects funds	790,000	-	790,000	790,000	-
	<u>790,000</u>	<u>100,000</u>	<u>890,000</u>	<u>890,000</u>	<u>-</u>
Total Departmental Operations	<u>\$ 18,399,408</u>	<u>\$ 75,000</u>	<u>\$ 18,474,408</u>	<u>\$ 18,563,436</u>	<u>\$ (89,028)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 292,595	\$ -	\$ 6,102	\$ 298,697
Investments	-	-	460,007	460,007
Accounts receivable (net of allowance for uncollectibles)	-	3,132	-	3,132
Prepaid items	8,126	-	-	8,126
Due from other funds	700,574	671,777	1,683	1,374,034
TOTAL ASSETS	<u>\$ 1,001,295</u>	<u>\$ 674,909</u>	<u>\$ 467,792</u>	<u>\$ 2,143,996</u>
LIABILITIES				
Accounts payable	\$ 11,456	\$ -	\$ -	\$ 11,456
Due to other funds	2,268	-	5,683	7,951
TOTAL LIABILITIES	<u>13,724</u>	<u>-</u>	<u>5,683</u>	<u>19,407</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	33,101	-	-	33,101
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>33,101</u>	<u>-</u>	<u>-</u>	<u>33,101</u>
FUND BALANCES				
Nonspendable	8,126	-	224,786	232,912
Restricted	948,612	-	237,323	1,185,935
Committed	-	674,909	-	674,909
Assigned	-	-	-	-
Unassigned (deficits)	(2,268)	-	-	(2,268)
TOTAL FUND BALANCES	<u>954,470</u>	<u>674,909</u>	<u>462,109</u>	<u>2,091,488</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,001,295</u>	<u>\$ 674,909</u>	<u>\$ 467,792</u>	<u>\$ 2,143,996</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenues	\$ 24,091	\$ -	\$ -	\$ 24,091
Charges for services	52,437	-	-	52,437
Investment income, net of unrealized gains/(losses)	-	-	61,451	61,451
Interest income	129,634	-	-	129,634
Other income	50,001	518,211	-	568,212
TOTAL REVENUES	<u>256,163</u>	<u>518,211</u>	<u>61,451</u>	<u>835,825</u>
EXPENDITURES				
Capital outlay	-	1,435,701	-	1,435,701
Other	267,268	-	3,600	270,868
TOTAL EXPENDITURES	<u>267,268</u>	<u>1,435,701</u>	<u>3,600</u>	<u>1,706,569</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,105)</u>	<u>(917,490)</u>	<u>57,851</u>	<u>(870,744)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	790,000	-	890,000
Transfers (out)	-	-	(4,000)	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>790,000</u>	<u>(4,000)</u>	<u>886,000</u>
NET CHANGE IN FUND BALANCES	88,895	(127,490)	53,851	15,256
FUND BALANCES, JULY 1	<u>865,575</u>	<u>802,399</u>	<u>408,258</u>	<u>2,076,232</u>
FUND BALANCES, JUNE 30	<u>\$ 954,470</u>	<u>\$ 674,909</u>	<u>\$ 462,109</u>	<u>\$ 2,091,488</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Grants Other	Library	Parks and Recreation	ARPA	Community Assistance Fund	Veteran's Memorial	Beautification Committee	Panther Pond Projects	Conservation Commissions	Economic Development
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 292,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-	-	-	-	-	-	-
Due from other funds	1,889	130,528	54,485	-	51,487	4,407	3,039	1,268	1,640	1,240
TOTAL ASSETS	<u>\$ 1,889</u>	<u>\$ 130,528</u>	<u>\$ 54,485</u>	<u>\$ 292,595</u>	<u>\$ 51,487</u>	<u>\$ 4,407</u>	<u>\$ 3,039</u>	<u>\$ 1,268</u>	<u>\$ 1,640</u>	<u>\$ 1,240</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES										
Deferred revenue	-	-	33,101	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>33,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,889	130,528	21,384	292,595	51,487	4,407	3,039	1,268	1,640	1,240
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,889</u>	<u>130,528</u>	<u>21,384</u>	<u>292,595</u>	<u>51,487</u>	<u>4,407</u>	<u>3,039</u>	<u>1,268</u>	<u>1,640</u>	<u>1,240</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 1,889</u>	<u>\$ 130,528</u>	<u>\$ 54,485</u>	<u>\$ 292,595</u>	<u>\$ 51,487</u>	<u>\$ 4,407</u>	<u>\$ 3,039</u>	<u>\$ 1,268</u>	<u>\$ 1,640</u>	<u>\$ 1,240</u>

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Forestry Grant	Revaluation	Age Friendly Raymond	Community Celebration	Fire Department Donations	Tax Increment Financing	Backpack Program	Keep Maine Healthy	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 292,595
Prepaid items	-	-	-	-	-	8,126	-	-	8,126
Due from other funds	500	199,900	1,018	264	8,100	240,809	-	-	700,574
TOTAL ASSETS	<u>\$ 500</u>	<u>\$ 199,900</u>	<u>\$ 1,018</u>	<u>\$ 264</u>	<u>\$ 8,100</u>	<u>\$ 248,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,001,295</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	11,456	-	-	11,456
Due to other funds	-	-	-	-	-	-	618	1,650	2,268
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,456</u>	<u>618</u>	<u>1,650</u>	<u>13,724</u>
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	-	-	-	-	-	-	-	-	33,101
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,101</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	8,126	-	-	8,126
Restricted	500	199,900	1,018	264	8,100	229,353	-	-	948,612
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(618)	(1,650)	(2,268)
TOTAL FUND BALANCES (DEFICITS)	<u>500</u>	<u>199,900</u>	<u>1,018</u>	<u>264</u>	<u>8,100</u>	<u>237,479</u>	<u>(618)</u>	<u>(1,650)</u>	<u>954,470</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 500</u>	<u>\$ 199,900</u>	<u>\$ 1,018</u>	<u>\$ 264</u>	<u>\$ 8,100</u>	<u>\$ 248,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,001,295</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Grants Other	Library	Parks and Recreation	ARPA	Community Assistance Fund	Veteran's Memorial	Beautification Committee	Panther Pond Projects	Conservation Commissions	Economic Development
REVENUES										
Intergovernmental revenue	\$ 21,689	\$ -	\$ -	\$ -	\$ 2,402	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	52,437	-	-	-	-	-	-	-
Interest income	-	129,634	-	-	-	-	-	-	-	-
Other income	-	6,931	15,149	2,451	14,650	250	2,570	-	-	-
TOTAL REVENUES	21,689	136,565	67,586	2,451	17,052	250	2,570	-	-	-
EXPENDITURES										
Other	21,305	6,037	46,202	4,777	8,540	501	1,704	-	-	-
TOTAL EXPENDITURES	21,305	6,037	46,202	4,777	8,540	501	1,704	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	384	130,528	21,384	(2,326)	8,512	(251)	866	-	-	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	384	130,528	21,384	(2,326)	8,512	(251)	866	-	-	-
FUND BALANCES (DEFICITS), JULY 1	1,505	-	-	294,921	42,975	4,658	2,173	1,268	1,640	1,240
FUND BALANCES (DEFICITS), JUNE 30	\$ 1,889	\$ 130,528	\$ 21,384	\$ 292,595	\$ 51,487	\$ 4,407	\$ 3,039	\$ 1,268	\$ 1,640	\$ 1,240

