

TOWN OF BOWDOINHAM, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2023*

TOWN OF BOWDOINHAM, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	PAGE(S)
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
 EXHIBIT	
<u>BASIC FINANCIAL STATEMENTS</u>	
<i><u>Government-wide Financial Statements</u></i>	
I Statement of Net Position	7
II Statement of Activities	8
<u>FUND FINANCIAL STATEMENTS</u>	
<i><u>Governmental Fund Financial Statements</u></i>	
III Balance Sheet	9
IV Statement of Revenues, Expenditures and Changes in Fund Balances	10
 NOTES TO THE FINANCIAL STATEMENTS	 11-22
 <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	
V Budgetary Comparison Schedule - General Fund	23
 <u>SUPPLEMENTARY INFORMATION</u>	
A-1 Schedule of Departmental Operations	24-25
A-2 Schedule of Changes in Unassigned Fund Balance	26
 B-1 Schedule of Other Governmental Funds	 27
B-2 Schedule of Permanent Funds	28

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
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Wanese L. Lynch, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Selectmen
Town of Bowdoinham
Bowdoinham, ME 04008

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Bowdoinham, Maine (the Town) as of and for the year ended June 30, 2023, including the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Bowdoinham, Maine as of June 30, 2023, and the respective changes in financial position 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. 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 these 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 statements 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 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 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 budgetary comparison information on pages 3 through 6 and page 23 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's basic financial statements. The accompanying supplementary information is 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
January 18, 2024

TOWN OF BOWDOINHAM, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Management of the Town of Bowdoinham, Maine (the Town) provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34 and related subsequent Statements.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2023 by \$7,699,037 (presented as “net position”). Of this amount, \$3,351,368 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$1,060,449 (a 16.0% increase) for the fiscal year ended June 30, 2023.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2023, the Town's governmental funds reported a combined ending fund balance of \$6,297,440 with \$1,457,426 being general unassigned fund balance. This unassigned fund balance represents approximately 19% of the total general fund expenditures for the year.

Long-term Debt:

The Town's long-term debt obligations decreased by \$53,982 (1.1%) during the fiscal year ended June 30, 2023. New long-term debt obligations were issued during the fiscal year for infrastructure improvements in the amount of \$400,000. Existing obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities (if applicable) separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt, if applicable). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 7-8 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type (if applicable) and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs.

Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements can be found on pages 9-10 of this report.

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 the financial statements can be found on pages 11-22 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

17.2% of the Town’s net position reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, sidewalks, parking lots and other immovable assets), less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of related debt (if applicable), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<i>Governmental</i>	<i>Business-type</i>		
<i>Assets & Other Debits:</i>	<i>Activities</i>	<i>Activities</i>	<i>Total 2023</i>	<i>Total 2022</i>
Current Assets & Other Debits	6,450,238	-	6,450,238	5,802,507
Capital Assets	6,223,402	-	6,223,402	5,742,140
<i>Total Assets & Other Debits</i>	12,673,641	-	12,673,641	11,544,647
<i>Liabilities & Other Credits:</i>				
Current Liabilities & Other Credits	431,832	-	431,832	416,720
Long-Term Liabilities	4,542,772	-	4,542,772	4,518,224
<i>Total Liabilities and Other</i>	4,974,604	-	4,974,604	4,934,944
<i>Net Position:</i>				
Net Investment in Capital Assets	1,323,581	-	1,323,581	896,301
Restricted	3,024,088	-	3,024,088	2,685,544
Unrestricted	3,351,368	-	3,351,368	3,027,858
<i>Total Net Position</i>	7,699,037	-	7,699,037	6,609,703
<i>Total Liabilities & Net Position</i>	12,673,641	-	12,673,641	11,544,647

Changes in Net Position

Approximately 85 percent of the Town’s total revenue came from property and excise taxes, approximately 9 percent came from Federal and State subsidies and grants, and approximately 6 percent came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$272,097 of the total expenses for the fiscal year.

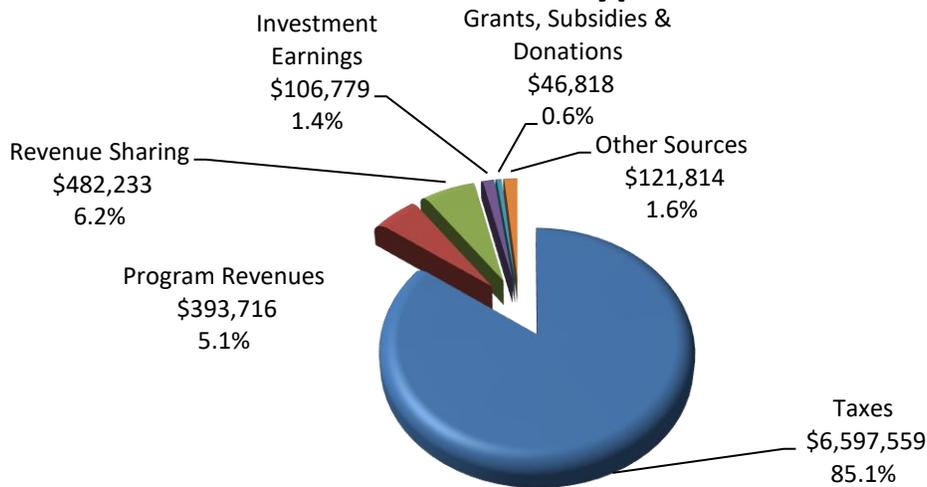
CAPITAL ASSET ADMINISTRATION

Capital Assets

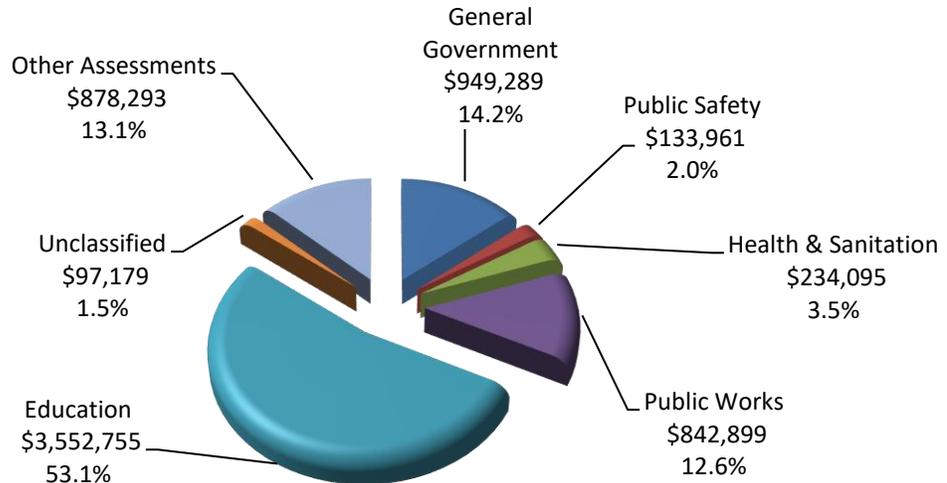
The Town's investment in capital assets for its governmental activities amounts to \$9,213,508, net of accumulated depreciation of \$2,990,106 leaving a net book value of \$6,223,402. Current year additions include, \$182,546 in equipment purchases and \$570,814 in infrastructure improvements. There were no current year retirements.