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Forestry Grant	Revaluation	Age Friendly Raymond	Community Celebration	Fire Department Donations	Tax Increment Financing	Backpack Program	Keep Maine Healthy	Total
REVENUES									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,091
Charges for services	-	-	-	-	-	-	-	-	52,437
Interest income	-	-	-	-	-	-	-	-	129,634
Other income	-	-	-	-	8,000	-	-	-	50,001
TOTAL REVENUES	-	-	-	-	8,000	-	-	-	256,163
EXPENDITURES									
Other	-	100	-	-	-	178,102	-	-	267,268
TOTAL EXPENDITURES	-	100	-	-	-	178,102	-	-	267,268
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(100)	-	-	8,000	(178,102)	-	-	(11,105)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	100,000	-	-	-	-	-	-	100,000
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	100,000	-	-	-	-	-	-	100,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	99,900	-	-	8,000	(178,102)	-	-	88,895
FUND BALANCES (DEFICITS), JULY 1	500	100,000	1,018	264	100	415,581	(618)	(1,650)	865,575
FUND BALANCES (DEFICITS), JUNE 30	\$ 500	\$ 199,900	\$ 1,018	\$ 264	\$ 8,100	\$ 237,479	\$ (618)	\$ (1,650)	\$ 954,470

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2023

	Fire Department Reserve	Public Works Paving Reserve	Sidewalk Match	Patricia Ave. Recreational Facilities	Technology	Public Works Snow Equipment
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	37,950	159,583	41,734	21,138	164,801	1,972
TOTAL ASSETS	<u>\$ 37,950</u>	<u>\$ 159,583</u>	<u>\$ 41,734</u>	<u>\$ 21,138</u>	<u>\$ 164,801</u>	<u>\$ 1,972</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	37,950	159,583	41,734	21,138	164,801	1,972
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>37,950</u>	<u>159,583</u>	<u>41,734</u>	<u>21,138</u>	<u>164,801</u>	<u>1,972</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,950</u>	<u>\$ 159,583</u>	<u>\$ 41,734</u>	<u>\$ 21,138</u>	<u>\$ 164,801</u>	<u>\$ 1,972</u>

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Public Works Equipment	Fire Department Review Fees	Fire Department IRT Projects	Assessing Software Reserve	Water Watch Account	Sheri Gagnon Park
ASSETS						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	80,861	13,255	6,456	5,000	4,161	16
TOTAL ASSETS	<u>\$ 80,861</u>	<u>\$ 13,255</u>	<u>\$ 6,456</u>	<u>\$ 5,000</u>	<u>\$ 4,161</u>	<u>\$ 16</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	80,861	13,255	6,456	5,000	4,161	16
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>80,861</u>	<u>13,255</u>	<u>6,456</u>	<u>5,000</u>	<u>4,161</u>	<u>16</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 80,861</u>	<u>\$ 13,255</u>	<u>\$ 6,456</u>	<u>\$ 5,000</u>	<u>\$ 4,161</u>	<u>\$ 16</u>

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Hazardous Waste Reserve	Municipal Facilities	Town Hall Feasibility Study	Playground	Land Improvements	Open Space Reserve	Total
ASSETS							
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ 3,132	\$ -	\$ -	\$ 3,132
Due from other funds	2,971	33,491	213	59,468	10,000	28,707	671,777
TOTAL ASSETS	<u>\$ 2,971</u>	<u>\$ 33,491</u>	<u>\$ 213</u>	<u>\$ 62,600</u>	<u>\$ 10,000</u>	<u>\$ 28,707</u>	<u>\$ 674,909</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	2,971	33,491	213	62,600	10,000	28,707	674,909
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,971</u>	<u>33,491</u>	<u>213</u>	<u>62,600</u>	<u>10,000</u>	<u>28,707</u>	<u>674,909</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,971</u>	<u>\$ 33,491</u>	<u>\$ 213</u>	<u>\$ 62,600</u>	<u>\$ 10,000</u>	<u>\$ 28,707</u>	<u>\$ 674,909</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Fire Department Reserve	Public Works Paving Reserve	Sidewalk Match	Patricia Ave. Recreational Facilities	Technology	Public Works Snow Equipment
REVENUES						
Other income	\$ -	\$ 367,972	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	367,972	-	-	-	-
EXPENDITURES						
Capital outlay	262,336	793,949	7,182	-	59,865	-
TOTAL EXPENDITURES	262,336	793,949	7,182	-	59,865	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(262,336)	(425,977)	(7,182)	-	(59,865)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	75,000	410,000	-	-	30,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	75,000	410,000	-	-	30,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(187,336)	(15,977)	(7,182)	-	(29,865)	-
FUND BALANCES (DEFICITS) - JULY 1	225,286	175,560	48,916	21,138	194,666	1,972
FUND BALANCES (DEFICITS) - JUNE 30	\$ 37,950	\$ 159,583	\$ 41,734	\$ 21,138	\$ 164,801	\$ 1,972

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Public Works Equipment	Fire Department Review Fees	Fire Department IRT Projects	Assessing Software Reserve	Water Watch Account	Sheri Gagnon Park
REVENUES						
Other income	\$ 89,041	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>89,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	205,478	-	-	-	-	-
TOTAL EXPENDITURES	<u>205,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(116,437)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	225,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	108,563	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>(27,702)</u>	<u>13,255</u>	<u>6,456</u>	<u>5,000</u>	<u>4,161</u>	<u>16</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 80,861</u>	<u>\$ 13,255</u>	<u>\$ 6,456</u>	<u>\$ 5,000</u>	<u>\$ 4,161</u>	<u>\$ 16</u>

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Hazardous Waste Reserve	Municipal Facilities	Town Hall Feasibility Study	Playground	Land Improvements	Open Space Reserve	Total
REVENUES							
Other income	\$ -	\$ 61,198	\$ -	\$ -	\$ -	\$ -	\$ 518,211
TOTAL REVENUES	<u>-</u>	<u>61,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,211</u>
EXPENDITURES							
Capital outlay	-	97,539	-	9,352	-	-	1,435,701
TOTAL EXPENDITURES	<u>-</u>	<u>97,539</u>	<u>-</u>	<u>9,352</u>	<u>-</u>	<u>-</u>	<u>1,435,701</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(36,341)</u>	<u>-</u>	<u>(9,352)</u>	<u>-</u>	<u>-</u>	<u>(917,490)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	50,000	-	-	-	-	790,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	13,659	-	(9,352)	-	-	(127,490)
FUND BALANCES (DEFICITS) - JULY 1	<u>2,971</u>	<u>19,832</u>	<u>213</u>	<u>71,952</u>	<u>10,000</u>	<u>28,707</u>	<u>802,399</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,971</u>	<u>\$ 33,491</u>	<u>\$ 213</u>	<u>\$ 62,600</u>	<u>\$ 10,000</u>	<u>\$ 28,707</u>	<u>\$ 674,909</u>

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Raymond, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the preservation and/or maintenance of cemeteries.