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2023</i>	<i>Total 2022</i>
Revenues:				
Taxes	6,597,559		6,597,559	6,124,736
Program Revenues	393,716		393,716	321,775
Investment Income	106,779		106,779	(118,731)
Revenue Sharing	482,233		482,233	428,693
Grants, Subsidies & Donations	46,818		46,818	298,083
Other	121,814		121,814	53,402
Total	7,748,919	-	7,748,919	7,107,958
Expenses:				
General Government	949,289		949,289	769,916
Public Safety	133,961		133,961	120,293
Health & Sanitation	234,095		234,095	169,315
Public Works	842,899		842,899	734,862
Education	3,552,755		3,552,755	3,370,366
Unclassified	97,179		97,179	74,326
Other Assessments	878,293		878,293	854,719
Total	6,688,470	-	6,688,470	6,093,797
Changes in Net Position	1,060,449	-	1,060,449	1,014,160

Revenues by Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable 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 spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$6,297,440, an increase of \$685,237 in comparison with the prior year. Approximately 23 percent of this fund balance constitutes general unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$215,216 positive variance in revenues. The Town experienced favorable property collection during the fiscal year in the amount of \$57,268. In addition, the Town received \$92,233 of State Revenue Sharing in excess of budget.
- \$285,862 positive variance in expenditures. All departments operated within budget. Overlay on property taxes totaled \$26,830.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Bowdoinham, 13 School Street, Bowdoinham, ME 04008.

TOWN OF BOWDOINHAM, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2023

(Exhibit I)

<u>Assets</u>	<u>Governmental Activities</u>
<u>Assets:</u>	
Cash on Hand and on Deposit	\$5,345,529
Investments, at Fair Value	\$788,226
Accounts Receivable	\$142,469
Taxes and Tax Liens Receivable	\$174,014
<u>Capital Assets</u>	
Land	\$189,187
Other Capital Assets, net of Accumulated Depreciation	\$6,034,215
<u>Total Assets</u>	<u>\$12,673,641</u>
 <u>Liabilities, Deferred Inflows and Net Position</u>	
<u>Liabilities:</u>	
<u>Current Liabilities:</u>	
Accounts Payable and Accrued Expenses	\$51,547
<u>Long-Term Liabilities:</u>	
Compensated Absences	\$19,324
<u>Notes Payable</u>	
Due within one year	\$358,017
Due in more than one year	\$4,508,036
<u>Capital Lease Payable</u>	
Due within one year	\$18,355
Due in more than one year	\$15,411
<u>Total Long-Term Liabilities</u>	<u>\$4,919,144</u>
<u>Total Liabilities</u>	<u>\$4,970,692</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes Collected in Advance	\$3,913
<u>Total Deferred Inflows of Resources</u>	<u>\$3,913</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	\$1,323,581
Restricted	\$3,024,088
Unrestricted	\$3,351,368
<u>Total Net Position</u>	<u>\$7,699,037</u>
<u>Total Liabilities, Deferred Inflows and Net Position</u>	<u>\$12,673,641</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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

(Exhibit II)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Revenue and Changes in Net Position</u>
<u>Primary Government</u>				<u>Governmental Activities</u>
<u>Governmental Activities</u>				
General Government	\$949,289	\$71,955		(\$877,334)
Public Safety	\$133,961			(\$133,961)
Health & Sanitation	\$234,095	\$97,819		(\$136,275)
Education	\$3,552,755			(\$3,552,755)
Public Works	\$842,899		\$149,836	(\$693,063)
Unclassified	\$97,179		\$74,106	(\$23,073)
Other Assessments & Debt Service	\$878,293			(\$878,293)
<u>Total Governmental Activities</u>	<u>\$6,688,470</u>	<u>\$169,774</u>	<u>\$223,942</u>	<u>(\$6,294,753)</u>
<u>Total Primary Government</u>	<u>\$6,688,470</u>	<u>\$169,774</u>	<u>\$223,942</u>	<u>(\$6,294,753)</u>
<u>General Revenues:</u>				
Tax Revenues, Including Homestead Exemption				\$5,917,148
Excise Taxes				\$680,411
Grants, Subsidies and Donations				\$46,818
State Revenue Sharing				\$482,233
Interest on Delinquent Taxes				\$29,595
Investment Earnings (Losses)				\$106,779
Other Revenues				\$92,219
<u>Total Revenues</u>				<u>\$7,355,203</u>
<u>Changes in Net Position</u>				<u>\$1,060,449</u>
<u>Net Position - Beginning</u>				<u>\$6,638,588</u>
<u>Net Position - Ending</u>				<u>\$7,699,037</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF BOWDOINHAM, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

(Exhibit III)

<u>Assets & Deferred Outflows</u>	<u>General Fund</u>	<u>Capital Project Fund CMP TIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>				
Cash on Hand and on Deposit	\$5,345,529			\$5,345,529
Investments, at Fair Value			\$788,226	\$788,226
Accounts Receivable	\$142,469			\$142,469
Taxes and Tax Liens Receivable	\$174,014			\$174,014
Due from Other Funds		\$2,136,649	\$1,275,674	\$3,412,323
<u>Total Assets</u>	<u>\$5,662,013</u>	<u>\$2,136,649</u>	<u>\$2,063,900</u>	<u>\$9,862,563</u>
<u>Liabilities, Deferred Inflows & Fund Balances</u>				
<u>Liabilities:</u>				
Accounts Payable and Accrued Expenses	\$51,547			\$51,547
Due to Other Funds	\$3,412,323			\$3,412,323
<u>Total Liabilities</u>	<u>\$3,463,870</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,463,870</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes Collected in Advance	\$3,913			\$3,913
Unavailable Tax Revenue	\$97,340			\$97,340
<u>Total Deferred Inflows of Resources</u>	<u>\$101,252</u>	<u>\$0</u>	<u>\$0</u>	<u>\$101,252</u>
<u>Fund Balance:</u>				
Restricted	\$639,465	\$2,136,649	\$247,974	\$3,024,088
Committed			\$1,026,850	\$1,026,850
Assigned			\$789,076	\$789,076
Unassigned	\$1,457,426			\$1,457,426
<u>Total Fund Balance</u>	<u>\$2,096,891</u>	<u>\$2,136,649</u>	<u>\$2,063,900</u>	<u>\$6,297,440</u>
<u>Total Liabilities, Deferred Inflows & Fund Balances</u>	<u>\$5,662,013</u>	<u>\$2,136,649</u>	<u>\$2,063,900</u>	<u>\$9,862,563</u>
<u>Total Fund Balance - Governmental Funds</u>				<u>\$6,297,440</u>
<i>Net position reported for governmental activities in the statement of net position is different because:</i>				
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds				\$6,223,402
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds:				
Notes and Capital Leases Payable				(\$4,899,820)
Compensated Absences				(\$19,324)
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as unavailable revenue (a deferred inflow) in governmental funds				\$97,340
<u>Net Position of Governmental Activities</u>				<u>\$7,699,037</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF BOWDOINHAM, MAINE