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Cemetery Funds	Riverside Cemetery	Laurette Files Account	North Raymond Cemetery	Carlton E. Edwards Scholarship	George Woods Scholarship
ASSETS						
Cash and cash equivalents	\$ 2,095	\$ 944	\$ 273	\$ 136	\$ 399	\$ 352
Investments	157,964	71,174	20,562	10,215	30,065	26,515
Due from other funds	-	557	161	80	-	-
TOTAL ASSETS	<u>\$ 160,059</u>	<u>\$ 72,675</u>	<u>\$ 20,996</u>	<u>\$ 10,431</u>	<u>\$ 30,464</u>	<u>\$ 26,867</u>
LIABILITIES						
Due to other funds	\$ 2,763	\$ -	\$ -	\$ -	\$ 1,265	\$ (207)
TOTAL LIABILITIES	<u>2,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265</u>	<u>(207)</u>
FUND BALANCES						
Nonspendable	83,363	38,461	3,781	4,889	15,852	19,585
Restricted	73,933	34,214	17,215	5,542	13,347	7,489
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>157,296</u>	<u>72,675</u>	<u>20,996</u>	<u>10,431</u>	<u>29,199</u>	<u>27,074</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 160,059</u>	<u>\$ 72,675</u>	<u>\$ 20,996</u>	<u>\$ 10,431</u>	<u>\$ 30,464</u>	<u>\$ 26,867</u>

TOWN OF RAYMOND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Collins-Day Scholarship	Alva Clough Scholarship	Torstein Johannas Lund Scholarship	Ministerial Fund	Recreation Fund	Spiegel Fund	Total
ASSETS							
Cash and cash equivalents	\$ 213	\$ 78	\$ 113	\$ 492	\$ 227	\$ 780	\$ 6,102
Investments	16,072	5,884	8,495	37,097	17,129	58,835	460,007
Due from other funds	-	-	-	291	134	460	1,683
TOTAL ASSETS	<u>\$ 16,285</u>	<u>\$ 5,962</u>	<u>\$ 8,608</u>	<u>\$ 37,880</u>	<u>\$ 17,490</u>	<u>\$ 60,075</u>	<u>\$ 467,792</u>
LIABILITIES							
Due to other funds	\$ 1,374	\$ 454	\$ 34	\$ -	\$ -	\$ -	\$ 5,683
TOTAL LIABILITIES	<u>1,374</u>	<u>454</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,683</u>
FUND BALANCES							
Nonspendable	13,580	5,122	2,928	2,175	10,050	25,000	224,786
Restricted	1,331	386	5,646	35,705	7,440	35,075	237,323
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>14,911</u>	<u>5,508</u>	<u>8,574</u>	<u>37,880</u>	<u>17,490</u>	<u>60,075</u>	<u>462,109</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,285</u>	<u>\$ 5,962</u>	<u>\$ 8,608</u>	<u>\$ 37,880</u>	<u>\$ 17,490</u>	<u>\$ 60,075</u>	<u>\$ 467,792</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Cemetery Funds	Riverside Cemetery	Laurette Files Account	North Raymond Cemetery	Carlton E. Edwards Scholarship	George Woods Scholarship
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 21,102	\$ 9,508	\$ 2,747	\$ 1,365	\$ 4,016	\$ 3,542
TOTAL REVENUES	<u>21,102</u>	<u>9,508</u>	<u>2,747</u>	<u>1,365</u>	<u>4,016</u>	<u>3,542</u>
EXPENDITURES						
Other	-	-	-	-	1,500	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,102</u>	<u>9,508</u>	<u>2,747</u>	<u>1,365</u>	<u>2,516</u>	<u>3,542</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(4,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17,102	9,508	2,747	1,365	2,516	3,542
FUND BALANCES, JULY 1	<u>140,194</u>	<u>63,167</u>	<u>18,249</u>	<u>9,066</u>	<u>26,683</u>	<u>23,532</u>
FUND BALANCES, JUNE 30	<u>\$ 157,296</u>	<u>\$ 72,675</u>	<u>\$ 20,996</u>	<u>\$ 10,431</u>	<u>\$ 29,199</u>	<u>\$ 27,074</u>

TOWN OF RAYMOND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Collins-Day Scholarship	Alva Clough Scholarship	Torstein Johannas Lund Scholarship	Ministerial Fund	Recreation Fund	Spiegel Fund	Total
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 2,147	\$ 786	\$ 1,135	\$ 4,956	\$ 2,288	\$ 7,859	\$ 61,451
TOTAL REVENUES	<u>2,147</u>	<u>786</u>	<u>1,135</u>	<u>4,956</u>	<u>2,288</u>	<u>7,859</u>	<u>61,451</u>
EXPENDITURES							
Other	1,500	500	100	-	-	-	3,600
TOTAL EXPENDITURES	<u>1,500</u>	<u>500</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>647</u>	<u>286</u>	<u>1,035</u>	<u>4,956</u>	<u>2,288</u>	<u>7,859</u>	<u>57,851</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
NET CHANGE IN FUND BALANCES	647	286	1,035	4,956	2,288	7,859	53,851
FUND BALANCES, JULY 1	<u>14,264</u>	<u>5,222</u>	<u>7,539</u>	<u>32,924</u>	<u>15,202</u>	<u>52,216</u>	<u>408,258</u>
FUND BALANCES, JUNE 30	<u>\$ 14,911</u>	<u>\$ 5,508</u>	<u>\$ 8,574</u>	<u>\$ 37,880</u>	<u>\$ 17,490</u>	<u>\$ 60,075</u>	<u>\$ 462,109</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Selectboard
Town of Raymond
Raymond, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Raymond, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Raymond, Maine's basic financial statements and have issued our report thereon dated February 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Raymond, Maine's internal control over financial reporting (internal control) to determine 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 of Raymond, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Raymond, Maine'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Raymond, Maine's financial statements are free from material misstatement, we performed tests of its 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*. We noted certain other matters that we reported to the management of the Town of Raymond in a separate letter dated December 15, 2023.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

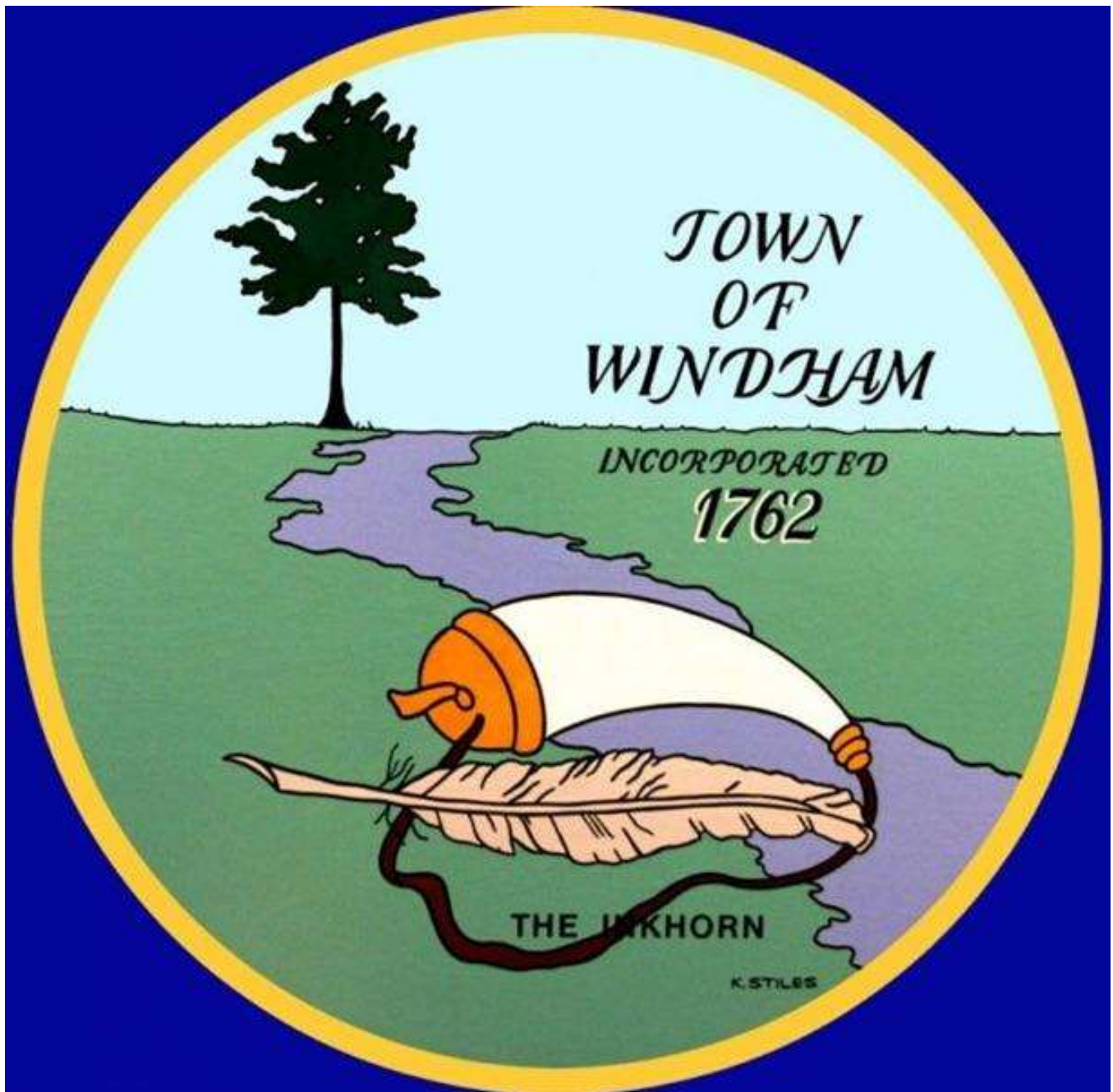
Buxton, Maine
February 6, 2024

APPENDIX C

**TOWN OF WINDHAM, MAINE
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2023**

(With Report of Independent Auditors' Thereon)

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TOWN OF WINDHAM, MAINE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2023

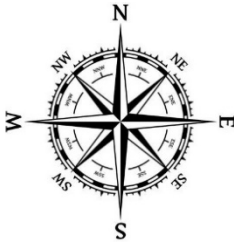
Town of Windham, Maine

Annual financial report

For the fiscal year ended June 30, 2023

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PETER J HALL CPA LLC
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439 Preble Street
South Portland, Maine 04106
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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Windham, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windham, Maine ("the Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2023, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

Town of Windham, Maine

opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Peter J Hall CPA LLC

PETER J HALL CPA LLC

South Portland, Maine

April 3, 2024

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Town of Windham, Maine

Management's Discussion and Analysis

As management of the Town of Windham, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

Financial highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$43,086,507 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$16,543,195.
- The Town's total net position increased \$4,801,006 primarily due to revenues exceeding expenditures in the governmental funds. The Town's governmental fund balance increased by \$5,989,570 during the year. There are certain adjustments to this figure when reporting the change in net position. The largest of those during the year were the purchase of capital assets and the issuance of debt. The Town made capital additions of \$3,403,840 during the year, these costs are expensed over the life of the capital assets as depreciation. Depreciation expense totaled \$2,154,589. This was offset by the issuance of bonds, bond premium, and notes of \$3,803,546. These amounts are an increase to liabilities on the statement of net position.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$25,642,292, an increase of \$5,989,570 in comparison with the prior year. Of this amount, \$13,894,605, or 54%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$19,028,546, or approximately 38% of total general fund expenditures and transfers to other funds.

Overview of the financial statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public works, police, fire and rescue, recreation and culture, property and inspection, development and conservation, and health and welfare. It also includes assessments made by Regional School Unit No. 14 for education and Cumberland County for county services. The Town does not have any business-type activities.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also a legally separate economic development agency, Windham Economic Development Corporation, for which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

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

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

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

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

The Town maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the American rescue plan fund, which are

considered to be major funds. Data from the other eleven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

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

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

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

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

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

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

Government-wide overall financial analysis

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

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

Current and other assets increased in governmental activities by \$3,596,877 from the prior year due to an increase in cash of \$4.7 million offset by a decrease in the debt service receivable from Regional School Unit 14 (RSU 14) of \$1.6 million. The increase in cash is due to revenues exceeding expenditures in the general fund and unspent bond proceeds. The bond proceeds will be utilized during the next fiscal year.

Capital assets increased over \$1.1 million due to capital outlay in relation to the bond and note issuances. Capital assets are discussed in more detail later in this management's discussion and analysis.

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

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

By far, the largest portion of the Town's net position, \$24,474,121, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,069,191 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of \$16,543,195.