(Exhibit IV)

COMBINED STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<i>General Fund</i>	<i>Capital Project Fund CMP TIF</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<u>Revenues:</u>				
Tax Revenues, Including Exemptions	\$5,968,296			\$5,968,296
Excise Taxes	\$680,411			\$680,411
State Revenue Sharing	\$482,233			\$482,233
Interest on Delinquent Taxes	\$29,595			\$29,595
Investment Earnings (Losses)	\$54,532		\$52,246	\$106,779
Town Fees and Licenses	\$71,955			\$71,955
Grants, Subsidies and Donations	\$58,722		\$212,038	\$270,760
Solid Waste Revenues	\$97,819			\$97,819
Other Revenues	\$67,629		\$24,590	\$92,219
<u>Total Revenues</u>	<u>\$7,511,192</u>	<u>\$0</u>	<u>\$288,875</u>	<u>\$7,800,067</u>
<u>Expenditures (Net of Departmental Revenues):</u>				
General Government	\$886,084		\$55,412	\$941,496
Public Safety	\$119,297		\$44,550	\$163,847
Health & Sanitation	\$179,923		\$53,200	\$233,123
Education	\$3,552,755			\$3,552,755
Public Works	\$547,501		\$758,859	\$1,306,359
Unclassified	\$66,580		\$26,359	\$92,939
Other Assessments & Debt Service	\$1,224,311			\$1,224,311
<u>Total Expenditures</u>	<u>\$6,576,450</u>	<u>\$0</u>	<u>\$938,380</u>	<u>\$7,514,830</u>
<u>Excess Revenues Over Expenditures</u>	<u>\$934,742</u>	<u>\$0</u>	<u>(\$649,505)</u>	<u>\$285,237</u>
<u>Other Financing Sources (Uses):</u>				
General Obligation Bond Proceeds	\$400,000			\$400,000
Operating Transfers In		\$383,524	\$766,290	\$1,149,814
Operating Transfers Out	(\$1,149,814)		\$0	(\$1,149,814)
<u>Net Increase (Decrease) in Fund Balances</u>	<u>\$184,928</u>	<u>\$383,524</u>	<u>\$116,785</u>	<u>\$685,237</u>
<u>Beginning Fund Balances</u>	<u>\$1,911,963</u>	<u>\$1,753,125</u>	<u>\$1,947,115</u>	<u>\$5,612,203</u>
<u>Ending Fund Balances</u>	<u>\$2,096,891</u>	<u>\$2,136,649</u>	<u>\$2,063,900</u>	<u>\$6,297,440</u>
<u>Reconciliation to Statement of Activities, change in Net Position</u>				
Net Change in Fund Balances - Above				\$685,237
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the net change in unavailable revenues.				(\$51,148)
Governmental funds report long-term debt proceeds as an Other Financing Source, while repayment of long-term debt principal is reported as an expenditure. This amount reflects debt proceeds, net of debt repayment.				(\$53,982)
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: Compensated Absences				(\$920)
Governmental funds report capital outlays as expenditures, while in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense.				
This amount reflects capital expenditures, net of depreciation expense of \$272,097				\$481,262
<u>Changes in Net Position of Governmental Activities</u>				<u>\$1,060,449</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF BOWDOINHAM, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies

The Town of Bowdoinham, Maine was incorporated in 1762 under the laws of the State of Maine.

The financial statements of the Town of Bowdoinham, Maine (the 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 the governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Bowdoinham, Maine, which is identified based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, (as amended) *The Financial Reporting Entity*. The Town is governed under a Town Manager / Selectmen form of government. The Town engages in a comprehensive range of municipal services including administrative services, public safety, health and sanitation, transportation, education and cultural services. The financial statements include all operations of the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*. Revenues and additions are recognized when incurred and expenses and deductions 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 (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements 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 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 expenditures, including interest on long-term debt, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports unavailable revenue on its governmental fund financial statements. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following governmental funds:

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

The special revenue funds account for specific proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business type activities).

The permanent funds are used to account for assets that are legally restricted to the extent that only earnings may be used for purposes that support the reporting government's programs. The Town's permanent funds consist of cemetery, worthy poor, anniversary, commemorative and other trust funds.

In the Statement of Activities, amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines or forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Fund Balance

Deposits

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of one year or less from the date of acquisition. These investments are not specifically identified with any other fund.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.

Accounts Receivable and Accounts Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7-50
Infrastructure	10-50
Equipment and Vehicles	5-20

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds effected in the period in which transactions are executed. The composition of interfund receivable and payable balances at June 30 is as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund		\$3,412,323
Major Capital Project Fund - CMP Tax Increment Financing District	\$2,136,649	
Other Governmental Funds:		
Nonmajor Capital Projects	\$746,547	
Special Revenue Funds	\$528,276	
	<u>\$3,411,473</u>	<u>\$3,412,323</u>

Governmental Fund Balances

The Town has identified June 30, 2023 fund balances on the balance sheet as follows:

	<u>General Fund</u>	<u>Capital Project Fund CMP TIF</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Restricted</u>				
State Revenue Sharing	\$260,375			\$260,375
State Road Assistance	\$2,888			\$2,888
Rideout Trust Distribution Proceeds	\$376,202			\$376,202
Pipeline Tax Increment Financing District			\$108,294	\$108,294
CMP Tax Increment Financing District		\$2,136,649		\$2,136,649
ARPA Funds			\$139,680	\$139,680
<u>Committed</u>				
<u>Nonmajor Special Revenue:</u>				
BWPG Ace Team			\$1,326	\$1,326
Community Resilience Grant			\$17,467	\$17,467
AARP Grant			\$8,317	\$8,317
Home Heat Assistance			\$31,411	\$31,411
Celebrate Bowdoinham			\$75	\$75
Bottle Donations			\$9,074	\$9,074
Holiday Donations			\$3,235	\$3,235
TIF - Event Revenues			\$65,369	\$65,369
Committee on Aging			\$6,309	\$6,309