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

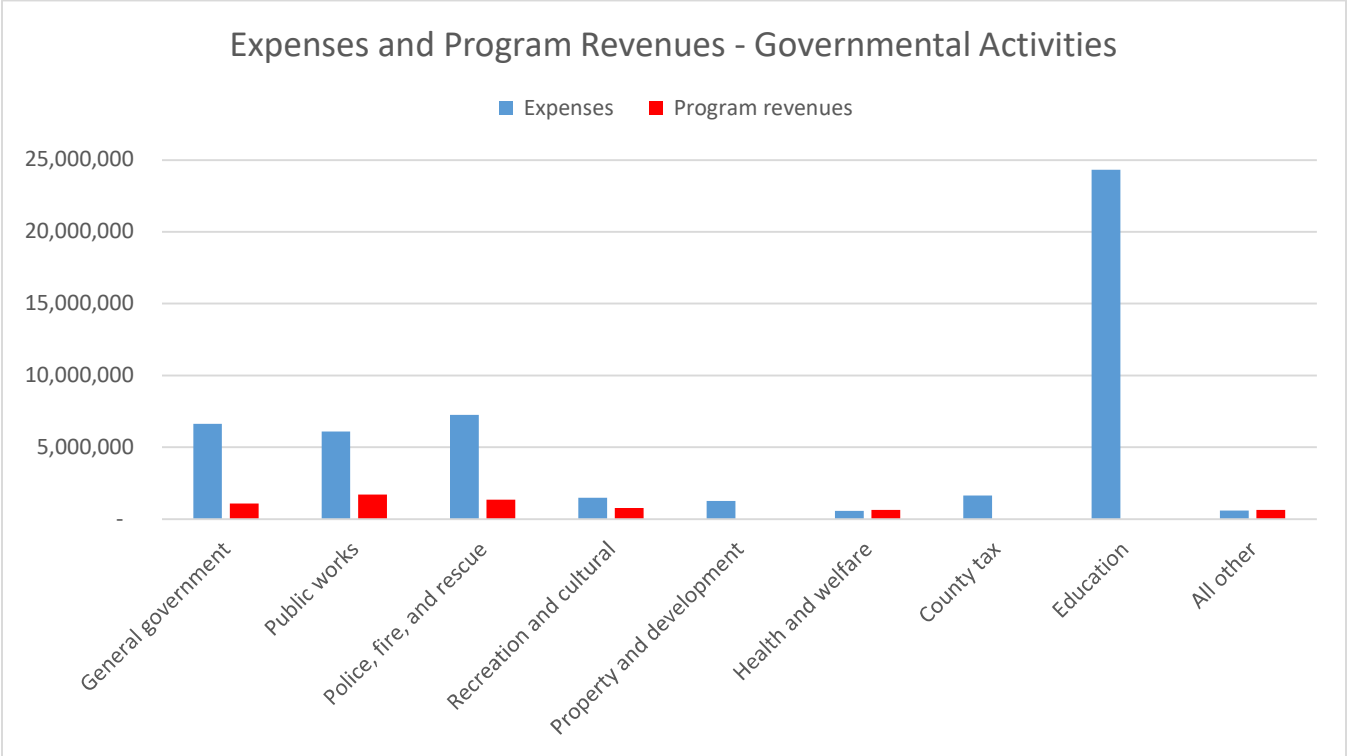
Governmental activities			
	2023	2022	Change
Revenues			
Program revenues			
Charges for services	\$ 4,383,749	4,205,449	178,300
Operating grants and cont.	1,387,362	1,267,346	120,016
Capital grants and cont.	395,822	95,767	300,055
General revenues			
Property taxes	42,847,057	38,971,681	3,875,376
Unrestricted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

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

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

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

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



Financial analysis of governmental funds

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

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

At June 30, 2023, the Town's governmental funds reported combined fund balances of \$25,642,292, an increase of \$5,989,570 in comparison with the prior year. Of this amount, \$13,894,605, or 54%, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is (1) not in spendable form, \$44,267; (2) not spendable because it is legally required to be maintained intact, \$41,874; (3) restricted for particular purposes, \$2,027,317; (4) committed for particular purposes, \$5,833,761; or (5) assigned for particular purposes, \$3,800,468.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,464,511, while total fund balance increased to \$19,072,813. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers to other funds. Unassigned fund balance represents 29% of total general fund expenditures and transfers to other funds, while total fund balance represents 38% of that same amount.

The fund balance of the Town's general fund increased by \$3,844,742 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to revenues exceeding expenditures. Actual revenues exceeded budgeted amounts by \$1.3 million, actual transfers to the general fund were under budget by \$2 million, actual expenditures came in under budgeted figures by \$6.6 million, and there was a budgeted use of fund balance of \$2.7 million.

The American Rescue Plan fund increased by \$81,891 due to interest earned on the funding received by Town. The Town plans to utilize these funds next fiscal year for the North Windham sewer project. Funds of \$1,909,723 are available for the project.

General fund budgetary highlights

Original budget compared to final budget. The final budget for the general fund includes \$1,906,281 of amounts carried forward from the year ending June 30, 2022. Most of this amount was capital related, \$1,707,399, as projects do not always finish by year end and get extended into the next fiscal year. Other amounts are related to unspent budgeted amounts from the 2022 fiscal year that were assigned at year end. The following function budgets were increased due to these carry forwards: general government \$60,157; public works \$36,721; development and conservation \$52,463; and health and welfare \$49,541.

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

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

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

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

Town council exceeded budget due to legal services exceeding projections. Town management saw savings in salaries and professional services. Electricity and heating fuel costs along with unexpected repair work caused building maintenance to come in over budget. Dundee park had savings in wages due to open positions. Planning utilized fewer professional services than originally anticipated. Lease payment expenditures were under budget due to the lease agreements being issued later than expected, pushing those payments into the next fiscal year. Unspent budgeted capital projects are carried forward each year until the projects are finished. The Town has assigned nearly \$2.2 million of this amount for capital purposes in the next fiscal year. Other amounts are related to road work utilizing Maine Department of Transportation funding, which will be completed in future fiscal years.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets as of June 30, 2023, amounts to \$42,304,131 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, recreation facilities, and roads. The total increase in capital assets for the current fiscal year was 2.8%.

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

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

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

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

Long-term Debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$24,254,772. The remainder of the Town's long-term obligations is comprised of notes payable.

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

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

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

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of the average full valuation of taxable property within the jurisdiction. The current debt limitation for the Town is \$437 million, which is significantly in excess of the Town’s outstanding general obligation debt.

Additional information on the Town’s long-term debt can be found in Note III.E and III.F of this report.

Economic factors and next year’s budgets and rates

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

In adopting the budget for the ensuing 2023-2024 fiscal year, Town officials considered many factors in making judgments and estimates about the finances for the upcoming year. A primary objective was to continue to provide basic town services to the citizens while attempting to keep the property tax rate steady, while balancing the need for visioning projects and upgrades. The Town Council continued to focus on the tax rate during the 2023-2024 budgeting process. The budget for the fiscal year starting July 1, 2023, was approved by the Town Council with a tax rate of 11.20 mils.

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

1. State Revenue Sharing in this budget year increased by \$50,000 over FY 23
2. There was additional staffing budgeted for the Town:
 - a. One school resource officer (80/20 - RSU/Town)
 - b. Communications director
 - c. IT - technical service support
 - d. Recreational programmer
3. Increase COLA to 6.5% to bring town staff near par with competing municipalities
4. Increased grounds contractual budget - \$60,000 - grounds maintenance
5. Increase paving budget - \$150,000 to accomplish a \$750,000 annual investment in resurfacing roadways
6. Transition from pay-as-you-throw (PAYT) bags to trash cart collection system (\$839,000 adjustment) - waste carts FY23 bond - \$600,000, FY24 bond - \$250,000

Mill rate:Tax Commitment

State law mandates that it is the responsibility of the assessor to maintain assessed values according to just value or market value. During these extraordinary times and despite the global pandemic, continued increases in an unprecedented real estate market have made making value adjustments to certify a 100% ratio with the State of Maine necessary.

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

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

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

New and on-going projects:Local access roads and sidewalks

Southwest Route 202 intersection and sidewalks - \$3,912,186 to complete the revitalization of the southwest village, to build and/or rebuild sidewalks along Route 202 (Main St) with user-friendly facilities to make it a more attractive location, and also to improve pedestrian mobility and safety, drainage and geometric improvements at the intersection of River Road.

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

Projects in process

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

Northwest mobility plan (access roads)- recently secured a \$25M Raise Grant and \$3.125M State funding with a required \$3.125M local match to fund the connector roads; legal survey, engineering costs to stem traffic jams and improve pedestrian access on Route 302, limiting left turns consolidating business entrances and installing sidewalks, including traffic lights.

East Windham Conservation Project - purchasing approximately 750 acres from 4 landowners to create open space within the Town. Part of the FY23 Bond (\$2,300,000) to do the design, construction, improvement, landscaping, creating trails and equipping the properties to provide public access for recreational purposes.

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

Windham Knight Bridge - \$700,000 - repairs shared with Maine Department of Transportation.

Requests for information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 8 School Road, Windham, Maine 04062.

BASIC FINANCIAL STATEMENTS



Town of Windham, Maine

Statement of net position

June 30, 2023

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

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

Town of Windham, Maine

Statement of activities

For the year ended June 30, 2023

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

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

Town of Windham, Maine

Balance sheet

Governmental funds

June 30, 2023

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

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

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

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

Town of Windham, Maine

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

For the year ended June 30, 2023

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

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

Town of Windham, Maine

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2023

Net change in fund balances - total governmental funds	\$	5,989,570
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.</p>		
Capital outlays		3,403,840
Depreciation expense		(2,154,589)
Book value of disposed capital assets		(92,736)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Earned but unavailable taxes		(62,000)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Bonds, notes, and premium issued		(3,803,546)
Principal paid on bonds		2,353,910
Principal paid on notes		667,034
Amortization of bond premium		558,305
Amortization of deferred charge on refunding		(401,406)
Gain on refunding		(18,368)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued interest on long-term debt		1,595
Compensated absences		(65,494)
Changes in pension liabilities and related deferred outflows and inflows of resources		20,263
Changes in OPEB liabilities and related deferred outflows and inflows of resources		29,628
<p>The Town has bonds that were originally issued for School purposes. These amounts are funded by RSU 14 when the debt service payments are due. This is the amount of principal paid by RSU 14 during the year.</p>		
		(1,625,000)
Change in net position of governmental activities	\$	<u>4,801,006</u>

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

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

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

Town of Windham, Maine

Statement of fiduciary net position

Fiduciary funds

June 30, 2023

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

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

Town of Windham, Maine

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2023

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

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

Town of Windham, Maine

Notes to the financial statements

June 30, 2023

I. Summary of significant accounting policies

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

A. Description of government-wide financial statements

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

B. Reporting entity

The Town is a municipal corporation governed by an elected seven-member Governing Council (Town Council). The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Discretely presented component unit

The Windham Economic Development Corporation (WEDC) was created to promote economic development in the Town. WEDC is governed by three members who are appointed by the Town Council. The Town provides funding for the operation of WEDC. WEDC is reported in a separate column in the government-wide financial statements and does not issue separate financial statements.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds,

while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the general fund and the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

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

The Town reports the following major governmental funds:

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

The *American rescue plan fund* accounts for federal funds received through the American Rescue Plan Act.

Additionally, the Town reports the following fund type:

The *private-purpose trust fund* accounts for scholarships that benefit members of the community.

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

E. Measurement focus and basis of accounting

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

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

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

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

F. Budgetary information

Budgetary basis of accounting

An annual budget of the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The capital project funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The appropriated budget is prepared by department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Excess of expenditures over appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations for public works by \$117,834 and health and welfare by \$13,624 in the general fund.

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

Cash and cash equivalents

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

Inventories and prepaid items

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

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

Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$25,000 for land, buildings, and improvements; \$5,000 for equipment and vehicles; and \$100,000 for infrastructure projects; and an estimated useful life in excess of two years.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs,

which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	10-50
Equipment and vehicles	5-20
Infrastructure	15-40

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has four items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and debt service payments from Regional School Unit 14 (RSU 14). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension and OPEB.

Net position

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

H. Revenues and expenditures/expenses

Program revenues

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

Property taxes

Property taxes were committed on August 16, 2022, on the assessed value listed as of the previous April 1. Taxes are due in two installments, on October 1, 2022, and April 1, 2023. Taxes unpaid by the due date are assessed interest. Tax liens are placed on real property of delinquent tax accounts within twelve months following the date taxes are committed for collection.

The Town is permitted by the laws of the State of Maine to levy taxes up to 5% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$96,790 for the year ended June 30, 2023.

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

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

Compensated absences

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

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2023.

B. Deficit fund balance

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

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

These deficits will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers from the general fund).

III. Detailed notes on activities and funds

A. Cash and investments

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

B. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank's failure, the Town's deposits may not be returned to it. The Town minimizes custodial credit risk by obtaining collateral for all uninsured amounts on deposit. Time deposits are insured up to \$250,000 by the F.D.I.C. The Town's custodian agrees to provide safekeeping services and to hold the securities (in book entry) pledged by a financial institution in a custodial account established for the benefit of the Town as a secured party. This account shall be kept separate and apart from the general assets of the custodian, and will not, under any circumstances, be commingled with or become part of, the backing for any other deposit or liability of the Town. The Town minimizes custodial credit risk by limiting cash held by a broker to certificates of deposit protected up to full value by a combination of coverage provided by the Securities Investor Protection Corporation (SIPC) and excess coverage purchased from a private insurer. Certificates of deposit which exceed the F.D.I.C. insured amount are collateralized in accordance with Title 30-A, Section 5706 of the Maine Revised Statutes.

As of June 30, 2023, the Town's bank balance was \$29,986,576 and \$60,204 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2023, WEDC's bank balance was \$299,651, all of which was covered by the F.D.I.C.

C. Receivables

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

	<u>Accounts</u>	<u>Ambulance</u>	<u>Total</u>
Receivable	\$463,987	227,557	691,544
Allowance	-	(45,524)	(45,524)
<u>Total receivable, net</u>	<u>\$463,987</u>	<u>182,033</u>	<u>646,020</u>

D. Capital assets

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance beginning of year	Additions	Deletions	Balance end of year
Governmental activities				
Capital assets, not being depreciated				
Land	\$2,094,564	-	-	2,094,564
Construction in progress	7,684,267	1,860,999	7,893,370	1,651,896
Total capital assets, not being depreciated	9,778,831	1,860,999	7,893,370	3,746,460
Capital assets, being depreciated				
Buildings and improvements	18,809,683	5,651,369	-	24,461,052
Machinery and equipment	5,578,229	210,598	187,483	5,601,344
Vehicles	6,899,409	1,843,894	960,955	7,782,348
Infrastructure	25,438,903	1,730,350	-	27,169,253
Total capital assets, being depreciated	56,726,224	9,436,211	1,148,438	65,013,997
Less accumulated depreciation for				
Buildings and improvements	5,083,182	714,658	-	5,797,840
Machinery and equipment	3,852,203	302,102	187,483	3,966,822
Vehicles	4,655,741	616,189	868,219	4,403,711
Infrastructure	11,766,313	521,640	-	12,287,953
Total accumulated depreciation	25,357,439	2,154,589	1,055,702	26,456,326
Total capital assets, being depreciated, net	31,368,785	7,281,622	92,736	38,557,671
Total governmental activities capital assets	\$41,147,616	9,142,621	7,986,106	42,304,131