	<i>General Fund</i>	<i>Capital Project Fund CMP TIF</i>	<i>Other Governmental Funds</i>	<i>Total</i>
Committee on Aging - LCF Grant			\$193	\$193
Committee on Aging - Trail			\$1,000	\$1,000
250th Anniversary			\$8,148	\$8,148
Historical Society			\$40	\$40
Shore & Harbor Grant			\$1	\$1
Revaluation			\$100,000	\$100,000
Comprehensive Plan Reserve			\$6,661	\$6,661
Employee Safety Reserve			\$6,958	\$6,958
Animal Control			\$550	\$550
Animal Control Emergency			\$1,500	\$1,500
EMS Donations			\$3,884	\$3,884
TIF - Newsletter			\$8,785	\$8,785
<u><i>Nonmajor Capital Projects:</i></u>				
2021/2022 Road Bond			\$44,425	\$44,425
2022/2023 Road Bond			\$191,137	\$191,137
2017/2018 Fire Truck Bond			\$1,250	\$1,250
AARP Raised Beds			\$113	\$113
Public Works Facility Capital			\$31,140	\$31,140
Waterfront Reserve			\$13,218	\$13,218
Town Hall Rehabilitation			\$3,650	\$3,650
Dingley Road Project			\$25,256	\$25,256
Fire Department Reserve			\$73,561	\$73,561
Recreation Reserve			\$19,074	\$19,074
Town Hall/Town Office Capital			\$29,898	\$29,898
Yellow Building Reserve			\$3,713	\$3,713
Capital Improvement Fund			\$82,623	\$82,623
Solid Waste Reserve			\$66,750	\$66,750
Public Works Reserve			\$150,192	\$150,192
Cemetery Maintenance Capital Reserve			\$10,547	\$10,547
<u><i>Assigned</i></u>				
<u><i>Permanent Funds:</i></u>				
Noble Maxwell			\$481,943	\$481,943
Village Cemetery			\$50,155	\$50,155
Ridge Cemetery			\$32,358	\$32,358
Charles B. Randall			\$27,826	\$27,826
Sara Miles			\$12,777	\$12,777
Eliza Mustard			\$2,644	\$2,644
Browns Point			\$37	\$37
Worthy Poor			\$63,086	\$63,086
Commemorative Trust			\$59,142	\$59,142
Anniversary Trusts			\$11,207	\$11,207
Community School Scholarship			\$300	\$300
Viola Coombs			\$15,416	\$15,416
Volunteer Fire Department			\$10,282	\$10,282
Lewis Fulton - Prize Trust			\$7,815	\$7,815
Lancaster Bishop School			\$4,936	\$4,936
Franklin K. Jack			\$3,702	\$3,702
Dussault			\$3,393	\$3,393
Carrie Rideout			\$2,057	\$2,057
<u><i>Unassigned</i></u>				
General - Unassigned	\$1,457,426			\$1,457,426
<u><i>Total Fund Balances</i></u>	<u>\$2,096,891</u>	<u>\$2,136,649</u>	<u>\$2,063,900</u>	<u>\$6,297,440</u>

The Town considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

In accordance with GASB Statement 54, the Town classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action at the highest level of decision making authority and does not lapse at the end of the year.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered Restricted or Committed.

Unassigned - includes fund balance amounts that are not considered to be Non-spendable, Restricted, Committed or Assigned.

Net Position

Net position is required to be classified into three components - net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$3,024,088 restricted net position, of which enabling legislation restricts \$0.

Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the selectman level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town utilizes multiple financial institutions in order to minimize the exposure to deposits in excess of the FDIC insurance limits.

State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The financial institutions holding the Town's cash accounts are participating in the Federal Deposit Insurance Corporation (FDIC) program. For interest and non-interest bearing cash accounts, the Town's cash deposits, including certificates of deposit, are insured up to \$250,000 each (interest and non-interest bearing) by the FDIC. In order to avoid exceeding the \$250,000 FDIC limits, the Town utilizes multiple financial institutions in order to provide additional FDIC insurance coverage.

At year end, the carrying value of the Town's deposits was \$5,345,529 and the bank balance was \$5,438,670. Of the bank balance, the entire amount was insured or collateralized as of June 30, 2023.

Investments

The Town has an investment policy dated April, 2007 and updated July, 2019. The Town's primary objective is to have a balanced portfolio of fixed income and equity investments, which are adverse to high risk and provide income growth to offset inflation. In accordance with this investment policy, the Town can invest in equities and fixed income securities with the following guidelines:

- * Equities should not comprise more than 65% of the total value of the portfolio.
- * No single equity will comprise more than 5% of the total value of the portfolio.
- * Equities should be broadly diversified among different sectors and industries.
- * Any preferred stock shall be classified as equity.
- * All equities will be rated investment grade or better by a national rating agency, or held in a diversified mutual fund.
- * Fixed income securities should not comprise more than 50% of the total value of the portfolio.
- * No single fixed income security will comprise more than 10% of the total value of the portfolio.
- * The longest final maturity of any fixed income security is 15 years from the date of purchase.
- * All certificates of deposit or savings instruments will be fully insured by a governmental agency.
- * All fixed income securities will be rated investment grade by an independent investment rating agency, or held in a well rated mutual fund.
- * The cash portion of the portfolio should not be more than 10% of the total value of the portfolio.
- * Cash may be invested in shares of registered investment companies (money market mutual funds) holding obligations of the U.S. government and repurchase agreements secured by U.S. government obligations.

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for the fair value disclosures.

The Town categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset using the following three levels:

Level 1 -	Valuation is based on quoted prices for identical instruments in active markets.
Level 2 -	Valuation is based on quoted prices for similar instruments or on prices determined from inactive markets or on model-based techniques.
Level 3 -	Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market.

The Town has the following recurring fair value measurements as of June 30, 2023:

Short-term investments		
Cash, Certificates of Deposit and money market funds, mutual funds	\$31,729	Level 1
	<hr/>	
Total short-term investments	\$31,729	
	<hr/>	
Long-term investments:		
Equities	\$159,634	Level 1
Fixed income bonds and mutual funds	\$596,863	Level 1
	<hr/>	
Total long-term investments	\$756,497	
	<hr/> <hr/>	

At year end the Town's investments were held in accordance with the stated investment policy.

Investment returns were as follows:

Investment income (loss)	\$53,183
	<hr/> <hr/>

Return Objectives

Assets are to be invested to provide sufficient growth in the form of total return from earnings and price appreciation to meet the Town's operational needs.

Risk Parameters

To meet the stated objectives, the Town's portfolio is committed to fixed income investments in order to provide a steady and consistent level of income. The allocation of holdings should reasonably attempt to reduce overall portfolio volatility.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short-term certificates of deposits and savings held by a local banking institutions.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit union and direct debt securities of the United States Government unless such an investment is expressly prohibited by law.