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

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

Component unit capital assets

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

E. Changes in long-term liabilities

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

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

F. Bonds and notes payable

The Town issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Bonds and notes payable at June 30, 2023, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstand- ing at year end
Governmental activities				
Bonds payable				
Public safety building and infrastructure	\$4,450,000	1.0%-5.0%	2041	\$3,830,000
Infrastructure and fire pumper truck	4,790,000	2.0%-4.0%	2042	4,505,000
Property acquisition and refunding*	5,815,000	4.0%-5.0%	2044	5,785,000
Total bonds payable				14,120,000
Notes payable				
Shared maintenance facility	1,668,000	0.25%-3.5%	2037	1,167,600
Public safety building	9,300,000	2.2%-4.227%	2039	7,440,000
Brush truck	119,626	1.85%	2024	24,360
Cardiac monitors	93,899	1.82%	2027	75,799
Sidewalk tractor	157,996	2.12%	2029	136,606
Plow truck and sweeper	415,343	2.84%	2029	360,116
Trucks and compression units	131,434	4.45%	2030	131,434
Dump truck with plow	170,919	4.45%	2030	170,919
Ambulance and truck	229,000	4.45%	2031	229,000
ATV and trailer	36,442	4.45%	2031	36,442
Freightliner and trucks	362,496	4.52%	2031	362,496
Total notes payable				10,134,772
Total governmental activities				\$24,254,772

* As of July 1, 2009, the Windham School Department joined Regional School Unit (RSU) 14. RSU 14 reimburses the Town for all bonds payable related to the Windham High School project when the debt service payments are due. The Town has recorded a receivable for \$2,880,000, which is the outstanding amount of bonds payable related to the Windham High School project.

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

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

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

G. Overlapping debt

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town, is summarized as follows:

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

H. Pension plan

Plan description

The Town participates in the Participating Local District (PLD) Consolidated Plan, which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement

System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

Benefit terms are established in Maine statute; in the case of the PLD plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MPERS retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (the prior ten-year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is age 60 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits which are established by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MPERS Board of Trustees and is currently 1.52%.

Contributions

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

Employees were required to contribute 6.85%, 7.6%, and 9.7% of their annual pay for the age 65 AC Plan, the age 60 AC Plan, and the Special 3C Plan, respectively. The Town's contractually required rate for the year ended June 30, 2023, was 10.2% and 13.4% of annual pay for the AC Plan and 3C Plan, respectively. The Town made contributions to the pension plan of \$702,215 for the year ended June 30, 2023.

Proportionate share of the net pension (asset) liability

At June 30, 2023, the Town reported a liability of \$1,714,672 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the pension liability was based on the Town's contributions recognized by the plan during the measurement period, adjusted for contributions for employer-specific and employer-paid employee

contributions. The Town's proportionate share was 0.6450% at the end of the measurement period and 0.5627% for the beginning of the period, which represents an increase of 0.0823%.

Actuarial assumptions

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

Actuarial valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.75%-11.48%
Cost of living adjustments	1.91%

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

The actuarial assumptions used for the year ended June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.3%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.9%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Proportionate share net pension (asset) liability	\$5,065,631	1,714,672	(1,055,014)

Pension expense and deferred items summary

For the year ended June 30, 2023, the Town recognized pension expense of \$669,929 for its proportionate share of the pension expense. At June 30, 2023, the Town reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$318,661	-
Differences between expected and actual investment earnings	-	719,658
Changes of assumptions	348,019	-
Changes in proportion	203,876	-
Contributions paid subsequent to the measurement date	702,215	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$1,572,771</u>	<u>719,658</u>

Deferred outflows of resources reported \$702,215 related to pensions resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending
June 30

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

Pension plan fiduciary net position

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

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

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

Plan description

The Town sponsors a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Plan membership

At January 1, 2022, membership consisted of:

Inactive members currently receiving benefits	5
Inactive members entitled to but not yet receiving benefits	-
Active members	86
Total	91

Benefits provided

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

Net OPEB liability

At June 30, 2023, the Town reported a total OPEB liability of \$911,025. The OPEB liability was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2022.

Actuarial assumptions

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

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

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

Actuarial assumptions used for the January 1, 2022, valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020.

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liability was 3.72%. These rates are assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in total OPEB liability

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

Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount

rate of 3.72% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$1,066,187	911,025	785,070

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$769,393	911,025	1,102,211

OPEB expense and deferred items summary

For the year ended June 30, 2023, the Town recognized OPEB expense (gain) of (\$5,336). At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$ -	293,688
Changes of assumptions	49,725	164,982
<u>Contributions paid subsequent to the measurement date</u>	<u>9,011</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$58,736</u>	<u>458,670</u>

Deferred outflows of resources reported \$9,011 related to OPEB resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending

June 30

2024	(\$80,726)
2025	(80,724)
2026	(70,093)
2027	(55,062)
2028	(55,060)
Thereafter	(67,280)

J. Fund balance

Components of fund balance

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

K. Interfund balances

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund. The composition of interfund balances as of June 30, 2023, is as follows:

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

L. Interfund transfers

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

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

During the year, transfers are used to move revenues from the fund with collection authorization to the tax incremental financing funds for approved activities and projects. Transfers are also used to move funds accumulated in the tax incremental financing funds to the general fund to cover approved activities and projects that are accounted for in the general fund i.e., economic development.

Further, during the year ended June 30, 2023, the Town made the following one-time transfers:

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

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

Transfer of \$44,044 from the special revenue funds to the general fund to cover costs accounted for in the general fund that were covered by grant funds.

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

M. Risk management

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial insurance and participates in public entity risk pools sponsored by the Maine Municipal Association. Based on the coverages provided, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023.

N. Contingencies

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

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

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

O. Tax abatements

The Town has entered into property tax abatement agreements (credit enhancement agreements) with individual organizations under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2023, the Town abated property taxes totaling \$10,313 through these credit enhancement agreements. Avesta New Marblehead One LP received a 100% property tax abatement on all new value created with the development of affordable housing. The abatement amounted to \$10,313.

Town of Windham, Maine

Required supplementary information

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

Maine Public Employees Retirement System

Last ten fiscal years (only nine years available)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan									
Town's proportion of the net pension liability	0.6450%	0.5627%	0.5196%	0.5168%	0.4279%	0.3447%	0.3467%	0.3902%	0.4077%
Town's proportionate share of the net pension liability	\$ 1,714,672	(180,842)	2,064,363	1,579,721	1,171,079	1,411,252	1,842,379	1,244,764	627,369
Town's covered payroll	4,089,285	2,954,352	2,595,191	2,312,849	2,306,612	2,087,654	1,908,722	2,043,137	1,896,934
Town's proportionate share of the net pension liability as a percentage of its covered payroll	41.93%	-6.12%	79.55%	68.30%	50.77%	67.60%	96.52%	60.92%	33.07%
Plan fiduciary net position as a percentage of the total pension liability	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

Schedule of Town's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years (only nine years available)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan									
Contractually determined contribution	\$ 702,215	519,731	381,111	332,125	293,732	247,799	176,664	162,710	157,620
Contributions in relation to the contractually required contribution	(702,215)	(519,731)	(381,111)	(332,125)	(293,732)	(247,799)	(176,664)	(162,710)	(157,620)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
Town's covered payroll	5,726,840	4,089,285	2,954,352	2,595,191	2,312,849	2,306,612	2,087,654	1,908,722	2,043,137
Contributions as a percentage of covered payroll	12.26%	12.71%	12.90%	12.80%	12.70%	10.74%	8.46%	8.52%	7.71%

Town of Windham, Maine

Required supplementary information

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

Last ten fiscal years (only six years available)

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost	\$ 54,500	57,126	49,600	41,443	46,754	41,139
Interest	20,890	22,689	26,302	52,982	47,513	53,779
Changes of benefits	-	-	-	(23,450)	-	-
Differences between expected and actual experience	-	(114,150)	-	(354,061)	-	(22,665)
Changes of assumptions	(108,572)	12,656	59,401	(11,841)	(120,234)	(62,413)
Benefit payments	(30,562)	(33,140)	(31,865)	(58,867)	(56,603)	(57,285)
Net change in total OPEB liability - MMEHT plan	(63,744)	(54,819)	103,438	(353,794)	(82,570)	(47,445)
Total OPEB liability - beginning	974,769	1,029,588	926,150	1,279,944	1,362,514	1,409,959
Total OPEB liability - ending	\$ 911,025	974,769	1,029,588	926,150	1,279,944	1,362,514
Covered-employee payroll	\$ 5,299,494	5,299,494	4,816,048	4,816,048	4,728,753	4,728,753
Total OPEB liability as a percentage of covered-employee payroll	17.19%	18.39%	21.38%	19.23%	27.07%	28.81%

Town of Windham, Maine

Notes to required supplementary information

Pension plans

Changes of benefit terms - None

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.75-11.48%	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%	3.12%

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

Other postemployment benefit (OPEB) obligations - health insurance

Changes of benefit terms - None

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

	2022	2021	2020	2019	2018	2017	2016
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

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

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

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

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

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

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

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

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

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

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

Town of Windham, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

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

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

Town of Windham, Maine

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

General fund committed and assigned balances

For the year ended June 30, 2023

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

Town of Windham, Maine

Combining balance sheet

Nonmajor governmental funds

June 30, 2023

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

Town of Windham, Maine

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

Nonmajor governmental funds

For the year ended June 30, 2023

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

Town of Windham, Maine

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

Special revenue funds

For the year ended June 30, 2023

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

Town of Windham, Maine

Combining balance sheet

Capital project funds

June 30, 2023

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

Town of Windham, Maine

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

Capital project funds

For the year ended June 30, 2023

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

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APPENDIX D

**PROPOSED FORM
OF
LEGAL OPINION**

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[form of opinion]

April 30, 2024

[underwriter]
[address]

Re: Regional School Unit No. 14 – 2024 General Obligation Bond Anticipation Notes in principal amount of \$82,200,000, dated April 30, 2024
CUSIP: 75915P____

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by Regional School Unit No. 14 (the “Issuer”) of the Issuer’s registered 2024 General Obligation Bond Anticipation Notes in the principal amount of \$82,200,000, dated April 30, 2024 (the “Note”).

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. In our examination of the foregoing, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. As to questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials furnished to us, and we have not undertaken to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Note, and we express no opinion relating thereto.

The Note is dated April 30, 2024 and will mature on May 15, 2025. Principal and interest will be payable at maturity.

The Note is not subject to redemption prior to maturity.

The Note should be signed by the Treasurer of the Issuer, countersigned by the Chair of the School Board of the Issuer, and attested to by the Secretary of the Issuer, and should bear the signed certificate of the authenticating agent identified thereon. The Note is numbered R-1 and issued in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. Purchases of the Note will be made in book-entry form, in the minimum denomination of \$100,000 or any \$5,000 integral multiple thereafter.

In formulating our opinion we have made such examination of Maine law and federal tax law as we have deemed relevant for the purposes of this opinion but have not made an independent review of the laws of any other state or jurisdiction. Accordingly, we express no opinion as to the laws of any state or jurisdiction other than those of the State of Maine and the tax laws of the United States of America.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Note, executed as described above and subject to due authentication, has been duly authorized and is a valid and binding general obligation of the Issuer, enforceable in accordance with its terms.

2. Unless paid from other sources, the Note is payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all the property within the territorial limits of the Issuer (which territory comprises the Towns of Raymond and Windham, Maine) and taxable by it, except to the extent that any municipality within the territory of the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality; and except to the extent that any municipality within the territory of the Issuer establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Note.

3. Under existing statutes and court decisions, interest on the Note (i) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item in calculating the alternative minimum tax under the Code. However, for tax years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The opinions set forth herein are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Note in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements, however, may cause the inclusion of interest on the Note in gross income for federal income tax purposes to be retroactive to the date of the issuance of the Note. We express no opinion regarding any other federal tax consequences arising with respect to the Note.

4. Interest payable on the Note is not subject to Maine income taxes imposed upon individuals under existing statutes, regulations, and court decisions. We express no opinion with respect to taxation of the Note and the interest thereon under the laws of any state other than the State of Maine.

5. The Note is **not** designated as a qualified tax-exempt obligation by the Issuer pursuant to section 265(b)(3) of the Code.

The foregoing opinions are qualified to the extent that the enforceability of obligations of the Issuer, including the Note, may be limited by bankruptcy, moratorium, or insolvency, or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). We have not examined and assume no responsibility for the financial condition of the Issuer and nothing set forth herein shall be construed as an assurance as to the Issuer's financial condition or ability to make payment on the Note.

The opinions rendered herein are given as of the date hereof and we assume no obligation to update, revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

DRUMMOND WOODSUM & MACMAHON

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APPENDIX E

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**REGIONAL SCHOOL UNIT NO. 14
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Regional School Unit No. 14, Maine (the “Issuer”) of its \$ __, __, __, 000 2024 General Obligation Bond Anticipation Notes dated _____, 2024 (the “Notes”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Notes, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated _____, 2024 relating to the Notes (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Notes, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Notes, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than March 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2024, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Notes under the headings “RSU FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other

Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Notes.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Notes, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Notes;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Notes;

- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

- 3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
- 4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Notes, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Notes, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Notes, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Notes, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Notes affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Notes or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

- 5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Notes, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Notes, any municipal securities broker or dealer, any potential purchaser of the Notes, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Notes.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
- 7 The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Christopher Howell, Treasurer, Regional School Unit No. 14, 228 Windham Center Road, Windham, ME 04062, chowell@rsu14.org.

REGIONAL SCHOOL UNIT NO. 14

Dated: _____, 20__

By: _____
Christopher Howell, Treasurer