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2022 and committed on September 13, 2022. Interest of 4% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year end are recorded as revenue. Accordingly, \$97,340 of the property taxes receivable have been classified as unavailable tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
<i>Capital assets not being depreciated</i>				
Land	\$189,187	\$0		\$189,187
<i>Capital assets being depreciated</i>				
Buildings and Improvements	\$3,771,453			\$3,771,453
Equipment and Vehicles	\$2,253,027	\$182,546		\$2,435,573
Infrastructure	\$2,246,482	\$570,814		\$2,817,295
<i>Total capital assets being depreciated</i>	<u>\$8,270,962</u>	<u>\$753,359</u>	<u>\$0</u>	<u>\$9,024,321</u>
<i>Less accumulated depreciation for</i>				
Buildings and Improvements	\$1,118,028	\$71,317		\$1,189,345
Equipment and Vehicles	\$1,423,786	\$144,158		\$1,567,944
Infrastructure	\$176,194	\$56,623		\$232,817
<i>Total accumulated depreciation</i>	<u>\$2,718,009</u>	<u>\$272,097</u>	<u>\$0</u>	<u>\$2,990,106</u>
<i>Net capital assets being depreciated</i>	<u>\$5,552,953</u>	<u>\$481,262</u>	<u>\$0</u>	<u>\$6,034,215</u>
<i>Governmental Activities Capital Assets, net</i>				
	<u>\$5,742,140</u>	<u>\$481,262</u>	<u>\$0</u>	<u>\$6,223,402</u>

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

<i>Governmental Activities:</i>		
General Government		\$6,873
Public Safety		\$20,839
Health & Sanitation		\$971
Unclassified		\$4,240
Public Works, including depreciation of general infrastructure assets		\$239,174
<i>Total Depreciation Expense - Governmental Activities</i>		<u>\$272,097</u>

Note 5 - Long-Term Debt

The following is a summary of Long-Term Debt transactions for the Town of Bowdoinham for the fiscal year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions (Retirements)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<i>General Obligation Bonds:</i>				
2020 Refinance Bond	\$1,285,407	(\$125,822)	\$1,159,585	\$129,773
2019 Public Works Facility Bond	\$2,263,333	(\$80,833)	\$2,182,500	\$80,833
2011 Pumper Truck Bond	\$85,330	(\$17,067)	\$68,263	\$17,067
2021 Public Works Bond	\$900,000	(\$80,562)	\$819,438	\$82,528
2022 Public Works Bond	\$250,000	(\$13,732)	\$236,268	\$14,105
2023 Public Works Bond	\$0	\$400,000	\$400,000	\$33,711
<i>Total General Obligation Bonds</i>	<u>\$4,784,070</u>	<u>\$81,983</u>	<u>\$4,866,053</u>	<u>\$358,017</u>
<i>Capital Leases:</i>				
2013 Backhoe Lease	\$10,196	(\$10,196)	\$0	\$0
2019 Copier Lease	\$7,358	(\$3,428)	\$3,930	\$3,619
2015 Loader Lease	\$44,214	(\$14,377)	\$29,837	\$14,736
<i>Total Capital Leases</i>	<u>\$61,768</u>	<u>(\$28,001)</u>	<u>\$33,767</u>	<u>\$18,355</u>
<i>Total Debt</i>	<u>\$4,845,839</u>	<u>\$53,982</u>	<u>\$4,899,820</u>	<u>\$376,373</u>

General Obligation Bonds:

In 2020 the Town issued bonds for refinance purposes with Androscoggin Bank. The bonds were issued for \$1,389,894 with annual principal and interest payments payable of \$161,190. Interest is payable annually at a rate of 3.14%. The balance at June 30, 2023 was \$1,159,585.

In 2019 the Town issued bonds for public works facility improvements with the Maine Municipal Bond Bank. The bonds were issued for \$2,425,000 with annual principal payments of \$80,833 payable annually through 2050. Interest is payable semi-annually at a rate ranging from 1.720% - 4.215%. The balance at June 30, 2023 was \$2,182,500.

In 2011 the Town issued bonds for a fire pumper truck with the Maine Municipal Bond Bank. The bonds were issued for \$256,000 with annual principal payments of \$17,067 payable annually through 2027. Interest is payable semi-annually at a rate ranging from .50% - 5.50%. The balance at June 30, 2023 was \$68,263.

In 2021 the Town issued bonds for road improvements with Androscoggin Savings Bank. The bonds were issued for \$900,000 with annual principal and interest payments of \$102,522 payable annually through 2032. Interest is payable annually at a rate of 2.44%. The balance at June 30, 2023 was \$819,438.

In 2021 the Town issued bonds for road improvements with Androscoggin Savings Bank. The bonds were issued for \$250,000 with annual principal and interest payments of \$20,507 payable annually through 2037. Interest is payable annually at a rate of 2.71%. The balance at June 30, 2023 was \$236,268.

In 2023 the Town issued bonds for road improvements with Androscoggin Savings Bank. The bonds were issued for \$400,000 with annual principal and interest payments of \$48,711 payable annually through 2033. Interest is payable annually at a rate of 3.75%. The balance at June 30, 2023 was \$400,000.

Capital Leases:

In 2013 the Town entered into a capital lease for the purchase of a backhoe. The lease was issued for \$91,700 with annual principal and interest payments payable of \$10,523. Interest is payable annually at a rate of 3.20%. The balance at June 30, 2023 was \$0.

In 2019 the Town entered into a capital lease for the purchase of a copy machines. The lease was issued for \$15,872 with monthly principal and interest payments payable of \$303. Interest is payable monthly at a rate of 4.10%. The balance at June 30, 2023 was \$3,930.

In 2015 the Town entered into a capital lease for the purchase of a loader. The lease was issued for \$138,950 with annual principal and interest payments payable of \$15,489. Interest is payable annually at a rate of 2.50%. The balance at June 30, 2023 was \$29,837.

The following is a summary of debt service requirements along with estimated interest:

<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$376,373	\$149,957	\$526,330
2025	\$380,972	\$140,291	\$521,262
2026	\$373,716	\$130,043	\$503,759
2027	\$381,923	\$119,915	\$501,838
2028	\$373,322	\$109,516	\$482,838
2029	\$381,940	\$99,075	\$481,015
2030	\$391,022	\$88,098	\$479,120
2031	\$400,279	\$76,792	\$477,072
2032	\$243,635	\$64,990	\$308,625
2033	\$145,714	\$57,950	\$203,664
2034	\$99,261	\$53,118	\$152,379
2035	\$99,760	\$49,937	\$149,697
2036	\$100,273	\$46,645	\$146,918
2037	\$100,798	\$43,254	\$144,052
2038	\$80,833	\$39,892	\$120,725
2039	\$80,833	\$37,005	\$117,838
2040	\$80,833	\$34,001	\$114,835
2041	\$80,833	\$30,971	\$111,804
2042	\$80,833	\$27,874	\$108,707
2043	\$80,833	\$24,777	\$105,611
2044	\$80,833	\$21,681	\$102,514
2045	\$80,833	\$18,584	\$99,417
2046	\$80,833	\$15,332	\$96,165
2047	\$80,833	\$11,925	\$92,758
2048	\$80,833	\$8,518	\$89,351
2049	\$80,833	\$5,111	\$85,944
2050	\$80,833	\$1,704	\$82,537
<i>Totals</i>	<u>\$4,899,820</u>	<u>\$1,506,956</u>	<u>\$6,406,776</u>

Note 6 - Participation in Defined Contribution Plan

The Town offers its employees a deferred compensation plan through ICMA Retirement Corporation, in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Participant's 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. Investments are managed by the plan's trustee under one of two investment options, or a combination of thereof. The choice of the investment options is made by the participant.

The Town's policy states that the Town shall match the first 2.0% that the employee contributes to retirement through payroll deduction at 100% and shall match the next 4.0% the employee contributes to retirement through payroll deduction at 50%. The Town's matching contributions for the fiscal years ended June 30, 2022 and 2023 were \$21,169 and \$16,616 respectively.

Note 7 - Tax Increment Financing (TIF) Districts

State of Maine Revised Statutes Title 30-A Chapter 206 Sub-section 5227 (as amended) allows for the legislative body of a municipal government in the State of Maine to establish Municipal Development and Tax Increment Districts and to adopt a Development Program that is approved by the State of Maine Department of Economic and Community Development which funds economic development opportunities for the municipality.

Designation of Captured Assessed Value

A municipality may retain all or part of the tax increment revenues generated from the increased assessed value of a tax increment financing district for the purpose of financing the development program. The amount of tax increment revenues to be retained is determined by designating the captured assessed value. When a development program for a tax increment financing district is adopted the municipal legislative body shall adopt a statement of the percentage of increased assessed value to be retained as captured assessed value in accordance with the development program. The statement of percentage may establish a specific percentage or percentages or may describe a method or formula for determination of the percentage. The municipal assessor shall certify the amount of the captured assessed value to the municipality each year.

Taxes generated from Tax Increment Financing (TIF) districts can be "captured" and utilized to pay for the Town's bonded indebtedness associated with the new public infrastructure investment or returned to the developer in the form of a credit enhancement agreements for defined periods of up to 30 years. The Town of Bowdoinham accounts for all the activity of the TIF districts including captured taxes and expenditures for approved purposes in separate TIF funds. Designation of the Districts allows the Town to capitalize on the investment by the developer in the projects and use the revenues from the TIF districts to finance the costs of public improvement projects and economic development programs and initiatives for the Town.

Natural Gas Pipeline TIF

In 2002, the Town established the *Town of Bowdoinham Natural Gas Pipeline Municipal Tax Increment Financing District and Development Program*. The District is comprised of a total of approximately 66 acres. The designation of the District and pursuit of the Development Program will generate substantial economic benefits for the Town and its residents, including employment opportunities, broadened and improved tax base and economic stimulus. The duration of the plan is 30 years.

Financial Plan

The Town estimates the costs of public improvements to be financed in whole or in part by this Development Program to be \$4,330,000. The Town does not intend to incur public indebtedness in association with the District and Development Program. The sources of anticipated revenues generated by the District to be used to pay project costs are: a.) municipal tax increment revenues on retained captured assessed value, which will be deposited as received into the Development Program Fund, b.) earnings on amounts deposited in the Development Program Fund and c.) grant funds.

One hundred percent of the increased assessed value will be captured as captured assessed values and the TIF revenues on the assessed values will be applied to this Development Program over the 30 year term of the District. Although the Town expects to expend all TIF revenues retained within the District on public improvements, to the extent that the Town elects not to expend such TIF revenues on public improvements, then such monies will be deposited to the general fund.

CMP Riverfront TIF

In 2016, the Town established the *Town of Bowdoinham CMP/Riverfront Municipal Development and Tax Increment Financing District*. The District is comprised of a total of approximately 110 acres. The designation of the District and pursuit of the Development Program will generate substantial economic benefits for the Town and its residents, including employment opportunities, broadened and improved tax base, job training and economic stimulus. The duration of the plan is 20 years.

Financial Plan

The Town estimates the costs of public improvements to be financed in whole or in part by this Development Program to be \$3,580,000. The Town does not intend to incur public indebtedness in association with the District and Development Program. The sources of anticipated revenues generated by the District to be used to pay project costs are: a.) municipal tax increment revenues on retained captured assessed value, which will be deposited as received into the Development Program Fund, b.) earnings on amounts deposited in the Development Program Fund and c.) grant funds.

One hundred percent of the increased assessed value will be captured as captured assessed values and the TIF revenues on the assessed values will be applied to this Development Program over the 20 year term of the District. Although the Town expects to expend all TIF revenues retained within the District on public improvements, to the extent that the Town elects not to expend such TIF revenues on public improvements, then such monies will be deposited to the general fund.

Note 8 - Lease and Service Based Information Technology Agreement (SBITA) Reporting

Governmental Accounting Standards Board (GASB) Statement No. 87 related to lease reporting became effective during the fiscal year ended June 30, 2022. This Statement requires the recognition of certain lease assets and liabilities, deferred inflows and outflows related to lease activity previously classified as operating leases by governmental entities. Governmental Accounting Standards Board (GASB) Statement No. 96 related to service based information technology agreement (SBITA) reporting became effective during the fiscal year ended June 30, 2023.

During the fiscal year ended June 30, 2023 the Town had no material lease or SBITA activity to report. The Town has no material lease agreements in effect. The Town has immaterial SBITA agreements in effect related to accounting software and other other software in use.

Note 9 - Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries municipal and commercial insurance. The Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023.

TOWN OF BOWDOINHAM, MAINE

(Exhibit VII)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Tax Revenues, Including Exemptions	\$5,911,028	\$5,911,028	\$5,968,296	\$57,268
Excise Taxes	\$706,000	\$706,000	\$680,411	(\$25,589)
State Revenue Sharing	\$390,000	\$390,000	\$482,233	\$92,233
Interest on Delinquent Taxes	\$16,000	\$16,000	\$29,595	\$13,595
Investment Earnings (Losses)	\$15,000	\$15,000	\$54,532	\$39,532
Town Fees	\$91,510	\$91,510	\$71,955	(\$19,555)
Federal and State Subsidies and Grants	\$53,488	\$53,488	\$58,722	\$5,234
Solid Waste Revenues	\$107,700	\$107,700	\$97,819	(\$9,881)
Other Revenues	\$5,250	\$5,250	\$67,629	\$62,379
<u>Total Revenues</u>	<u>\$7,295,976</u>	<u>\$7,295,976</u>	<u>\$7,511,192</u>	<u>\$215,216</u>
<u>Expenditures (Net of Departmental Revenues):</u>				
General Government	\$978,276	\$978,276	\$886,084	\$92,192
Public Safety	\$140,936	\$140,936	\$119,297	\$21,639
Health & Sanitation	\$206,472	\$206,472	\$179,923	\$26,549
Education	\$3,552,755	\$3,552,755	\$3,552,755	\$0
Public Works	\$654,821	\$654,821	\$547,501	\$107,320
Unclassified	\$77,910	\$77,910	\$66,580	\$11,330
Other Assessments	\$1,251,143	\$1,251,143	\$1,224,311	\$26,831
<u>Total Expenditures</u>	<u>\$6,862,312</u>	<u>\$6,862,312</u>	<u>\$6,576,450</u>	<u>\$285,862</u>
<u>Excess Revenues Over Expenditures</u>	<u>\$433,664</u>	<u>\$433,664</u>	<u>\$934,742</u>	<u>\$501,078</u>
<u>Other Financing Sources (Uses)</u>				
General Obligation Bond Proceeds	\$400,000	\$400,000	\$400,000	\$0
Operating Transfers Out	(\$1,034,664)	(\$1,034,664)	(\$1,149,814)	(\$115,150)
<u>Net Change in Fund Balances</u>	<u>(\$201,000)</u>	<u>(\$201,000)</u>	<u>\$184,928</u>	<u>\$385,928</u>
<u>Beginning Fund Balances</u>	<u>\$1,911,963</u>	<u>\$1,911,963</u>	<u>\$1,911,963</u>	<u>\$0</u>
<u>Ending Fund Balances</u>	<u>\$1,710,963</u>	<u>\$1,710,963</u>	<u>\$2,096,891</u>	<u>\$385,928</u>

TOWN OF BOWDOINHAM, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Exhibit A-1, page 1 of 2)

<u>Department</u>	<u>Beginning Balance</u>	<u>Appropriations</u>	<u>Total Available</u>	<u>Net Expenditures</u>	<u>Operating Transfers Out</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>General Government:</u>							
Administration & Personal Services		\$633,436	\$633,436	\$602,719		\$30,717	
Planning & Code Enforcement		\$137,990	\$137,990	\$94,755	\$650	\$42,585	
Contingency		\$10,000	\$10,000			\$10,000	
General Services		\$86,500	\$86,500	\$93,292		(\$6,792)	
Town Facilities		\$110,350	\$110,350	\$95,318	\$4,000	\$11,032	
Capital Improvement Reserve		\$3,500	\$3,500		\$3,500	\$0	
Town Hall & Office Reserve		\$25,000	\$25,000		\$25,000	\$0	
Revaluation Reserve		\$100,000	\$100,000		\$100,000	\$0	
Riverfront Building Reserve		\$500	\$500		\$500	\$0	
Cemetery Reserve		\$3,000	\$3,000		\$3,000	\$0	
	\$0	\$1,110,276	\$1,110,276	\$886,084	\$136,650	\$87,542	\$0
<u>Public Safety:</u>							
Fire Department		\$115,404	\$115,404	\$97,977	\$10,000	\$7,427	
Fire Department Reserve		\$26,000	\$26,000		\$26,000	\$0	
Animal Control / Harbormaster		\$25,532	\$25,532	\$21,320	\$500	\$3,712	
Animal Control Emergency		\$1,000	\$1,000		\$1,000	\$0	
	\$0	\$167,936	\$167,936	\$119,297	\$37,500	\$11,139	\$0
<u>Health & Sanitation:</u>							
Solid Waste & Recycling		\$206,472	\$206,472	\$179,923	\$15,000	\$11,549	
Solid Waste & Recycling Reserve		\$44,500	\$44,500		\$44,500	\$0	
	\$0	\$250,972	\$250,972	\$179,923	\$59,500	\$11,549	\$0
<u>Education:</u>							
School Assessment		\$3,552,755	\$3,552,755	\$3,552,755		\$0	
	\$0	\$3,552,755	\$3,552,755	\$3,552,755	\$0	\$0	\$0

TOWN OF BOWDOINHAM, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Exhibit A-1, page 2 of 2)

	<u>Beginning Balance</u>	<u>Appropriations</u>	<u>Total Available</u>	<u>Net Expenditures</u>	<u>Operating Transfers Out</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>Public Works</u>							
Operations		\$360,053	\$360,053	\$288,814	\$85,000	(\$13,761)	
Public Works Reserve		\$26,000	\$26,000		\$26,000	\$0	
Road Projects		\$400,000	\$400,000		\$400,000	\$0	
Road Maintenance		\$85,500	\$85,500	\$35,894		\$49,606	
Winter Roads		\$209,268	\$209,268	\$222,792		(\$13,524)	
	<u>\$0</u>	<u>\$1,080,821</u>	<u>\$1,080,821</u>	<u>\$547,501</u>	<u>\$511,000</u>	<u>\$22,320</u>	<u>\$0</u>
<u>Unclassified:</u>							
Recreation		\$75,687	\$75,687	\$64,357		\$11,330	
Recreation Reserve		\$4,000	\$4,000		\$4,000	\$0	
Agency Requests		\$2,223	\$2,223	\$2,223		\$0	
	<u>\$0</u>	<u>\$81,910</u>	<u>\$81,910</u>	<u>\$66,580</u>	<u>\$4,000</u>	<u>\$11,330</u>	<u>\$0</u>
<u>Other Assessments & Debt Service</u>							
Tax Increment Financing - Pipeline		\$81,950	\$81,950	\$64,310	\$17,640	(\$0)	
Tax Increment Financing - CMP		\$430,238	\$430,238	\$46,713	\$383,524	\$0	
Debt Service		\$486,120	\$486,120	\$486,119		\$1	
County Tax		\$627,169	\$627,169	\$627,169		\$0	
Overlay		\$26,830	\$26,830			\$26,830	
	<u>\$0</u>	<u>\$1,652,306</u>	<u>\$1,652,306</u>	<u>\$1,224,311</u>	<u>\$401,164</u>	<u>\$26,831</u>	<u>\$0</u>
<u>TOTALS</u>	<u>\$0</u>	<u>\$7,896,976</u>	<u>\$7,896,976</u>	<u>\$6,576,450</u>	<u>\$1,149,814</u>	<u>\$170,712</u>	<u>\$0</u>

TOWN OF BOWDOINHAM, MAINE
SCHEDULE OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Exhibit A-2)

<u>Beginning Unassigned Fund Balance</u>		\$1,364,527
<u>Additions:</u>		
Lapsed Accounts (Exhibit A-1)	\$170,712	
Decrease in Unavailable Tax Revenue	\$51,148	
Supplemental Taxes	\$9,668	
Investment Earnings / Losses (Net of Appropriation)	\$39,532	
Tax Interest and Fees (Net of Appropriation)	\$13,595	
Federal and State Reimbursements (Net of Appropriation)	\$5,468	
Other Revenues	\$62,267	
	<hr/>	
<u>Total Additions</u>		\$352,390
<u>Reductions:</u>		
Appropriations from Unassigned Fund Balance	\$201,000	
Excise Taxes (Net of Appropriation)	\$25,589	
Licenses and Fees (Net of Appropriation)	\$4,707	
Solid Waste Revenues (Net of Appropriation)	\$9,881	
Recreation Fees (Net of Appropriation)	\$14,199	
Rental Fees (Net of Appropriation)	\$650	
Abatements Granted	\$3,466	
	<hr/>	
<u>Total Reductions</u>		\$259,491
		<hr/>
<u>Total Ending Unassigned Fund Balance</u>		\$1,457,426
		<hr/> <hr/>

TOWN OF BOWDOINHAM, MAINE
SCHEDULE OF OTHER GOVERNMENTAL FUNDS
JUNE 30, 2023

(Exhibit B-1)

	<u>Beginning Balance</u>	<u>Investment Earnings</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Operating Transfers In (Out)</u>	<u>Ending Balance</u>
<u>Nonmajor Special Revenue Funds</u>						
BWPG Ace Team	\$1,326					\$1,326
Community Resilience Grant	\$0		\$37,991	\$20,524		\$17,467
AARP Grant	\$77		\$8,240			\$8,317
ARPA Funds	\$323,137		\$0	\$183,457		\$139,680
Home Heat Assistance	\$25,933		\$7,196	\$1,718		\$31,411
Food Pantry	\$0		\$166	\$166		\$0
Celebrate Bowdoinham	\$0		\$244	\$169		\$75
Bottle Donations	\$9,074		\$0			\$9,074
Holiday Donations	\$0		\$5,205	\$1,970		\$3,235
TIF - Event Revenues	\$56,223		\$9,146			\$65,369
Committee on Aging	\$3,391		\$2,918			\$6,309
Committee on Aging - LCF Grant	\$0		\$2,000	\$1,807		\$193
Committee on Aging - Trail	\$0		\$1,000			\$1,000
250th Anniversary	\$7,998		\$150			\$8,148
Historical Society	\$30		\$10			\$40
Shore & Harbor Grant	(\$2,193)		\$2,194			\$1
Revaluation	\$0		\$0		\$100,000	\$100,000
Comprehensive Plan Reserve	\$6,011		\$0		\$650	\$6,661
Employee Safety Reserve	\$10,289		\$1,693	\$5,024		\$6,958
Animal Control	\$550		\$0			\$550
Animal Control Emergency	\$0		\$0		\$1,500	\$1,500
EMS Donations	\$3,884		\$0			\$3,884
TIF - Newsletter	\$7,090		\$1,700	\$5		\$8,785
Pipeline TIF	\$90,655		\$0		\$17,640	\$108,294
<u>Total</u>	<u>\$543,474</u>	<u>\$0</u>	<u>\$79,853</u>	<u>\$214,841</u>	<u>\$119,790</u>	<u>\$528,276</u>
<u>Nonmajor Capital Projects Funds</u>						
2021/2022 Road Bond	\$60,338		\$0	\$15,914		\$44,425
2022/2023 Road Bond	\$0		\$0	\$208,863	\$400,000	\$191,137
2017/2018 Fire Truck Bond	\$1,250		\$0			\$1,250
AARP Raised Beds	\$113		\$0			\$113
Public Works Facility Capital	\$31,140		\$0			\$31,140
Waterfront Reserve	\$11,218		\$0		\$2,000	\$13,218
Town Hall Rehabilitation	\$1,087		\$2,563			\$3,650
Wharf Redevelopment - Boat Ramp	\$0		\$22,642	\$22,642		\$0
Dingley Road Project	\$239,564		\$125,000	\$339,308		\$25,256
Fire Department Reserve	\$37,461		\$100		\$36,000	\$73,561
Recreation Reserve	\$10,203		\$4,871		\$4,000	\$19,074
Electronic Equipment Reserve	\$2,000		\$0	\$2,000		\$0
Town Hall/Town Office Capital	\$9,498		\$0	\$19,397	\$39,797	\$29,898
Yellow Building Reserve	\$3,213		\$0		\$500	\$3,713
Capital Improvement Fund	\$113,557		\$0	\$21,637	(\$9,297)	\$82,623
Solid Waste Reserve	\$60,200		\$250	\$53,200	\$59,500	\$66,750
Public Works Reserve	\$74,000		\$500	\$35,308	\$111,000	\$150,192
Cemetery Maintenance Capital Reserve	\$12,817		\$0	\$5,270	\$3,000	\$10,547
<u>Total</u>	<u>\$667,660</u>	<u>\$0</u>	<u>\$155,926</u>	<u>\$723,539</u>	<u>\$646,500</u>	<u>\$746,547</u>

TOWN OF BOWDOINHAM, MAINE
SCHEDULE OF PERMANENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Exhibit B-2)

	<i>Beginning Balance</i>	<i>Investment Earnings (Losses)</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Ending Balance</i>
Noble Maxwell	\$449,998	\$31,945			\$481,943
Village Cemetery	\$46,830	\$3,324			\$50,155
Ridge Cemetery	\$29,419	\$2,088	\$850		\$32,358
Charles B. Randall	\$25,982	\$1,844			\$27,826
Sara Miles	\$11,930	\$847			\$12,777
Eliza Mustard	\$2,469	\$175			\$2,644
Browns Point	\$34	\$2			\$37
Worthy Poor	\$58,905	\$4,182			\$63,086
Commemorative Trust	\$55,222	\$3,920			\$59,142
Anniversary Trusts	\$10,464	\$743			\$11,207
Community School Scholarship	\$280	\$20			\$300
Viola Coombs	\$14,395	\$1,022			\$15,416
Volunteer Fire Department	\$9,601	\$682			\$10,282
Lewis Fulton - Prize Trust	\$7,297	\$518			\$7,815
Lancaster Bishop School	\$4,609	\$327			\$4,936
Franklin K. Jack	\$3,456	\$245			\$3,702
Dussault	\$3,168	\$225			\$3,393
Carrie Rideout	\$1,921	\$136			\$2,057
<i>Total</i>	<u>\$735,980</u>	<u>\$52,246</u>	<u>\$850</u>	<u>\$0</u>	<u>\$789,076</u>